

Summary of Financial Results for the Year Ended March 2019 [Japanese Standards] (Consolidated)

MAY 10, 2019

Listed Company Name: Aoyama Trading Co., Ltd.

Listed Exchange: Tokyo Stock Exchange

Code: 8219 URL: <http://www.aoyama-syouji.co.jp>

Representative: (Title) President

(Name) Osamu Aoyama

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Scheduled date to hold the ordinary general meeting of shareholders: June 27, 2019

Scheduled date to start distributing dividends: June 28, 2019

Scheduled date to submit securities report: June 28, 2019

Preparation of supplementary material on financial results: Yes

Holding of financial results presentation meeting: Yes (For institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the fiscal year ended in March 2019 (From April 1, 2018 to March 31, 2019)

(1) Consolidated financial results

(Presentation of percentages shows increase or decrease ratio in comparison with the previous fiscal year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 2019	250,300	-1.8	14,629	-29.0	15,611	-26.7	5,723	-50.1
Year ended March 2018	254,846	0.8	20,591	1.9	21,311	1.1	11,461	-0.9

(Note) Comprehensive income The year ended in March 2019: 4,223 million yen (-62.8%) The year ended in March 2018: 11,343 million yen (-3.9%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Year ended March 2019	114.32	—	2.6	4.0	5.8
Year ended March 2018	224.81	224.80	5.0	5.4	8.1

(Reference) Investment gains and losses using the equity method The year ended in March 2019: - million yen The year ended in March 2018: million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	Yen
Year ended March 2019	390,340	224,170	56.6	4,418.58
Year ended March 2018	397,332	230,518	57.2	4,505.53

(Reference) Equity capital The year ended in March 2019: 220,836 million yen The year ended in March 2018: 227,433 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of fiscal year
	million yen	million yen	million yen	million yen
Year ended March 2019	14,905	-2,580	-11,009	50,087
Year ended March 2018	27,987	-6,986	-10,528	48,827

2. Dividends

	Annual dividend					Total amount of cash dividends (total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	At the end of first quarter	At the end of second quarter	At the end of third quarter	At the end of fiscal year	Total			
	Yen	Yen	Yen	Yen	Yen	million yen	%	%
Year ended March 2018	—	50.00	—	120.00	170.00	8,637	75.6	3.8
Year ended March 2019	—	50.00	—	55.00	105.00	5,267	91.8	2.4
Year ending March 2020 (Forecast)	—	50.00	—	50.00	100.00		73.5	

(Note) Breakdown of year-end cash dividends for the year ended March 2019 Ordinary dividend: 50.00 yen 55th anniversary dividend: 5.00 yen
For more details, please refer to an announcement "Notice Regarding Surplus Dividend" that was released today (May 10, 2019).

3. Consolidated forecast for the year ending March, 2020 (From April 1, 2019 to March 31, 2020)

(Presentation of percentages shows increase or decrease ratio in comparison with the previous fiscal year for the full fiscal year and in comparison with the corresponding period of the previous year for the quarter)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	Yen
(Cumulative results for) the second quarter	103,700	-1.4	-1,200	—	-500	—	-2,100	—	-42.02
Full fiscal year	246,600	-1.5	12,000	-18.0	13,400	-14.2	6,800	18.8	136.06

* Notes to the Financial Results

(1) Changes in important subsidiaries during this term (changes of specified subsidiaries entailing changes in the scope of consolidation): None

(2) Changes in accounting policies and changes or restatement of accounting estimates

- a) Changes in accounting policies due to revision of accounting standards, etc.: None
- b) Changes in accounting policies for a reason other than the above [1]: None
- c) Changes in accounting estimates: None
- d) Restatement: None

(3) Number of outstanding shares (common shares)

a) Number of shares outstanding at the end of the fiscal year (including treasury shares)

b) Number of treasury shares at the end of the fiscal year

c) Average number of shares outstanding during the term

Year ended March 2019	50,394,016 shares	Year ended March 2018	55,394,016 shares
Year ended March 2019	414,884 shares	Year ended March 2018	4,915,229 shares
Year ended March 2019	50,062,300 shares	Year ended March 2018	50,985,093 shares

(Note) The number of shares at the end of the fiscal year included our Company's shares (183,700 shares at the end of the fiscal year ended March 31, 2019 and 184,600 shares at the end of the fiscal year ended March 31, 2018) held by Trust & Custody Services Bank, Ltd. (trust account) as trust assets associated with the employees' incentive plan, "Employee Stock Ownership Plan (J-ESOP) Trust."

Also, the number of shares held by Trust & Custody Services Bank, Ltd. (trust account) was included in the treasury shares deducted in calculating the average number of shares outstanding during the term (184,150 shares in the fiscal year ended March 31, 2019 and 185,191 shares in the fiscal year ended March 31, 2018).

(Reference) Overview of non-consolidated business results

1. Non-consolidated business results for the fiscal year ended in March 2019 (From April 1, 2018 to March 31, 2019)

(1) Non-consolidated results of operations

(Presentation of percentages shows increase or decrease from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 2019	184,573	-2.3	12,653	-30.7	12,578	-32.3	3,831	-66.5
Year ended March 2018	188,853	-0.4	18,260	-2.4	18,578	-6.2	11,438	32.0

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended March 2019	76.53	—
Year ended March 2018	224.35	224.35

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio	Net assets per share
	million yen		million yen		%	Yen
Year ended March 2019	320,715		210,756		65.7	4,216.89
Year ended March 2018	328,443		219,001		66.7	4,338.49

(Reference) Equity capital The year ended in March 2019: 210,756 million yen The year ended in March 2018: 219,001 million yen

2. Non-consolidated forecast for the year ending March, 2020 (From April 1, 2019 to March 31, 2020)

(Presentation of percentages shows increase or decrease ratio in comparison with the previous fiscal year for the full fiscal year and in comparison with the corresponding period of the previous year for the quarter)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	Yen
(Cumulative results for the second quarter)	69,600	-4.2	-2,500	—	-1,450	—	-2,200	—	-44.02
Full fiscal year	178,200	-3.5	9,200	-27.3	10,900	-13.3	6,100	59.2	122.05

* Presentation on the status of audit procedure

The financial results release is outside the scope of the audit by certified public accountants or by an audit firm.

* Explanation of forecasts of operations and other notes

Forward-looking statements included in this document, such as forecasts of operating results, are based on information currently available to the Company and certain assumptions the Company deems reasonable, and do not represent a commitment by the Company that they will be achieved. Actual results may differ significantly from forecasts due to various factors. For assumptions of operating results forecasts and cautionary notes on the use of such forecasts, please refer to "Outlook for the next fiscal year" on page 7 of the Attached Reference Material.

(Obtaining financial results supplementary materials)

The Company will post the Supplementary Documents distributed on the meeting for institutional investors and analysts held on May 15, 2019 as soon as possible on the Company website.

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1. Overview of Results of Operations

(1) Overview of Results of Operations for the Current Term

<<Results of Operations for the Current Term>>

	Net sales (million yen)	Operating income (million yen)	Ordinary income (million yen)	Profit attributable to owners of parent (million yen)	Net income per share (yen)
The year ended in March 2019	250,300	14,629	15,611	5,723	114.32
The year ended in March 2018	254,846	20,591	21,311	11,461	224.81
Amount of increase or decrease	-4,545	-5,962	-5,700	-5,738	-110.48
Change year on year (%)	98.2	71.0	73.3	49.9	50.9

<<Performance by business segment>>

(Unit: million yen)

	Net sales				Segment income or loss(-) (operating income or loss(-))			
	Current term	Previous term	Amount of increase or decrease	Change (%)	Current term	Previous term	Amount of increase or decrease	Change (%)
Business wear business	184,405	188,728	-4,322	97.7	13,515	19,064	-5,549	70.9
Casual wear business	13,608	15,145	-1,536	89.9	-1,390	-840	-550	—
Credit card business	5,065	4,905	160	103.3	2,088	1,857	231	112.5
Printing and media business	12,394	11,602	792	106.8	133	281	-148	47.2
Sundry sales business	15,816	15,939	-123	99.2	621	639	-18	97.2
Total repair service business	12,849	12,525	323	102.6	-481	-506	24	—
Others	10,351	9,972	378	103.8	63	22	40	275.4
Adjustments	-4,191	-3,973	-218	—	79	72	7	110.2
Total	250,300	254,846	-4,545	98.2	14,629	20,591	-5,962	71.0

(Note) Net sales by segment and segment income or loss(-) (operating income or loss(-)) are before eliminating inter-segment transactions.

<Overview of the Overall Operations during the Consolidated Fiscal Year >

During the consolidated fiscal year, the Japanese economy stayed on a gradual recovery path as corporate earnings and employment opportunities improved. However, the situation remained unclear due to concerns about the impact trade issues may have on the global economy, uncertainties in overseas economies, as well as possible effects of changes in the financial and capital markets, among other factors.

Under such circumstances, our Group implemented various measures to reinforce the profitability and competitiveness of Business wear business, and also enhanced the management base of the Group as well as its profitability.

As a result, performance of our Group as described below.

Net sales 250,300 million yen (98.2% of that of the previous year)

Operating income 14,629 million yen (71.0% of that of the previous year)

Ordinary income 15,611 million yen (73.3% of that of the previous year)

Profit attributable to owners of parent 5,723 million yen (49.9% of that of the previous year)

Status of operations by business segment is described below.

Please note that net sales by segment and segment income or loss are before eliminating inter-segment transactions.

<Business Wear Business>

[Business wear business of Aoyama Trading Co., Ltd., Blue Rivers Co., Ltd., MDS Co., Ltd., Eisho Co., Ltd., FUKURYO Co., Ltd. and Aoyama Suits (Shanghai) Co., Ltd.]

Net sales of the business were 184,405 million yen (97.7 % of that of the previous year) and segment income (operating income) was 13,515 million yen (70.9 % of that of the previous year).

In Aoyama Trading's Business wear business, which is the segment's core operations, we opened 14 Yofuku-no-Aoyama stores (including 6 relocated stores and 1 renovated store) along with 5 The Suit Company stores (including 1 relocated store) and closed 16 underperforming stores (10 Yofuku-no-Aoyama stores, 2 The Suit Company stores, 3 Universal Language stores, and 1 UL OUTLET store).

On the product front, we launched a business wear (suits and coats) line, marketed as "Biz Suit With Sport Function," under the Descente label (sports brand) via a joint development project with Descente Japan Ltd, as well as the new line of suits, Urban Setter, designed for young businessmen in their 20s and 30s looking for more comfortable and functional suits, all with an eye to enhancing our lines of high-performance products. Working to expand our morning coat and tuxedo rental services, we started renting party wear and formal suits for women. We became the first men's wear retailer to provide rental services for women's formal suits, which are perfect for a child's school admission interview, graduation, or entrance ceremony.

However, the number of customers has continued to decline due to various factors, including severe weather conditions and disasters such as torrential rains in western Japan. As a result, sales at existing stores were 97.8% of what they were the previous year.

<Changes in net sales, number of customers, and per-customer spending of suits business of existing stores compared to the previous year> (Unit: %)

	Year ended March 2017	Year ended March 2018	Year ended March 2019
Net sales	99.1	97.5	97.8
Number of customers	97.3	96.9	96.8
Per-customer spending	101.9	100.6	101.0

The number of men's suits sold, our mainstay, was 2,048 thousand suits or 96.3% of that of the previous year, and the average sales unit price was 27,187 yen or 99.6% of that of the previous year.

<Changes in number of men's suits sold and average sales unit price>

	Year ended March 2017	Year ended March 2018	Year ended March 2019
Number of men's suits sold (1,000 suits)	2,195	2,126	2,048
Average sales unit price (yen)	27,498	27,298	27,187

For the opening and closing of stores, please refer to the description below.

<Number of stores opened and closed and stores at the end of the year of the suits business by each business format (As of the end of March 2019)>

Name of business format	Business wear business of Aoyama Trading Co., Ltd.						Aoyama Suits (Shanghai) Co., Ltd.
	Yofuku-no-Aoyama	The Suit Company	Universal Language	Universal Language Measure's	White The Suit Company	Total	Yofuku-no-Aoyama
Stores opened [of which, relocated and reconstructed] (From April to March)	14 [7]	5 [1]	0	0	0	19 [8]	9
Stores closed (From April to March)	10	2	4	0	0	16	2
Number of stores at the end of the year (At the end of March)	809	60	9	3	10	891	31

(Notes) 1. Numbers under "The Suit Company" include the number of "TSC SPA OUTLET" formats and the numbers under "Universal Language" include "UL OUTLET" formats.

2. Number of store openings and closings of Aoyama Suits (Shanghai) Co., Ltd. is the number recorded during the period from January to December 2018, and the number of stores at the end of year is as of the end of December 2018.

<Casual wear business> [Casual wear business of Aoyama Trading Co., Ltd. and Eagle Retailing Corporation]

In the Casual wear business, inclement weather largely put a damper on customer numbers, resulting in net sales of 13,608 million yen (89.9% of the previous year's figure) and a segment loss (operating loss) of 1,390 million yen (in the previous year, the segment loss, or operating loss, was 840 million yen).

Stores opened and closed as described below.

<Number of stores opened and closed and stores at the end of the year of the Casual wear business by each business format (As of the end of March 2019)> (Unit: store)

Name of business format	Casual wear business of Aoyama Trading Co., Ltd.		Eagle Retailing Corporation
	CALAJA	LEVI'S STORE	American Eagle Outfitters
Stores opened (From April to March)	0	1	0
Stores closed (From April to March)	6	0	1
Number of stores at the end of the year (At the end of March)	0	10	33

(Notes) 1. The "CALAJA" brand has been eliminated due to store closing as mentioned above.

2. Numbers under American Eagle Outfitters include outlet stores.

<Credit card business> [Aoyama Capital Co., Ltd.]

In the Credit card business, due to an increase in shopping revenue, net sales were 5,065 million yen (103.3 % of the previous year) and segment income (operating income) was 2,088 million yen (112.5 % of the previous year). Funds were acquired through loans from the parent company, Aoyama Trading Co., Ltd., and through the issuance of corporate bonds.

<Changes in the number of effective members of AOYAMA Card and balance of operating loans receivable of the Credit card business>

	Year ended February 2017	Year ended February 2018	Year ended February 2019
Number of effective members (10,000 persons)	407	414	425
Balance of operating loans receivable (million yen)	53,939	55,100	58,147

<Printing and media business> [ASCON Co., Ltd.]

In the Printing and media business, net sales totaled 12,394 million yen (106.8% of the previous year) due primarily to an increase in orders for electronic promotions and promotional materials. Segment income (operating income), on the other hand, was 133 million yen (47.2% of the previous year) due mainly to a decline in the gross profit margin.

<Sundry sales business> [Seigo Co., Ltd.]

In the Sundry sales business, net sales were 15,816 million yen (99.2% of the previous year) and segment income (operating income) was 621 million yen (97.2% of the previous year).

Regarding stores, the number of stores at the end of February 2019 was 114 (118 stores at the end of the previous year).

<Total repair service business> [Minit Asia Pacific Co., Ltd.]

In the total repair service business, net sales were 12,849 million yen (102.6% of the previous year) due to store opening, etc., but segment loss (operating loss) came in at 481 million yen (segment loss (operating loss) of 506 million yen was posted in the previous fiscal year).

Stores opened and closed as described below.

<Number of stores opened and closed and stores at the end of the year of the Total repair service business by each business format (As of the end of March 2019)> (Unit: store)

Name of business format	Mister Minit			
	Japan	Oceania	Others	Total
Stores opened (From April to March)	19	15	9	43
Stores closed (From April to March)	10	4	3	17
Number of stores at the end of the year (At the end of March)	317	287	43	647

(Note) Oceania includes Australia and New Zealand, and Others includes Singapore, Malaysia and China.

<Others> [Reuse business of Aoyama Trading Co., Ltd. and glob Co., Ltd., WTW Corporation]

In Other business, net sales were 10,351 million yen (103.8% of that of the previous year) and segment income (operating income) was 63 million yen (275.4% of that of the previous year).

WTW Corporation posted an impairment loss of 1,051 million yen as an extraordinary loss, which includes remaining goodwill totaling 894 million yen.

Stores opened and closed are as described below.

<Number of stores opened and closed and stores at the end of the year under other business by each business format
(As of the end of March 2019)> (Unit: store)

Name of business format	Reuse business of Aoyama Trading Co., Ltd.		glob Co., Ltd.		WTW Corporation	
	2nd STREET	JUMBLE STORE	Yakiniku King	Yuzu An	WTW	WTW SURFCLUB
Stores opened (From April to March)	2	0	2	0	0	0
Stores closed (From April to March)	0	0	0	0	0	0
Number of stores at the end of the year (At the end of March)	13	2	30	11	5	1

(2) Overview of financial situation for the Current Term

(Assets)

Current assets were 214,161 million yen (up 2,939 million yen from the end of the previous fiscal year). This was mainly because although securities decreased by 4,500 million yen, cash and deposits increased by 2,150 million yen, merchandise and finished goods increased by 2,120 million yen and operating loans increased by 3,047 million yen.

Non-current assets were 176,122 million yen (down 9,905 million yen from the end of the previous fiscal year). This was mainly because although deferred tax assets increased by 1,222 million yen, property, plant and equipment decreased by 2,992 million yen, goodwill decreased by 2,137 million yen, investment securities decreased by 2,136 million yen, lease and guarantee deposits decreased by 1,303 million yen and real estate for investment decreased by 949 million yen.

As a result, total assets were 390,340 million yen (down 6,991 million yen from the end of the previous fiscal year).

(Liabilities)

Current liabilities were 60,589 million yen (down 15,470 million yen from the end of the previous fiscal year). This was mainly because short-term loans payable decreased by 14,450 million yen and income taxes payable decreased by 1,872 million yen.

Non-current liabilities were 105,581 million yen (up 14,827 million yen from the end of the previous fiscal year). This was mainly because long-term loans payable increased by 14,500 million yen and net defined benefit liability increased by 587 million yen.

As a result, total liabilities were 166,170 million yen (down 643 million yen from the end of the previous fiscal year).

(Net assets)

Total net assets were 224,170 million yen (down 6,348 million yen from the end of the previous fiscal year). This decrease was mainly due to a 23,062 million yen drop in retained earnings despite an 18,242 million yen decrease in treasury shares, which represents a reduction in net assets.

(3) Overview of Cash Flows for the Current Term

During the current fiscal year, cash and cash equivalents (hereinafter referred to as “Funds”) increased by 1,259 million yen from the beginning of the year, and amounted to 50,087 million yen at the end of the fiscal year (up 2.6% compared to the previous fiscal year).

The status of the respective cash flow positions during the current consolidated fiscal year and factors thereof are described below.

<Cash flows from operating activities>

As a result of operating activities, Funds acquired were 14,905 million yen (27,987 million yen acquired in the previous fiscal year).

Funds increased as a result of net income before income taxes of 11,001 million yen, impairment loss of 3,817 million yen and depreciation of 8,827 million yen. However funds decreased as a result of increase in operating loans receivable of 3,047 million yen, a result of increase in inventories of 2,272 million yen and with income

taxes paid of 7,633 million yen.

<Cash flows from investing activities>

Funds used as a result of investing activities were 2,580 million yen (6,986 million yen used in the previous consolidated fiscal year).

Funds were used to acquire time deposits, securities and investment securities totaling 85,908 million yen and also to acquire tangible and intangible assets totaling 7,143 million yen. However, funds increased by 89,468 million yen as a result of withdrawal of time deposits and sales of securities and investment securities.

<Cash flows from financing activities>

Funds used for financing activities totaled 11,009 million yen (10,528 million yen used in the previous consolidated fiscal year).

Funds decreased with repayments of long-term loans payable of 15,000 million yen, payment for the acquisition of treasury shares of 1,962 million yen and payment for dividends of 8,587 million yen. However, Funds increased due to proceeds from long-term loans payable of 15,000 million yen.

(4) Outlook for the next fiscal year

<<Projected consolidated results>>

	Net sales (million yen)	Operating income (million yen)	Ordinary income (million yen)	Profit attributable to owners of parent (million yen)	Net income per share (yen)
Year ending March 2020	246,600	12,000	13,400	6,800	136.06
Year ended March 2019	250,300	14,629	15,611	5,723	114.32
Change from the previous year (%)	98.5	82.0	85.8	118.8	119.0

<<Projected non-consolidated results>>

	Net sales (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Net income per share (yen)
Year ending March 2020	178,200	9,200	10,900	6,100	122.05
Year ended March 2019	184,573	12,653	12,578	3,831	76.53
Change from the previous year (%)	96.5	72.7	86.7	159.2	159.5

<Forecasted changes from the previous year of net sales of existing stores of Business wear business of Aoyama Trading Co., Ltd.> (Unit: %)

Year ending March 2020		
The 1 st half of the year	The 2 nd half of the year	Full fiscal year
96.0	98.0	97.2

<<Projected consolidated results>>

At the Group, we are currently implementing various strategies with an eye to achieving the goals set in our three-year medium-term management plan “CHALLENGE II 2020” covering the period up until March 2021. Under the plan, aiming for consolidated net sales of 300,000 million yen, an operating income of 25,000 million yen and an ROE of 6.3% (7.0% excluding goodwill), we will execute the following four key measures: (1) reforming the core business and taking on new challenges, (2) creating and growing next-generation businesses, (3) developing infrastructure to improve productivity, and (4) working on ESG initiatives.

<Key Strategies under the “CHALLENGE II 2020” Medium-term Business Plan>

- (1) Reform the core business and take on new challenges
 - a) Expand corporate sales and develop an organizational structure
 - b) Accelerate efforts to digitize EC, sales promotions, store operations, etc.
 - c) Make a full-scale entry into the uniform market
 - d) Implement measures targeting people in their 20s and 30s, as well as stores in rural areas, and enhance merchandising
- (2) Create and grow next-generation businesses
 - a) Expand the total repair service business (new store launches and M&As)
 - b) Effectively use store assets across Japan
 - c) Create new businesses (leverage customer bases to create synergies, work on out-of-the-box initiatives)
- (3) Develop infrastructure to improve productivity
 - a) Maintain the new personnel system: improve motivation
 - b) Aggressively invest in IT innovations
- (4) Work on ESG initiatives
 - a) Environmental initiatives
 - b) Personnel and social initiatives
 - c) Governance enhancement

During the previous fiscal year, which was the first year of the medium-term plan, we saw tremendous changes in our operating environment from what we initially expected. Most notably, Business wear, our core business, saw an accelerating trend toward casual attire in the office as well as growing demand for order suits.

Projecting that these changes in the operating environment will bring sales down, we expect earnings and profit to decline this fiscal year, the plan's second year.

To describe specifically, our forecasts for the full-year are consolidated net sales of 246,600 million yen (98.5 % of the previous year), operating income of 12,000 million yen (82.0% of the previous year), ordinary income of 13,400 million yen (85.8 % of the previous year), and profit attributable to owners of parent of 6,800 million yen (118.8% of the previous year).

<<Projected non-consolidated results>>

With respect to the Business wear business of Aoyama Trading Co., Ltd., which is our core business, we will be strengthening our product lineup for women's wear, which is a growth area, capturing female customers by issuing new house cards, expanding corporate tie-ups by enhancing our corporate marketing activity and increasing sales of corporate uniforms. We will also endeavor to acquire new customers and develop systems related to EC etc. and logistics, thereby increasing the net sales.

Due to a drop in sales resulting from the above-mentioned changes in our operating environment and other factors, however, we project that net sales from existing stores operating under Aoyama Trading's Business wear business segment for the fiscal year ending March 31, 2020 will be 97.2% of the previous year's figure.

As a result, our projected financial results for the full year are net sales of 178,200 million yen (96.5% of the previous year), operating income of 9,200 million yen (72.7% of the previous year), ordinary income of 10,900

million yen (86.7% of the previous year), and net income of 6,100 million yen (159.2% of the previous year).

Forward-looking statements such as earnings outlook etc. are based on information obtained by the Company and certain assumptions which the Company deems to be rational, and the Company has no intention of guaranteeing the outlook will be achieved. The actual earnings performance may differ greatly from the outlook for various reasons.

2. Basic policy concerning selection of accounting standards

In view of the comparability of consolidated financial statements among periods and among corporations, the Group intends to prepare its consolidated financial statements based on Japanese standards for the time being. Regarding application of IFRS, we intend to ensure appropriate responses, taking into account conditions inside and outside Japan.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: million yen)

	The previous consolidated fiscal year (March 31, 2018)	The current consolidated fiscal year (March 31, 2019)
Assets		
Current assets		
Cash and deposits	59,437	61,587
Notes and accounts receivable - trade	20,346	20,317
Securities	20,499	15,999
Merchandise and finished goods	50,222	52,342
Work in process	1,373	1,250
Raw materials and supplies	1,514	1,513
Operating loans	55,100	58,147
Other	2,993	3,282
Allowance for doubtful accounts	-266	-280
Total current assets	211,221	214,161
Non-current assets		
Property, plant and equipment		
Buildings and structures	148,344	147,375
Accumulated depreciation	-89,090	-91,619
Buildings and structures (net)	59,253	55,755
Machinery, equipment and vehicles	7,210	7,326
Accumulated depreciation	-5,536	-5,784
Machinery, equipment and vehicles (net)	1,673	1,541
Land	37,684	38,565
Leased assets	6,119	6,542
Accumulated depreciation	-3,023	-3,555
Leased assets (net)	3,095	2,986
Construction in progress	91	258
Other	18,653	18,261
Accumulated depreciation	-13,304	-13,213
Other (net)	5,348	5,048
Total property, plant and equipment	107,148	104,156
Intangible assets		
Goodwill	11,404	9,266
Other	8,040	7,195
Total Intangible assets	19,444	16,462
Investments and other assets		
Investment securities	12,422	10,286
Long-term loans receivable	3,438	2,861
Net defined benefit asset	270	239
Deferred tax assets	11,238	12,461
Lease and guarantee deposits	26,728	25,425
Real estate for investment	8,444	7,567
Accumulated depreciation	-4,039	-4,112
Real estate for investment (net)	4,405	3,455
Other	987	823
Allowance for doubtful accounts	-57	-48
Total investments and other assets	59,434	55,504
Total non-current assets	186,027	176,122
Total deferred assets	83	57
Total assets	397,332	390,340

(Unit: million yen)

	The previous consolidated fiscal year (March 31, 2018)	The current consolidated fiscal year (March 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,023	21,369
Electronically recorded obligations - operating	16,631	17,587
Short-term loans payable	17,550	3,100
Accounts payable - other	9,140	9,042
Income taxes payable	4,549	2,677
Provision for bonuses	1,886	1,776
Other	5,276	5,036
Total current liabilities	76,059	60,589
Non-current liabilities		
Bonds payable	24,000	24,000
Long-term loans payable	47,500	62,000
Net defined benefit liability	9,314	9,901
Provision for point card certificates	3,158	3,072
Other	6,781	6,607
Total non-current liabilities	90,753	105,581
Total liabilities	166,813	166,170
Net assets		
Shareholders' equity		
Capital stock	62,504	62,504
Capital surplus	62,533	62,533
Retained earnings	137,137	114,074
Treasury shares	-19,665	-1,422
Total shareholders' equity	242,510	237,689
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,436	1,901
Deferred gains or losses on hedges	-17	4
Revaluation reserve for land	-16,015	-16,015
Foreign currency translation adjustment	-257	-754
Remeasurements of defined benefit plans	-2,221	-1,989
Total accumulated other comprehensive income	-15,076	-16,853
Non-Controlling Interests	3,085	3,333
Total net assets	230,518	224,170
Total liabilities and net assets	397,332	390,340

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Unit: million yen)

	The previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)	The current consolidated fiscal year (From April 1, 2018 to March 31, 2019)
Net sales	254,846	250,300
Cost of sales	113,154	114,049
Gross profit	141,691	136,251
Selling, general and administrative expenses	121,099	121,622
Operating income	20,591	14,629
Non-operating income		
Interest income	123	106
Dividend income	227	276
Real estate rent	1,123	1,351
Foreign exchange gains	51	19
Others	457	508
Total non-operating income	1,983	2,261
Non-operating expenses		
Interest expenses	128	122
Rent cost of real estate	866	1,001
Loss on valuation of derivatives	155	18
Others	113	136
Total non-operating expenses	1,264	1,279
Ordinary income	21,311	15,611
Extraordinary income		
Gain on sales of non-current assets	—	54
Total extraordinary income	—	54
Extraordinary losses		
Loss on sales and retirement of non-current assets	395	528
Impairment loss	2,559	3,817
Loss on disaster	—	318
Loss on valuation of investments in capital	72	—
Total extraordinary losses	3,027	4,664
Income before income taxes and minority interests	18,283	11,001
Income taxes - current	7,272	5,819
Income taxes - deferred	-772	-833
Total income taxes	6,499	4,985
Current net income	11,784	6,015
Profit attributable to Non-controlling shareholders	322	291
Profit attributable to owners of parent	11,461	5,723

Consolidated Statement of Comprehensive Income

(Unit: million yen)

	The previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)	The current consolidated fiscal year (From April 1, 2018 to March 31, 2019)
Current net income	11,784	6,015
Other comprehensive income		
Valuation difference on available-for-sale securities	1,606	-1,535
Deferred gains or losses on hedges	-39	22
Foreign currency translation adjustment	-93	-502
Adjustment for retirement benefits	-1,914	223
Total other comprehensive income	-440	-1,791
Comprehensive income	11,343	4,223
(Breakdown)		
Comprehensive income attributable to owners of parent company	11,013	3,947
Comprehensive income attributable to non-controlling shareholders	330	276

(3) Consolidated Statement of Changes in Equity

Previous Consolidated Fiscal Year (From April 1, 2017 to March 31, 2018)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at the beginning of the year	62,504	62,533	134,291	-13,701	245,628
Changes of items during period					
Dividends of surplus			-8,554		-8,554
Profit attributable to owners of parent			11,461		11,461
Reversal of revaluation reserve for land			-126		-126
Purchase of treasury shares				-6,001	-6,001
Retirement of treasury shares					—
Disposal of treasury shares		-18		37	19
Change in the scope of consolidation			83		83
Transfer to capital surplus from retained earnings		18	-18		—
Changes of items other than shareholders' equity (net)					
Total changes of items during period	—	—	2,845	-5,963	-3,118
Balance at the end of the year	62,504	62,533	137,137	-19,665	242,510

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling Interest	Total net asset
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year	1,829	21	-16,142	-162	-301	-14,755	8	2,785	233,666
Changes of items during period									
Dividends of surplus									-8,554
Profit attributable to owners of parent									11,461
Reversal of revaluation reserve for land									-126
Purchase of treasury shares									-6,001
Retirement of treasury shares									—
Disposal of treasury shares									19
Change in the scope of consolidation									83
Transfer to capital surplus from retained earnings									—
Changes of items other than shareholders' equity (net)	1,606	-39	126	-94	-1,920	-321	-8	300	-29
Total changes of items during period	1,606	-39	126	-94	-1,920	-321	-8	300	-3,148
Balance at the end of the year	3,436	-17	-16,015	-257	-2,221	-15,076	—	3,085	230,518

Current Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)

(Unit: million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at the beginning of the year	62,504	62,533	137,137	-19,665	242,510
Changes of items during period					
Dividends of surplus			-8,587		-8,587
Profit attributable to owners of parent			5,723		5,723
Reversal of revaluation reserve for land					—
Purchase of treasury shares				-1,959	-1,959
Retirement of treasury shares		-20,200		20,200	—
Disposal of treasury shares		-0		2	2
Change in the scope of consolidation					—
Transfer to capital surplus from retained earnings		20,200	-20,200		—
Changes of items other than shareholders' equity (net)					
Total changes of items during period	—	—	-23,063	18,242	-4,820
Balance at the end of the year	62,504	62,533	114,074	-1,422	237,689

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling Interest	Total net asset
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year	3,436	-17	-16,015	-257	-2,221	-15,076	—	3,085	230,518
Changes of items during period									
Dividends of surplus									-8,587
Profit attributable to owners of parent									5,723
Reversal of revaluation reserve for land									—
Purchase of treasury shares									-1,959
Retirement of treasury shares									—
Disposal of treasury shares									2
Change in the scope of consolidation									—
Transfer to capital surplus from retained earnings									—
Changes of items other than shareholders' equity (net)	-1,534	22	—	-496	232	-1,776	—	247	-1,528
Total changes of items during period	-1,534	22	—	-496	232	-1,776	—	247	-6,348
Balance at the end of the year	1,901	4	-16,015	-754	-1,989	-16,853	—	3,333	224,170

(4) Consolidated Statements of Cash Flows

	(Unit: million yen)	
	The previous Consolidated Fiscal Year (From April 1, 2017 to March 31, 2018)	The current Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)
Cash flows from operating activities		
Income before income taxes and minority interests	18,283	11,001
Depreciation	9,400	8,827
Impairment loss	2,559	3,817
Amortization of goodwill	1,227	1,113
Bond issuance cost	26	26
Increase (decrease) in allowance for doubtful accounts ("-" indicates decrease)	11	13
Increase (decrease) in provision for bonuses ("-" indicates decrease)	83	-104
Increase (decrease) in net defined benefit liability ("-" indicates decrease)	439	938
Increase (decrease) in provision for point card certificate ("-" indicates decrease)	42	-85
Interest and dividend income	-351	-382
Interest expenses	128	122
Loss (gain) on sales and retirement of non-current asset ("-" indicates gain)	394	473
Loss on disaster	—	318
Loss (gain) on valuation of derivatives ("-" indicates gain)	155	18
Increase (decrease) in notes and accounts receivable – trade ("-" indicates increase)	-1,051	30
Increase (decrease) in operating loans receivable ("-" indicates increase)	-1,160	-3,047
Increase (decrease) in inventories ("-" indicates increase)	559	-2,272
Increase (decrease) in notes and accounts payable - trade ("-" indicates decrease)	1,500	1,093
Increase (decrease) in accounts payable - other ("-" indicates decrease)	408	130
Increase (decrease) in accrued consumption taxes ("-" indicates decrease)	-162	-493
Other, net	2,418	796
Sub-total	34,916	22,336
Interest and dividend income received	270	326
Interest expenses paid	-119	-124
Income taxes paid	-7,079	-7,633
Net cash provided by(used in) operating activities	27,987	14,905

	(Unit: million yen)	
	The previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)	The current consolidated fiscal year (From April 1, 2018 to March 31, 2019)
Cash flows from investing activities		
Payments into time deposits	-30,776	-33,570
Proceeds from withdrawal of time deposits	32,308	32,668
Purchase of securities	-49,600	-52,300
Proceeds from sales and redemption of short-term and long-term investment securities	49,400	56,800
Purchase of property, plant and equipment	-7,464	-6,382
Proceeds from sales of property, plant and equipment	16	135
Purchase of intangible assets	-939	-761
Purchase of investment securities	-49	-37
Payments of loans receivable	-104	-44
Collection of loans receivable	34	7
Payments for lease and guarantee deposits	-741	-607
Proceeds from collection of lease and guarantee deposits	858	1,526
Others, net	69	-14
Net cash provided by(used in) investing activities	-6,986	-2,580
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable ("—" indicates decrease)	500	50
Proceeds from long-term loans payable	7,000	15,000
Repayments of long-term loans payable	-3,000	-15,000
Proceeds from sales of treasury shares	13	0
Purchase of treasury shares	-6,009	-1,962
Cash dividends paid	-8,554	-8,587
Cash dividends paid to non-controlling shareholders	-30	-28
Others, net	-448	-481
Net cash provided by(used in) financing activities	-10,528	-11,009
Effect of exchange rate change on cash and cash equivalents	7	-66
Net increase (decrease) in cash and cash equivalents ("—" indicates decrease)	10,480	1,248
Cash and cash equivalents at the beginning of period	38,207	48,827
Increase (decrease) in cash and cash equivalents resulting from change in the scope of consolidation ("—" indicates decrease)	139	—
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	11
Cash and cash equivalents at end of period	48,827	50,087

(5) Notes to the Consolidated Financial Statements

(Notes concerning the going-concern assumption)

No corresponding item existed.

(Changes in presentations)

(Changes due to adoption of the "Partial Amendments to Accounting Standard for Tax Effect Accounting")

The Group adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) beginning this consolidated fiscal year under review. Due to these changes, deferred tax assets are now listed under investments and other assets and deferred tax liabilities are listed under non-current liabilities.

As a result, deferred tax assets listed under current assets in the previous fiscal year's consolidated balance sheet decreased 1,696 million yen while deferred tax assets listed under investments and other assets increased 1,647 million yen. There was also an increase of 49 million yen in other under non-current liabilities.

Total assets decreased 49 million yen compared with those prior to the adoption of the revised standard since deferred tax assets and deferred tax liabilities of the same taxable entity have been offset against each other.

(Segment information etc.)

[Segment information]

1. Summary of reporting segments

The Group's reportable segments are the business units for which the Company is able to obtain respective financial information separately in order for the management to conduct reviews on a regular basis to determine the allocation of management resources and assess business performance.

The Group formulates strategies of the Business wear business and the Casual wear business by each business format and strategies of other than the Business wear business and the Casual wear business by each subsidiary with respect to their handling of goods and services to conduct business activities. Therefore, the Group consists of segments for each product and service based on business format or business, and the six reporting segments are Business wear business, which includes business segments relating to business wear sales, whose economic features are similar, Casual wear business, which includes business segments relating to casual wear sales, Credit card business, Printing and media business, Sundry sales business, and Total repair service business.

The Business wear business mainly provides suits, jackets, slacks, coats, formal wear, and other clothing items; the Casual wear business mainly provides casual clothing items; the Credit card business mainly provides small-amount finance and credit card services; the Printing and media business mainly prints various flyers and catalogs and publishes magazines; the Sundry sales business mainly provides daily merchandise and processed foods; and the Total repair service business mainly provides comprehensive repair services including shoe repair and key duplication.

2. Methods of calculating net sales, net income or loss, assets, liabilities, and other items by each reporting segment

Accounting methods for reported business segments are largely as described in compliance with the accounting policy used for the preparation of consolidated financial statements.

Net income of a reporting segment is a figure based on either operating income or loss. Intersegment internal revenue and transfers are based on market prices.

3. Information concerning net sales, net income or loss, assets, liabilities, and other items by each reporting segment
Previous Consolidated Fiscal Year (From April 1, 2017 to March 31, 2018)

(Unit: million yen)

	Reporting segments							Others (Note) 1	Total	Adjustments (Note) 2	Amount recorded in the consolidated financial statements (Note) 3
	Business wear business	Casual wear business	Credit card business	Printing and media business	Sundry sales business	Total repair service business	Total				
Net sales											
Net sales to outside customers	188,420	15,145	4,473	8,446	15,939	12,448	244,874	9,971	254,846	—	254,846
Intersegment sales or transfers	307	—	432	3,155	0	77	3,973	0	3,973	-3,973	—
Total	188,728	15,145	4,905	11,602	15,939	12,525	248,847	9,972	258,819	-3,973	254,846
Segment income or loss (-)	19,064	-840	1,857	281	639	-506	20,496	22	20,519	72	20,591
Segment assets	226,379	9,446	62,532	8,034	5,637	21,190	333,220	8,645	341,865	55,515	397,381
Other items											
Depreciation expense	7,003	523	50	334	117	808	8,837	517	9,355	45	9,400
Amount of increase of property, plant and equipment and intangible assets	5,776	39	56	308	169	1,159	7,510	1,049	8,560	26	8,586

(Notes) 1. The classification of Others indicates non-reporting business segments and includes the reuse business and the restaurant business.

2. (1) The amount of 72 million yen of adjustments of segment income or loss(-) is the amount eliminated as intersegment transactions.
- (2) The amount of adjustments to segment assets of 55,515 million yen includes company-wide assets not allocated to each of the reporting segments of 71,602 million yen and an amount of minus 16,055 million yen of elimination of payables and receivables between segments. Company-wide assets mainly refer to surplus funds of the parent company (cash and deposits, and securities), long-term investment funds, and real estate for investment.
- (3) The amount of adjustments to depreciation of 45 million yen is associated with real estate for investment.
- (4) The amount of adjustments to the amount of increase of property, plant and equipment and intangible assets of 26 million yen is associated with real estate for investment.
3. Segment income or loss (-) is adjusted with operating income presented in “Consolidated Statement of Income”.

Current Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)

(Unit: million yen)

	Reporting segments							Others (Note) 1	Total	Adjustments (Note) 2	Amount recorded in the consolidated financial statements (Note) 3
	Business wear business	Casual wear business	Credit card business	Printing and media business	Sundry sales business	Total repair service business	Total				
Net sales											
Net sales to outside customers	184,147	13,608	4,697	8,867	15,816	12,812	239,949	10,350	250,300	—	250,300
Intersegment sales or transfers	257	—	368	3,527	0	36	4,191	0	4,191	-4,191	—
Total	184,405	13,608	5,065	12,394	15,816	12,849	244,141	10,351	254,492	-4,191	250,300
Segment income or loss (-)	13,515	-1,390	2,088	133	621	-481	14,486	63	14,549	79	14,629
Segment assets	225,174	8,746	66,121	8,230	6,139	20,914	335,326	7,275	342,601	47,738	390,340
Other items											
Depreciation expense	6,631	290	55	348	110	855	8,292	492	8,785	41	8,827
Amount of increase of property, plant and equipment and intangible assets	5,397	121	168	396	146	868	7,098	435	7,533	0	7,533

- (Notes) 1. The classification of Others indicates non-reporting business segments and includes the reuse business and the restaurant business.
2. (1) The amount of 79 million yen of adjustments of segment income or loss (-) is the amount eliminated as intersegment transactions.
- (2) The amount of adjustments to segment assets of 47,738 million yen includes company-wide assets not allocated to each of the reporting segments of 65,982 million yen and an amount of minus 18,218 million yen of elimination of payables and receivables between segments. Company-wide assets mainly refer to surplus funds of the parent company (cash and deposits, and securities), long-term investment funds, and real estate for investment.
- (3) The amount of adjustments to depreciation of 41 million yen is associated with real estate for investment.
- (4) The amount of adjustments to the amount of increase of property, plant and equipment and intangible assets of 0 million yen is associated with real estate for investment.
3. Segment income or loss (-) is adjusted with operating income presented in “Consolidated Statement of Income”.

[Related information]

Previous Consolidated Fiscal Year (From April 1, 2017 to March 31, 2018)

1. Information by product and service

This information is omitted because similar information is disclosed in segment information.

2. Information by region

(1) Net sales

This information is omitted because net sales from external customers in Japan exceed 90% of net sales in the “Consolidated Statement of Income.”

(2) Property, plant and equipment

This information is omitted because tangible fixed assets located in Japan exceed 90% of tangible fixed assets in the “Consolidated Balance Sheet.”

3. Information by major customer

This information is omitted because sales to a single external customer did not exceed 10% of net sales shown in the “Consolidated Statement of Income.”

Current Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)

1. Information by product and service.

This information is omitted because similar information is disclosed in segment information.

2. Information by region

(1) Net sales

This information is omitted because net sales from external customers in Japan exceed 90% of net sales in the “Consolidated Statement of Income.”

(2) Property, plant and equipment

This information is omitted because tangible fixed assets located in Japan exceed 90% of tangible fixed assets in the “Consolidated Balance Sheet.”

3. Information by major customer

This information is omitted because sales to a single external customer did not exceed 10% of net sales shown in the “Consolidated Statement of Income.”

[Information concerning impairment losses of non-current assets by each reporting segment]

Previous Consolidated Fiscal Year (From April 1, 2017 to March 31, 2018)

(Unit: million yen)

	Reporting segments							Others	Adjustments (Note)	Total
	Business wear business	Casual wear business	Credit card business	Printing and media business	Sundry sales business	Total repair service business	Total			
Impairment loss	1,253	1,216	—	—	30	—	2,500	8	50	2,559

(Note) The adjustment of 50 million yen is associated with real estate for investment.

Current Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)

(Unit: million yen)

	Reporting segments							Others	Adjustments (Note)	Total
	Business wear business	Casual wear business	Credit card business	Printing and media business	Sundry sales business	Total repair service business	Total			
Impairment loss	2,206	476	—	—	23	13	2,720	1,084	13	3,817

(Note) The adjustment of 13 million yen is associated with real estate for investment.

[Information concerning amortization of goodwill and unamortized balances by each reporting segment]

Previous Consolidated Fiscal Year (From April 1, 2017 to March 31, 2018)

(Unit: million yen)

	Reporting segments							Others	All segments/ canceled	Total
	Business wear business	Casual wear business	Credit card business	Printing and media business	Sundry sales business	Total repair service business	Total			
Amortization of goodwill	—	—	—	—	—	830	830	397	—	1,227
Unamortized balances	—	—	—	—	—	10,212	10,212	1,192	—	11,404

Current Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)

(Unit: million yen)

	Reporting segments							Others	All segments/ canceled	Total
	Business wear business	Casual wear business	Credit card business	Printing and media business	Sundry sales business	Total repair service business	Total			
Amortization of goodwill	—	—	—	7	—	807	815	298	—	1,113
Unamortized balances	—	—	—	54	—	9,212	9,266	—	—	9,266

[Information concerning gain on negative goodwill by each reporting segment]

Previous Consolidated Fiscal Year (From April 1, 2017 to March 31, 2018)

No corresponding item existed.

Current Consolidated Fiscal Year (From April 1, 2018 to March 31, 2019)

No corresponding item existed.

(Per-share information)

The previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)		The current consolidated fiscal year (From April 1, 2018 to March 31, 2019)	
Net assets per share	4,505 yen 53 sen	Net assets per share	4,418 yen 58 sen
Net income per share	224 yen 81 sen	Net income per share	114 yen 32 sen
Diluted net income per share	224 yen 80 sen	Diluted net income per share	—

- (Notes) 1. The remaining shares of the Company in a trust account recorded as treasury shares in shareholders' equity are included among treasury shares to be deducted in calculations of the average number of shares outstanding during the year for the purpose of calculating net income per share, and are also included among treasury shares to be deducted in calculations of the total number of outstanding shares at the end of the fiscal year for the purpose of calculating net assets per share.

The average number of shares outstanding during the year of the said treasury shares deducted for the purpose of calculating net income per share was 185,191 shares for the previous consolidated fiscal year and 184,150 shares for the current consolidated fiscal year, and the total number of outstanding shares at the end of the fiscal year of the said treasury shares deducted for the purpose of calculating net assets per share was 184,600 shares for the previous consolidated fiscal year and 183,700 shares for the current consolidated fiscal year.

The amount of diluted net income per share is not shown since the Group had no potentially dilutive securities in the consolidated fiscal year under review.

2. Basis for calculations

1. Net assets per share

Item	The previous consolidated fiscal year (March 31, 2018)	The current consolidated fiscal year (March 31, 2019)
Total amount of net assets (million yen)	230,518	224,170
Amount deducted from total net assets (million yen)	3,085	3,333
(Including subscription rights to shares (million yen))	(—)	(—)
(including non-controlling shareholders (million yen))	(3,085)	(3,333)
Year-end net assets applicable to common shares (million yen)	227,433	220,836
Number of common shares used for calculations of net assets per share (shares)	50,478,787	49,979,132

2. Net income per share and diluted net income per share

Item	The previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)	The current consolidated fiscal year (From April 1, 2018 to March 31, 2019)
Amount of profit per share		
Profit attributable to owners of parent (million yen)	11,461	5,723
Amount not attributable to common share holders (million yen)	—	—
Profit attributable to owners of parent associated with common shares (million yen)	11,461	5,723
Average number of common shares outstanding during the year (shares)	50,985,093	50,062,300
Amount of profit per share adjusted for potential shares		
Amount adjusted for profit attributable to owners of parent (million yen)	—	—
Increase in the number of common shares (shares)	900	—
(Including subscription rights to shares (shares))	(900)	(—)
Outline of potential shares that were not used in calculating diluted net income per share because they have no dilutive effects	Resolution of the Board of Directors' meeting on January 8, 2016 Stock option (Subscription rights to shares 2,580) Common share 258,000 shares	—

(Significant subsequent events)

At the Board of Directors' meeting held on May 5, 2019, Aoyama Trading Co., Ltd. decided to propose a capital reserve reduction at the 55th Ordinary General Meeting of Shareholders scheduled to be held on June 27, 2019.

1. Purpose of reducing capital reserves

In order to ensure that its future capital policies are agile and flexible, the company plans to reduce the amount of its capital reserves in accordance with the provisions of Article 448-1 of the Companies Act.

2. Overview of capital reserve reduction

(1) Amount of reduction

The capital reserve total of 62,526,038,007 yen will be reduced by 49,500,000,000 yen to make it 13,026,038,007 yen.

(2) Method of reduction

The reduced portion of capital reserves will be transferred to other capital surplus.

3. Schedule

(1) Date resolution was passed at the Board of Directors meeting	May 10, 2019
(2) Date resolution is voted on at the General Meeting of Shareholders	June 27, 2019 (Scheduled)
(3) Date of public notice for creditor objections	July 10, 2019 (Scheduled)
(4) Final date for making creditor objections	August 10, 2019 (Scheduled)
(5) Effective date	September 30, 2019 (Scheduled)

4. Non-consolidated financial statements

(1) Balance sheet

(Unit: million yen)

	The previous fiscal year (March 31, 2018)	The current fiscal year (March 31, 2019)
Assets		
Current assets		
Cash and deposits	46,697	46,527
Accounts receivable - trade	14,023	14,404
Securities	20,499	15,999
Merchandise and finished goods	44,259	47,188
Raw materials and supplies	574	579
Advance payments - trade	37	160
Short-term loans receivable from subsidiaries and associates	17,300	19,950
Prepaid expenses	618	817
Accrued income	3	3
Other	674	714
Allowance for doubtful accounts	-7	-7
Total current assets	144,682	146,337
Non-current assets		
Property, plant and equipment		
Buildings	44,312	41,826
Structures	6,177	5,671
Machinery and equipment	546	410
Vehicles	15	9
Tools, furniture and fixtures	4,602	4,461
Land	35,290	36,203
Leased assets	2,509	2,442
Construction in progress	86	244
Total property, plant and equipment	93,541	91,269
Intangible assets		
Leasehold right	858	778
Trademark right	226	148
Software	1,604	1,376
Telephone subscription right	112	112
Total intangible assets	2,802	2,415
Investments and other assets		
Investment securities	10,938	8,799
Shares of subsidiaries and associates	27,000	24,861
Investments in capital of subsidiaries and associates	395	395
Long-term loans receivable in capital of subsidiaries and associates	5,500	6,500
Long-term loans receivable	3,345	2,773
Long-term prepaid expenses	630	488
Deferred tax assets	8,610	9,913
Lease and guarantee deposits	25,109	23,852
Real estate for investment	10,465	9,086
Other	39	51
Allowance for doubtful accounts	-4,617	-6,031
Total investments and other assets	87,417	80,692
Total non-current assets	183,760	174,377
Total assets	328,443	320,715

(Unit: million yen)

	The previous fiscal year (March 31, 2018)	The current fiscal year (March 31, 2019)
Liabilities		
Current liabilities		
Accounts payable - trade	13,130	14,035
Electronically recorded obligations - operating	16,401	17,278
Short-term loans payable	10,000	—
Lease obligations	304	225
Accounts payable - other	8,852	8,876
Accrued expenses	1,366	1,404
Income taxes payable	3,800	1,880
Advances received	220	381
Deposits received	123	144
Provision for bonuses	1,213	1,151
Asset retirement obligations	6	4
Other	1,533	1,062
Total current liabilities	56,953	46,444
Non-current liabilities		
Long-term loans payable	40,000	50,000
Lease obligations	351	506
Provision for retirement benefits	5,231	6,170
Provision for shares benefits	250	335
Provision for point card certificates	3,147	3,062
Asset retirement obligations	867	869
Other	2,641	2,568
Total non-current liabilities	52,488	63,513
Total liabilities	109,441	109,958
Net assets		
Shareholders' equity		
Capital stock	62,504	62,504
Capital surplus		
Legal capital surplus	62,526	62,526
Total capital surplus	62,526	62,526
Retained earnings		
Legal retained earnings	2,684	2,684
Other retained earnings		
General reserve	111,100	111,100
Retained earnings brought forward	12,233	-12,723
Total retained earnings	126,017	101,060
Treasury shares	-19,665	-1,422
Total shareholders' equity	231,382	224,668
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,434	1,902
Revaluation reserve for land	-15,814	-15,814
Total valuation and translation adjustments	-12,380	-13,912
Total net assets	219,001	210,756
Total liabilities and net assets	328,443	320,715

(2) Statements of Income

	(Unit: million yen)	
	The previous consolidated fiscal year (From April 1, 2017 to March 31, 2018)	The current consolidated fiscal year (From April 1, 2018 to March 31, 2019)
Net sales	188,853	184,573
Cost of sales	76,000	76,416
Gross profit	112,853	108,156
Selling, general and administrative expenses	94,592	95,502
Operating income	18,260	12,653
Non-operating income		
Interest income	179	162
Interest on securities	0	1
Dividend income	643	675
Real estate rent	3,521	3,700
Foreign exchange gains	132	10
Other	256	284
Total non-operating income	4,735	4,834
Non-operating expenses		
Interest expenses	116	112
Rent cost of real estate	3,249	3,335
Loss on valuation of derivatives	155	18
Provision of allowance for doubtful accounts	847	1,421
Other	48	21
Total non-operating expenses	4,417	4,909
Ordinary income	18,578	12,578
Extraordinary income		
Gain on sales of non-current assets	—	51
Total extraordinary income	—	51
Extraordinary losses		
Loss on sales and retirement of non-current assets	306	443
Impairment loss	1,335	2,324
Loss on disaster	—	318
Loss on valuation of shares of subsidiaries and associates	—	2,138
Loss on valuation of investments in capital	72	—
Total extraordinary losses	1,715	5,223
Income before income taxes and minority interests	16,862	7,406
Income taxes - current	5,749	4,249
Income taxes - deferred	-325	-674
Total income taxes	5,423	3,575
Net income	11,438	3,831

(3) Statement of Changes in Equity

Previous Fiscal Year (From April 1, 2017 to March 31, 2018)

(Unit: million yen)

	Shareholders' equity						
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus		General reserve	Retained earnings brought forward
Balance at the beginning of the year	62,504	62,526	—	62,526	2,684	111,100	9,491
Changes of items during period							
Dividends of surplus							-8,554
Net income							11,438
Reversal of revaluation reserve for land							-124
Purchase of treasury shares							
Retirement of treasury shares							
Disposal of treasury shares			-18	-18			
Transfer to capital surplus from retained earnings			18	18			-18
Changes of items other than shareholders' equity (net)							
Total changes of items during period	—	—	—	—	—	—	2,741
Balance at the end of the year	62,504	62,526	—	62,526	2,684	111,100	12,233

	Shareholders' equity		Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at the beginning of the year	-13,701	234,605	1,828	-15,939	-14,111	8	220,502
Changes of items during period							
Dividends of surplus		-8,554					-8,554
Net income		11,438					11,438
Reversal of revaluation reserve for land		-124					-124
Purchase of treasury shares	-6,001	-6,001					-6,001
Retirement of treasury shares		—					—
Disposal of treasury shares	37	19					19
Transfer to capital surplus from retained earnings		—					—
Changes of items other than shareholders' equity (net)			1,605	124	1,730	-8	1,721
Total changes of items during period	-5,963	-3,222	1,605	124	1,730	-8	-1,500
Balance at the end of the year	-19,665	231,382	3,434	-15,814	-12,380	—	219,001

Current Fiscal Year (From April 1, 2018 to March 31, 2019)

(Unit: million yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Balance at the beginning of the year	62,504	62,526	—	62,526	2,684	111,100	12,233	126,017
Changes of items during period								
Dividends of surplus							-8,587	-8,587
Net income							3,831	3,831
Reversal of revaluation reserve for land								
Purchase of treasury shares								
Retirement of treasury shares			-20,200	-20,200				
Disposal of treasury shares			-0	-0				
Transfer to capital surplus from retained earnings			20,200	20,200			-20,200	-20,200
Changes of items other than shareholders' equity (net)								
Total changes of items during period	—	—	—	—	—	—	-24,956	-24,956
Balance at the end of the year	62,504	62,526	—	62,526	2,684	111,100	-12,723	101,060

	Shareholders' equity		Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at the beginning of the year	-19,665	231,382	3,434	-15,814	-12,380	—	219,001
Changes of items during period							
Dividends of surplus		-8,587					-8,587
Net income		3,831					3,831
Reversal of revaluation reserve for land		—					—
Purchase of treasury shares	-1,959	-1,959					-1,959
Retirement of treasury shares	20,200	—					—
Disposal of treasury shares	2	2					2
Transfer to capital surplus from retained earnings		—					—
Changes of items other than shareholders' equity (net)			-1,531	—	-1,531	—	-1,531
Total changes of items during period	18,242	-6,713	-1,531	—	-1,531	—	-8,245
Balance at the end of the year	-1,422	224,668	1,902	-15,814	-13,912	—	210,756

5. Others

(1) Transfers of officers

a) Change of Representative Director

(Become effective June 27, 2019)

New	Present	Name
President, CEO and General Manager of Marketing and Sales Div.	Representative Director, President and CEO	Osamu Aoyama

b) Change of other Directors

<Candidates for new directors> (Become effective June 27, 2019)

New	Name
Director, Managing Executive Officer and General Manager of Administration Div.	Shinji Zaitzu
Director, Managing Executive Officer and General Manager of General Planning Dept.	Koichi Yamane
Director	Toru Watanabe

(Note) Mr. Toru Watanabe, a new Director candidate, is a candidate for Outside Director as stipulated in Paragraph 15, Article 2 of the Companies Act.

<Directors scheduled to retire > (Become effective June 27, 2019)

Present	Name
Director and Vice Chairman of the Board	Hiroaki Miyamae
Director and Vice President	Makoto Miyatake
Director, Senior Managing Executive Officer and General Manager of Marketing and Sales Div.	Yoshiyuki Matsukawa

(Notes) Positions after retirement

1. Mr. Hiroaki Miyamae will become chairman of the board of Aoyama Trading Co., Ltd.
2. Mr. Makoto Miyatake will become vice chairman of the board of Aoyama Trading Co., Ltd.
3. Mr. Yoshiyuki Matsukawa will become senior managing executive officer and vice chief general manager of the Marketing and Sales Division at Aoyama Trading Co., Ltd.

<Candidate for new Corporate Auditor> (Become effective June 27, 2019)

New	Name
Corporate Auditor	Masaki Nogami

(Note) Mr. Masaki Nogami, a new Corporate Auditor candidate, is a candidate for Outside Corporate Auditor as stipulated in Paragraph 16, Article 2 of the Companies Act.

<Corporate Auditor scheduled to retire> (Become effective June 27, 2019)

Present	Name
Corporate Auditor	Toru Watanabe

(Note) Mr. Toru Watanabe is an Outside Corporate Auditor as stipulated in Paragraph 16, Article 2 of the Companies Act.

c) Change of Executive Officers

(Effective June 27, 2019)

New	Present	Name
Managing Executive Officer and General Manager of Corporate Dept.	Executive Officer, Vice Chief General Manager of Marketing and Sales Div.	Tadao Chiba

<New Executive Officers> (Effective June 27, 2019)

New	Present	Name
Executive Officer and General Manager of Store Development Div.	Vice Chief General Manager of Store Development Div. and Vice Chief General Manager of Marketing and Sales Div. (In Charge of Corporate Dept.)	Kenji Ogino
Executive Officer and General Manager of TSC Business Div.	General Manager of TSC Business Div.	Katsuhiko Kono
Executive Officer and General Manager of General Affairs Dept.	General Manager of Internal Audit Dept.	Yujin Tanaka

<Executive Officers to retire> (Effective June 27, 2019)

Present	Name
Managing Executive Officer and General Manager of Store Development Div.	Yasuhiro Fujii
Executive Officer and General Manager of General Affairs Dept.	Shozo Hirakawa
Executive Officer and General Manager of Advertising Dept.	Michinori Fujii
Executive Officer and General Manager of Corporate Dept.	Kenji Aki

(2) Others

<<For your reference>>

a) Net sales of Aoyama Trading Co., Ltd. Business wear business by product

(Unit: million yen)

		The previous fiscal year (From April 1, 2017 to March 31, 2018)		The current fiscal year (From April 1, 2018 to March 31, 2019)		Change from the previous year	
		Amount	Composition ratio	Amount	Composition ratio	Amount	Rate
Heavy clothing	Suits and three piece suits	58,136	31.2	55,816	30.6	-2,320	96.0
	Jacket	5,788	3.1	5,547	3.1	-240	95.8
	Slacks	7,775	4.2	7,164	3.9	-611	92.1
	Coat	6,049	3.2	4,912	2.7	-1,137	81.2
	Formal wear	22,578	12.1	22,809	12.5	231	101.0
	Sub-total	100,327	53.8	96,249	52.8	-4,077	95.9
Light clothing	Shirt, Necktie and Belt etc.	29,764	16.0	28,976	15.9	-787	97.4
	Casual wear	5,228	2.8	5,041	2.8	-186	96.4
	Other products	14,345	7.7	14,183	7.8	-161	98.9
	Sub-total	49,338	26.5	48,202	26.5	-1,135	97.7
Women's wear and goods		29,983	16.1	30,673	16.8	690	102.3
Amount of points for payback		2,754	1.5	2,810	1.6	56	102.0
Handling and processing fee		3,969	2.1	4,255	2.3	286	107.2
Total		186,372	100.0	182,192	100.0	-4,180	97.8

- (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.

b) Number of stores of Aoyama Trading Co., Ltd. Business wear business (the end of March 2019)

(Unit: store)

Area		Yofuku-no-Aoyama	The Suit Company	Universal Language	Universal Language Measure's	White The Suit Company	Total
	Hokkaido prefecture	34	1	1			36
Total in the Hokkaido region		34	1	1	0	0	36
	Aomori prefecture	9					9
	Iwate prefecture	9					9
	Miyagi prefecture	13	1				14
	Akita prefecture	9					9
	Yamagata prefecture	9					9
	Fukushima prefecture	10					10
Total in the Tohoku region		59	1	0	0	0	60
	Ibaraki prefecture	18					18
	Tochigi prefecture	10					10
	Gunma prefecture	14	1				15
	Saitama prefecture	45	3	1			49
	Chiba prefecture	43	3	1			47
	Tokyo Metropolitan	83	18	4	1	3	109
	Kanagawa prefecture	49	8	2		2	61
Total in the Kanto region		262	33	8	1	5	309
	Niigata prefecture	16	1				17
	Toyama prefecture	7					7
	Ishikawa prefecture	9	1				10
	Fukui prefecture	5					5
	Yamanashi prefecture	4					4
	Nagano prefecture	14					14
	Gifu prefecture	13					13
	Shizuoka prefecture	26	1				27
	Aichi prefecture	47	1				48
Total in the Chubu region		141	4	0	0	0	145
	Mie prefecture	14					14
	Shiga prefecture	10	1				11
	Kyoto prefecture	18	1				19
	Osaka prefecture	46	6		2	3	57
	Hyogo prefecture	38	3			1	42
	Nara prefecture	8					8
	Wakayama prefecture	8					8
Total in the Kinki region		142	11	0	2	4	159

(Unit: store)

Area		Yofuku-no-Aoyama	The Suit Company	Universal Language	Universal Language Measure's	White The Suit Company	Total
	Tottori prefecture	3					3
	Shimane prefecture	5					5
	Okayama prefecture	11	2				13
	Hiroshima prefecture	19	3				22
	Yamaguchi prefecture	12					12
Total in the Chugoku region		50	5	0	0	0	55
	Tokushima prefecture	5					5
	Kagawa prefecture	7					7
	Ehime prefecture	9	1				10
	Kochi prefecture	5					5
Total in the Shikoku region		26	1	0	0	0	27
	Fukuoka prefecture	31	3			1	35
	Saga prefecture	8					8
	Nagasaki prefecture	7					7
	Kumamoto prefecture	11	1				12
	Oita prefecture	9					9
	Miyazaki prefecture	10					10
	Kagoshima prefecture	12					12
	Okinawa prefecture	7					7
Total in the Kyushu region		95	4	0	0	1	100
Total		809	60	9	3	10	891

- (Notes) 1. The numbers of stores of "TSC SPA OUTLET" are included in the number of stores of "The Suit Company." The numbers of stores of "UL OUTLET" are included in the number of stores of "Universal Language."
2. Status of stores opened and closed, etc.

	Stores opened	Of which, those relocated or rebuilt	Stores closed
Yofuku-no-Aoyama	14	7	10
The Suit Company	5	1	2
Universal Language			4
Total	19	8	16