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Summary of Financial Results for the Year Ended March 2023[Japanese Standards] (Consolidated)

MAY 12, 2023

Listed Company Name: Aoyama Trading Co., Ltd. Listed Exchange: Tokyo Stock Exchange
 Code: 8219 URL <https://www.aoyama-syouji.co.jp>
 Representative: (Title) President (Name) Osamu Aoyama
 Contact person: (Title) Director, Managing Executive Officer, and General Manager of Group Management Div., Manager of General Planning and Policy Dept. (Name) Koichi Yamane TEL: 084-920-0050
 Scheduled date to hold the ordinary general meeting of shareholders: June 29, 2023 Scheduled date to start distributing dividends: June 30, 2023
 Scheduled date to submit securities report: June 30, 2023
 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 2023 (From April 1, 2022 to March 31, 2023)

(1) Consolidated financial results (Presentation of percentages is the ratio of increase / decrease compared to the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	Million yen	%	million yen	%	million yen	%
Year ended March 2023	183,506	10.6	7,110	226.0	8,734	69.6	4,278	216.7
Year ended March 2022	165,961	—	2,181	—	5,150	—	1,350	—

(Note) Comprehensive income The year ended in March 2023: 5,913 million yen (—%) The year ended in March 2022: 388 million yen (—%)

	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 2023	85.86	—	2.6	2.7	3.9
Year ended March 2022	27.12	—	0.8	1.6	1.3

(Reference) Investment gains and losses using the equity method: The year ended in March 2023: — million yen The year ended in March 2022: — million yen
 (Note) "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. are applied from the beginning of the previous consolidated fiscal year. Therefore, the results for the fiscal year ended March 2022 are the figures after applying the relevant accounting standards, etc. The ratio of increase / decrease from the previous term is not stated.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	Yen
Year ended March 2023	336,244	170,029	49.5	3,339.33
Year ended March 2022	322,725	164,501	49.9	3,234.47

(Reference) Equity capital The year ended in March 2023: 166,441 million yen The year ended in March 2022: 161,144 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 period
	million yen	million yen	million yen	million yen
Year ended March 2023	23,077	-3,264	-4,483	75,657
Year ended March 2022	16,526	3,776	-469	60,281

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			
Year ended March 2022	Yen —	Yen 0.00	Yen —	Yen 8.00	Yen 8.00	million yen 401	% 29.5	% 0.2
Year ended March 2023	—	0.00	—	26.00	26.00	1,304	30.3	0.8
Year ending March 2024 (Forecast)	—	0.00	—	42.00	42.00		29.9	

(Note) For details, please refer to page 9 "Basic policy concerning distribution of profits and the payment of dividends for the current and next financial year".

3. Consolidated forecast for the year ending March, 2024 (From April 1, 2023 to March 31, 2024)

(Presentation of percentages is the ratio of increase / decrease compared to the same period of the previous year)

	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	81,400	—	-1,600	—	-1,600	—	-2,400	—	-48.15
Full fiscal year	197,000	—	11,000	—	11,000	—	7,000	—	140.44

(Note) Rental income from real estate and rental costs of real estate, which were previously included in non-operating income and non-operating expenses, will be included in net sales and cost of sales from the fiscal year ending March 31, 2024, and the ratios of increase/decrease from the previous fiscal year and the same period of the previous fiscal year are not included in the above forecasts. The forecasts for the fiscal year ending March 31, 2024 include net sales of 1,816 million yen and operating income of 144 million yen related to real estate rental.

* 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.: Yes
 b) Changes in accounting policies for a reason other than the above [a]: None
 c) Changes in accounting estimates: Yes
 d) Restatement: None

(Notes) For details, please refer to Attachment page 18 "Consolidated Financial Statements and Main Notes (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies) and (Changes of accounting estimates)".

(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 2023	50,394,016 shares	Year ended March 2022	50,394,016 shares
a)	Year ended March 2023	551,263 shares	Year ended March 2022	572,892 shares
b)	Year ended March 2023	49,834,541 shares	Year ended March 2022	49,811,324 shares

(Note) The number of shares at the end of the fiscal year included our Company's shares (333,300 shares at the end of the fiscal year ended March 31, 2023 and 340,600 shares at the end of the fiscal year ended March 31, 2022) held by Custody Bank of Japan, Ltd. (trust account E) as trust assets associated with the employees' incentive plan, "Employee Stock Ownership Plan (J-ESOP) Trust."

Also, the number of shares held by Custody Bank of Japan, Ltd. (trust account E) was included in the treasury shares deducted in calculating the average number of shares outstanding during the term (336,791 shares in the fiscal year ended March 31, 2023 and 350,691 shares in the fiscal year ended March 31, 2022).

(Reference) Overview of non-consolidated business results

1. Non-consolidated business results for the fiscal year ended in March 2023 (From April 1, 2022 to March 31, 2023)

(1) Non-consolidated financial results (Presentation of percentages is the ratio of increase / decrease compared to the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended March 2023	121,159	8.5	3,510	872.4	5,290	71.3	2,311	23.7
Year ended March 2022	111,680	—	361	—	3,088	—	1,868	—

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended March 2023	46.38	—
Year ended March 2022	37.51	—

(Note) "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. are applied from the beginning of the previous consolidated fiscal year. Therefore, the results for the fiscal year ended March 2022 are the figures after applying the relevant accounting standards, etc. The ratio of increase / decrease from the previous term is not stated.

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio	Net assets per share
	million yen	%	million yen	%	%	Yen
Year ended March 2023	242,498	—	146,190	—	60.3	2,933.03
Year ended March 2022	232,947	—	143,726	—	61.7	2,884.85

(Reference) Equity capital The year ended in March 2023: 146,190 million yen The year ended in March 2022: 143,726 million yen

2. Non-consolidated forecast for the year ending March, 2024 (From April 1, 2023 to March 31, 2024)

(Presentation of percentages is the ratio of increase / decrease compared to the same period of the previous year)

	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	50,400	—	-3,100	—	-2,600	—	-2,800	—	-56.18
Full fiscal year	132,200	—	6,500	—	7,000	—	4,700	—	94.30

(Note) Rental income from real estate and rental costs of real estate, which were previously included in non-operating income and non-operating expenses, will be included in net sales and cost of sales from the fiscal year ending March 31, 2024, and the ratios of increase/decrease from the previous fiscal year and the same period of the previous fiscal year are not included in the above forecasts. The forecasts for the fiscal year ending March 31, 2024 include net sales of 2,900 million yen and operating income of 300 million yen related to real estate rental.

* 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 8 of the Attached Reference Material.

(Obtaining financial results supplementary materials)

The Company will post the Supplementary Documents distributed on the meeting (web) for institutional investors and analysts held on May 17, 2023 as soon as possible on the Company website.

○ Contents of Attached Reference Material

1. Overview of Results of Operations	2
(1) Overview of Results of Operations for the Current Term	2
(2) Overview of financial situation for the Current Term	7
(3) Overview of Cash Flows for the Current Term	7
(4) Outlook for the next fiscal year	8
(5) Basic policy concerning distribution of profits and the payment of dividends for the current and next financial year	9
2. Basic policy concerning selection of accounting standards	9
3. Consolidated Financial Statements and Main Notes	10
(1) Consolidated Balance Sheet	10
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	12
(3) Consolidated Statement of Changes in Equity	14
(4) Consolidated Statements of Cash Flows	16
(5) Notes to the Consolidated Financial Statements	18
(Notes concerning the going-concern assumption)	18
(Changes in accounting policies)	18
(Changes in accounting estimates)	18
(Segment information etc.)	18
(Per-share information)	23
(Significant subsequent events)	24
4. Non-consolidated financial statements and Main Notes	25
(1) Balance sheet	25
(2) Statements of Income	27
(3) Statement of Changes in Equity	28
5. Others	30
(1) Transfers of officers	30
(2) Others	31
<<For your reference>>	
a) Net sales of Aoyama Trading Co., Ltd. Business wear business by product	31
b) Number of stores of Aoyama Trading Co., Ltd. Business wear business	32

1. Overview of Results of Operations

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

Forward-looking statements in this document are based on the judgment of the group as of the end of the current consolidated fiscal year.

<<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)
Year ended March 2023	183,506	7,110	8,734	4,278	85.86
Year ended March 2022	165,961	2,181	5,150	1,350	27.12
Amount of increase or decrease	17,544	4,929	3,583	2,927	—
Change year on year (%)	110.6	326.0	169.6	316.7	—

<<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	126,379	113,278	13,101	111.6	3,156	678	2,477	465.3
Credit Card Business	5,013	4,841	172	103.6	2,205	1,989	216	110.9
Printing and Media Business	12,299	12,159	139	101.2	514	-337	852	—
Sundry Sales Business	15,731	16,039	-307	98.1	233	488	-254	47.8
Total Repair Service Business	12,382	10,161	2,220	121.9	293	-519	813	—
Franchisee Business	13,157	10,960	2,197	120.0	872	211	661	413.7
Others	1,654	1,642	12	100.7	-316	-230	-85	—
Adjustments	-3,111	-3,120	9	—	150	-97	247	—
Total	183,506	165,961	17,544	110.6	7,110	2,181	4,929	326.0

(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>

Although the outlook remained uncertain in the current consolidated fiscal year, including the prolonged conflict in Ukraine, rising energy prices driven by rapid currency fluctuations and an associated rise in commodity prices, the Japanese economy showed signs of recovery as a result of the transition to a new stage of living with COVID-19 and the effects of various policies.

Under these circumstances, the results of the Group for the current fiscal year are as follows. These results were mainly due to the fact that net sales remained at a higher level than the previous fiscal year, which was partly attributable to the easing of restrictions on movement and going out over the period.

Net sales	183,506 million yen (110.6% of the previous fiscal year)
Operating income	7,110 million yen (326.0% of the previous fiscal year)
Ordinary income	8,734 million yen (169.6% of the previous fiscal year)
Profit attributable to owners of the parent	4,278 million yen (316.7% of the previous fiscal year)

The status of operations by business segment is described below.

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

<Business Wear Business>

[Aoyama Trading Co., Ltd., Blue Rivers Co., Ltd., MDS Co., Ltd., Eisho Co., Ltd., FUKURYO Co., Ltd. and Aoyama Suits (Shanghai) Co., Ltd., Melbo Men's Wear, Inc.]

Net sales of the business were 126,379 million yen or 111.6 % of the previous fiscal year and segment income (operating income) was 3,156 million yen or 465.3 % of the previous fiscal year.

In the Business Wear Business of Aoyama Trading Co., Ltd., which is the core segment of our business, there was a recovery in replacement demand, which had been flat for about two years due to the COVID-19 pandemic and in demand for special occasion wear due to the relaxation of restrictions on activities, and sales of men's suits, our mainstay, and formal wear were higher than in the previous fiscal year. As a result, sales at existing stores in the Business Wear Business were 111.7% of what they were in the previous fiscal year.

The number of men's suits sold was 1,214 thousand suits or 99.9% of the previous fiscal year and average sales unit price was 28,794 yen or 107.6% of the previous fiscal year.

<Changes in net sales, number of customers, and per-customer spending of Business wear business of Aoyama Trading Co., Ltd., of existing stores compared to the previous year> (Unit: %)

	Year ended March 2021	Year ended March 2022	Year ended March 2023
Net sales	73.8	112.4	111.7
Number of customers	84.1	100.4	108.9
Per-customer spending	87.8	111.9	102.6

<Changes in number of men's suits sold and average sales unit price of Aoyama Trading Co., Ltd.>

	Year ended March 2021	Year ended March 2022	Year ended March 2023
Number of men's suits sold (thousand suits)	1,182	1,215	1,214
Average sales unit price (yen)	25,472	26,767	28,794

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 2023)>

(Unit: store)

Name of business format	Aoyama Trading Co., Ltd.						Aoyama Suits (Shanghai) Co., Ltd.	Melbo Men's Wear, Inc.
	Yofuku-no-Aoyama	The Suit Company	Universal Language	Universal Language Measure's	White The Suit Company	Total	Yofuku-no-Aoyama	azabu tailor
Stores opened [of which, relocated] (From April to March)	2 [2]	1 [1]	0	3	0	6 [3]	0	2 [2]
Stores closed (From April to March)	9	6	1	2	1	19	7	6
Number of stores at the end of the year (At the end of March)	695	41	5	10	1	752	15	26

(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 2022, and the number of stores at the end of year is as of the end of December 2022.

3. Number of store openings and closings of Melbo Men's Wear, Inc. is the number recorded during the period from March 2022 to February 2023, and the number of stores at the end of year is as of the end of February 2023.

On April 1, 2022, the Company acquired all the issued shares of S Squared, Inc. and made it a wholly owned

subsidiary. As a result, three companies were included in the scope of consolidation: S Squared Co., Ltd., the holding company, and its subsidiaries Melbo Men's Wear, Inc., which runs order-made suit brand "azabu tailor," and MELBO CLOTHING MANUFACTURING, INC.

In addition, during the second quarter of the fiscal year, S Squared, Inc. was eliminated through an absorption-type merger with Melbo Men's Wear Inc. which is the surviving company.

<Credit Card Business> [Aoyama Capital Co., Ltd.]

In the Credit Card Business, net sales were 5,013 million yen or 103.6% of the previous fiscal year and segment income (operating income) was 2,205 million yen or 110.9% of the previous fiscal year. This was the result of an increase in shopping and cashing transactions due to the increase in opportunities to go out.

Funds were acquired through borrowing 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 2021	Year ended February 2022	Year ended February 2023
Number of effective members (10 thousand persons)	422	411	400
Balance of operating loans receivable (million yen)	54,622	53,446	52,889

<Printing and Media Business> [ASCON Co., Ltd.]

In the Printing and Media Business, net sales were 12,299 million yen or 101.2% of the previous fiscal year and segment income (operating income) was 514 million yen compared to segment loss (operating loss) of 337 million yen in the previous fiscal year, mainly due to a recovery in sales related to flyers, direct mail, and digital sales promotions, as well as new device-related sales such as cab signage terminals digital signage used inside taxi.

<Sundry Sales Business> [Seigo Co., Ltd.]

In the Sundry Sales Business, net sales were 15,731 million yen or 98.1% of the previous fiscal year and segment income (operating income) was 233 million yen or 47.8% of the previous fiscal year due to a decrease in stay-at-home demand resulting from the relaxation of restrictions on activities, in addition to higher costs, including utilities and cashless settlement fees.

As of the end of February 2023, there were 113 stores.

<Total Repair Service Business> [Minit Asia Pacific Co., Ltd]

In the Total Repair Service Business, net sales were 12,382 million yen or 121.9% of the previous fiscal year and segment income (operating income) was 293 million yen compared to segment loss (operating loss) of 519 million yen in the previous fiscal year, mainly due to the recovery of sales in the Japanese business due to the resumed movement of people and service price revisions, and further growth in sales in the overseas business, which had already recovered.

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 2023)> (Unit: store)

Name of business format	Mister Minit			
	Japan	Oceania	Others	Total
Stores opened (From April to March)	6	13	0	19
Stores closed (From April to March)	27	3	0	30
Number of stores at the end of the year(At the end of March)	257	317	34	608

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

<Franchisee Business> [glob Co., Ltd.]

In the Franchisee Business, net sales were 13,157 million yen or 120.0% of the previous fiscal year and segment income (operating income) was 872 million yen or 413.7% of the previous fiscal year, mainly due to recovery in sales to pre-pandemic levels (the fiscal year ended March 2020) in the Food Service Business with the relaxation of restrictions on activities and a significant expansion in the Reuse Business driven by the pandemic.

Stores opened and closed as described below.

<Number of stores opened and closed and stores at the end of the year of the Franchisee Business by each business format (As of the end of March 2023)> (Unit: store)

Name of business format	Food Service Business		Reuse Business		Fitness Business
	Yakiniku King	Yuzu An	2nd STREET	JUMBLE STORE	Anytime Fitness
Stores opened (From April to March)	0	0	0	0	0
Stores closed (From April to March)	0	0	0	0	0
Number of stores at the end of the year(At the end of March)	39	13	16	1	6

<Others> [WTW Corporation, Customlife Co., Ltd.]

In Other Business, net sales were 1,654 million yen or 100.7% of the previous fiscal year and segment loss (operating loss) was 316 million yen (segment loss (operating loss) of 230 million yen in the previous fiscal year).

As of the end of March 2023, there were 7 WTW stores.

(2) Overview of financial situation for the Current Term

(Assets)

Current assets were 208,160 million yen (up 19,962 million yen from the end of the previous fiscal year). This was mainly due increases of 19,668 million yen in cash and deposits and 1,031 million yen in accounts receivable - trade despite decreases of 427 million yen in merchandise and finished goods and 556 million yen in operating loans.

Non-current assets were 128,009 million yen (down 6,409 million yen from the end of the previous fiscal year). This was mainly due to decreases of 2,560 million yen in property, plant and equipment, 1,600 million yen in intangible assets, and 1,731 million yen in leasehold and guarantee deposits.

As a result, total assets were 336,244 million yen (up 13,519 million yen from the end of the previous fiscal year).

(Liabilities)

Current liabilities were 85,744 million yen (up 16,895 million yen from the end of the previous fiscal year). This was mainly due to increases of 3,789 million yen in notes and accounts payable - trade, 4,425 million yen in electronically recorded obligations - operating, 1,990 million yen in current portion of bonds payable, and 5,718 million yen in short-term borrowings.

Non-current liabilities were 80,470 million yen (down 8,904 million yen from the end of the previous fiscal year). This was mainly due to decreases of 1,040 million in bonds payable, 5,910 million yen in long-term borrowings, and 927 million yen in retirement benefit liability.

As a result, total liabilities were 166,214 million yen (up 7,990 million yen from the end of the previous fiscal year).

(Net Assets)

Total net assets were 170,029 million yen (up 5,528 million yen from the end of the previous fiscal year). This was mainly due to increases of 3,555 million yen in retained earnings, 499 million yen in valuation difference on available-for-sale securities, 321 million yen in revaluation reserve for land, and 1,128 million yen in remeasurements of defined benefit plans.

(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 15,376 million yen from the beginning of the year to 75,657 at the end of the fiscal year (125.5% 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, the funds acquired were 23,077 million yen (acquired 16,526 million yen in the previous fiscal year).

This was the result of an increase in funds of 6,251 million yen in profit before income tax, 6,996 million yen in depreciation, 2,220 million yen in impairment loss, 914 million yen in amortization of goodwill, and 8,713 million yen increase in notes and accounts payable - trade while decrease in funds was due to an decrease of 863 million yen in provision for product replacement, an decrease of 842 million yen in notes and accounts receivable - trade, an decrease of 1,495 million yen in accrued consumption taxes, and 1,888 million yen in income taxes paid.

<Cash flows from investing activities>

As a result of investing activities, the funds used were 3,264 million yen (acquired 3,776 million yen in the previous fiscal year).

This was the result of decrease in funds due to 18,707 million yen in payments into time deposits, purchase of property, plant and equipment of 1,793 million yen, purchase of intangible assets of 511 million yen, and payments for lease and guarantee deposits of 535 million yen, while increase in funds was due to 14,383 million yen in proceeds from withdrawal of time deposits, 1,429 million yen in purchase of shares of subsidiaries resulting in change in scope of consolidation, and 2,466 million yen in proceeds from refund of leasehold and guarantee deposits.

<Cash flows from financing activities>

As a result of financing activities, the funds used were 4,483 million yen (used 469 million yen in the previous fiscal year).

This was the result of a net decrease of 3,600 million yen in short-term borrowings, repayments of long-term borrowings of 8,572 million yen, and repayments of lease liabilities of 2,841 million yen, against an increase in funds from proceeds from long-term borrowings of 10,000 million yen and proceeds from issuance of bonds of 990 million yen.

(4) Outlook for the next fiscal year

The Japanese economy is expected to recover as a whole due to the normalization of economic and social activity as a result of the widespread transition to living with COVID-19. However, on the other hand, the outlook remains uncertain as commodity prices rise and remain high due to the increase in global demand and supply shortages, currency fluctuations caused by inflation in Europe and the United States and the corresponding interest rate hikes, and rising labor costs caused by labor shortages. Therefore, the economy could be affected by economic downturn overseas or cooling consumer confidence due to rising prices.

On the other hand, in the Business Wear Business, our core business, there is a growing trend for customers, who are aware of the risk of infectious diseases, to search goods and services that suit them online and, in addition to the expansion in the e-commerce market, the made-to-order market is steadily growing, despite the decline in the working-age population and the casualization of office wear. In addition, customers are increasingly choosing sustainable products such as those made from recycled or eco-friendly materials with an emphasis on individuality and originality, and this is a significant change in consumer attitudes toward business wear and can be considered as a business opportunity.

In this business environment, under “Aoyama Reborn 2023”, our Medium-term Management Plan with the fiscal year ending March 31, 2024 as the final year, the Group will make concerted efforts to realize the three aspects in the management vision which are “Innovation and Challenge of Business Wear Business,” “Promote Group Management,” and “Sustainability Initiatives.” Under the plan, we will also work to achieve the KPIs and the ESG targets in order to contribute to the development of a sustainable society through our business activities.

<Management vision of the Medium-term Management Plan “Aoyama Reborn 2023”>

1. Innovation and Challenge of Business Wear Business

(1) Maximize customer lifetime value (LTV) centering on rebranding

(2) Increase the exposure to customers through the DX strategies (OMO strategy and digital infrastructure development)

2. Promote Group Management

(1) Strengthen group governance and group-wide collaboration

(2) Allocate management resources primarily to growth areas

3. Sustainability Initiatives

Strengthen ESG initiatives focused on SDGs

<< Consolidated forecast for the year ending March, 2024 (From April 1, 2023 to March 31, 2024) >>

(Presentation of percentages is the ratio of increase / decrease compared to the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
(Cumulative results for the second quarter)	million yen	%	million yen	%	million yen	%	million yen	%	Yen
	81,400	—	-1,600	—	-1,600	—	-2,400	—	-48.15
Full fiscal year	197,000	—	11,000	—	11,000	—	7,000	—	140.44

(Note) Rental income from real estate and rental costs of real estate, which were previously included in non-operating income and non-operating expenses, will be included in net sales and cost of sales from the fiscal year ending March 31, 2024, and the ratios of increase/decrease from the previous fiscal year and the same period of the previous fiscal year are not included in the above forecasts. The forecasts for the fiscal year ending

March 31, 2024 include net sales of 1,816 million yen and operating income of 144 million yen related to real estate rental.

<<Non-consolidated forecast for the year ending March, 2024 (From April 1, 2023 to March 31, 2024) >>

(Presentation of percentages is the ratio of increase / decrease compared to the same period of the previous year)

	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)	50,400	—	-3,100	—	-2,600	—	-2,800	—	-56.18
Full fiscal year	132,200	—	6,500	—	7,000	—	4,700	—	94.30

(Note) Rental income from real estate and rental costs of real estate, which were previously included in non-operating income and non-operating expenses, will be included in net sales and cost of sales from the fiscal year ending March 31, 2024, and the ratios of increase/decrease from the previous fiscal year and the same period of the previous fiscal year are not included in the above forecasts. The forecasts for the fiscal year ending March 31, 2024 include net sales of 2,900 million yen and operating income of 300 million yen related to real estate rental.

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

Year ending March 2024		
The 1 st half of the year	The 2 nd half of the year	Annual total
106%	110%	108%

The forecasts contained in this document are based on the Company's assumptions and beliefs in light of information available at the time of writing and include potential risks and uncertainties. Actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including changes in the business environment.

(5) Basic policy concerning distribution of profits and the payment of dividends for the current and next financial year

The Company's fundamental policy is to return dividends to shareholders with the highest priority, in accordance with a policy set out in each medium-term management plan. Regarding shareholder return for the Medium-term Management Plan period from the FY3/2022 to FY3/2024, we will prioritize improving the capital adequacy that has been damaged by the effects of COVID-19 on earnings. We will do this by increasing internal reserves, setting a target total return ratio of 30%.

As a result of calculation based on business performance based on the above shareholder return policy, we plan to pay an ordinary dividend of 26 yen per share at the end of the current fiscal year.

Since we have not paid an interim (end of the second quarter) dividend, the annual dividend will be 26 yen per share.

In addition, regarding the dividend at the end of March 2024, based on the above policy, we will not pay an interim (end of the second quarter) dividend, and we plan to pay a year-end dividend of 42 yen per share as an ordinary dividend.

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 and Main Notes

(1) Consolidated Balance Sheet

(Unit: million yen)

	The previous consolidated fiscal year (March 31, 2022)	The current consolidated fiscal year (March 31, 2023)
Assets		
Current assets		
Cash and deposits	73,433	93,102
Notes receivable - trade	56	66
Accounts receivable - trade	15,256	16,287
Merchandise and finished goods	39,223	38,796
Work in process	437	577
Raw materials and supplies	1,656	2,605
Operating loans	53,446	52,889
Other	4,804	3,972
Allowance for doubtful accounts	-116	-138
Total current assets	188,197	208,160
Non-current assets		
Property, plant and equipment		
Buildings and structures	127,759	126,987
Accumulated depreciation	-92,377	-93,791
Buildings and structures (net)	35,382	33,196
Machinery, equipment and vehicles	7,748	8,168
Accumulated depreciation	-6,824	-7,297
Machinery, equipment and vehicles (net)	923	870
Land	37,501	38,108
Leased assets	17,699	19,434
Accumulated depreciation	-10,542	-13,106
Leased assets (net)	7,156	6,327
Construction in progress	21	123
Other	15,438	15,261
Accumulated depreciation	-12,446	-12,469
Other (net)	2,992	2,791
Total property, plant and equipment	83,978	81,418
Intangible assets		
Goodwill	5,367	4,377
Other	5,601	4,990
Total Intangible assets	10,968	9,368
Investments and other assets		
Investment securities	5,342	6,154
Long-term loans receivable	1,687	1,318
Retirement benefit asset	87	1
Deferred tax assets	9,705	9,402
Leasehold and guarantee deposits	18,796	17,064
Investment property	9,210	8,751
Accumulated depreciation	-6,029	-5,981
Investment property (net)	3,181	2,769
Other	964	800
Allowance for doubtful accounts	-292	-289
Total investments and other assets	39,471	37,222
Total non-current assets	134,419	128,009
Total deferred assets	108	75
Total assets	322,725	336,244

(Unit: million yen)

	The previous consolidated fiscal year (March 31, 2022)	The current consolidated fiscal year (March 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,715	14,504
Electronically recorded obligations - operating	8,943	13,369
Current portion of bonds payable	50	2,040
Short-term borrowings	30,461	36,179
Accounts payable - other	5,591	6,453
Income taxes payable	1,310	1,638
Contract liabilities	1,815	1,681
Provision for bonuses	1,053	1,632
Provision for product replacement	863	—
Other	8,044	8,245
Total current liabilities	68,849	85,744
Non-current liabilities		
Bonds payable	22,045	21,005
Long-term borrowings	48,389	42,478
Retirement benefit liability	9,272	8,345
Lease liabilities	4,346	3,725
Other	5,321	4,915
Total non-current liabilities	89,374	80,470
Total liabilities	158,224	166,214
Net assets		
Shareholders' equity		
Share capital	62,504	62,504
Capital surplus	62,448	62,401
Retained earnings	53,069	56,625
Treasury shares	-1,583	-1,511
Total shareholders' equity	176,438	180,019
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	721	1,220
Deferred gains or losses on hedges	24	-10
Revaluation reserve for land	-15,136	-14,815
Foreign currency translation adjustment	555	355
Remeasurements of defined benefit plans	-1,457	-329
Total accumulated other comprehensive income	-15,293	-13,578
Non-Controlling Interests	3,356	3,588
Total net assets	164,501	170,029
Total liabilities and net assets	322,725	336,244

(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, 2021 to March 31, 2022)	The current consolidated fiscal year (From April 1, 2022 to March 31, 2023)
Net sales	165,961	183,506
Cost of sales	82,252	89,721
Gross profit	83,709	93,784
Selling, general and administrative expenses	81,527	86,673
Operating income	2,181	7,110
Non-operating income		
Interest income	52	82
Dividend income	256	154
Rental income from real estate	2,390	2,097
Gain on valuation of derivatives	104	—
Foreign exchange gains	345	848
Subsidy income	789	207
Compensation income	805	30
Others	517	545
Total non-operating income	5,262	3,966
Non-operating expenses		
Interest expenses	348	360
Rental costs of real estate	1,799	1,711
Loss on valuation of derivatives	—	144
Others	145	126
Total non-operating expenses	2,293	2,343
Ordinary income	5,150	8,734
Extraordinary income		
Gain on sale of non-current assets	111	2
Gain on sale of investment securities	1,346	67
Total extraordinary income	1,457	69
Extraordinary losses		
Loss on sale and retirement of non-current assets	209	246
Impairment loss	2,139	2,220
Loss on disaster	2	7
Loss on sale of investment securities	—	2
Loss on valuation of investment securities	—	27
Loss on valuation of shares of subsidiaries and associates	136	48
Product replacement costs of subsidiaries and associates	1,169	—
Total extraordinary losses	3,659	2,552
Income before income taxes	2,949	6,251
Income taxes - current	1,696	2,138
Income taxes - deferred	139	-420
Total income taxes	1,835	1,718
Profit	1,113	4,533
Profit (loss) attributable to non-controlling interests	-237	254
Profit attributable to owners of parent	1,350	4,278

Consolidated Statement of Comprehensive Income

	(Unit: million yen)	
	The previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)	The current consolidated fiscal year (From April 1, 2022 to March 31, 2023)
Profit	1,113	4,533
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,463	499
Deferred gains or losses on hedges	21	-34
Foreign currency translation adjustment	839	-196
Remeasurements of defined benefit plans, net of tax	-122	1,110
Total other comprehensive income	-725	1,380
Comprehensive income	388	5,913
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	639	5,672
Comprehensive income attributable to non-controlling interests	-251	240

(3) Consolidated Statement of Changes in Equity

Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at beginning of period	62,504	62,464	52,270	-1,675	175,563
Cumulative effects of changes in accounting policies			-413		-413
Restated balance	62,504	62,464	51,856	-1,675	175,149
Changes during period					
Dividends of surplus					—
Profit attributable to owners of parent			1,350		1,350
Reversal of revaluation reserve for land			-137		-137
Purchase of treasury shares				-0	-0
Disposal of treasury shares		-15		91	75
Net changes in items other than shareholders' equity					
Total changes during period	—	-15	1,213	91	1,288
Balance at end of period	62,504	62,448	53,069	-1,583	176,438

	Accumulated other comprehensive income						Non-controlling Interests	Total net assets
	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 beginning of period	2,184	2	-15,274	-280	-1,351	-14,720	3,617	164,460
Cumulative effects of changes in accounting policies								-413
Restated balance	2,184	2	-15,274	-280	-1,351	-14,720	3,617	164,046
Changes during period								
Dividends of surplus								—
Profit attributable to owners of parent								1,350
Reversal of revaluation reserve for land								-137
Purchase of treasury shares								-0
Disposal of treasury shares								75
Net changes in items other than shareholders' equity	-1,462	21	137	836	-105	-573	-260	-834
Total changes during period	-1,462	21	137	836	-105	-573	-260	454
Balance at end of period	721	24	-15,136	555	-1,457	-15,293	3,356	164,501

Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at beginning of period	62,504	62,448	53,069	-1,583	176,438
Cumulative effects of changes in accounting policies					—
Restated balance	62,504	62,448	53,069	-1,583	176,438
Changes during period					
Dividends of surplus			-401		-401
Profit attributable to owners of parent			4,278		4,278
Reversal of revaluation reserve for land			-321		-321
Purchase of treasury shares				-0	-0
Disposal of treasury shares		-46		72	25
Net changes in items other than shareholders' equity					
Total changes during period	—	-46	3,555	72	3,581
Balance at end of period	62,504	62,401	56,625	-1,511	180,019

	Accumulated other comprehensive income						Non-controlling Interests	Total net assets
	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 beginning of period	721	24	-15,136	555	-1,457	-15,293	3,356	164,501
Cumulative effects of changes in accounting policies								—
Restated balance	721	24	-15,136	555	-1,457	-15,293	3,356	164,501
Changes during period								
Dividends of surplus								-401
Profit attributable to owners of parent								4,278
Reversal of revaluation reserve for land								-321
Purchase of treasury shares								-0
Disposal of treasury shares								25
Net changes in items other than shareholders' equity	499	-34	321	-199	1,128	1,715	231	1,947
Total changes during period	499	-34	321	-199	1,128	1,715	231	5,528
Balance at end of period	1,220	-10	-14,815	355	-329	-13,578	3,588	170,029

(4) Consolidated Statements of Cash Flows

	(Unit: million yen)	
	The previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)	The current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	2,949	6,251
Depreciation	6,843	6,996
Impairment loss	2,139	2,220
Amortization of goodwill	865	914
Bond issuance costs	32	42
Increase (decrease) in allowance for doubtful accounts	-2	14
Loss (gain) on sale of investment securities	-1,346	-65
Increase (decrease) in provision for bonuses	-57	562
Increase (decrease) in retirement benefit liability	-1,213	563
Interest and dividend income	-309	-236
Interest expenses	339	344
Loss (gain) on valuation of derivatives	-104	144
Increase (decrease) in product replacement provision	863	-863
Loss on valuation of shares of subsidiaries and associates	136	48
Loss (gain) on sales and retirement of non-current assets	98	243
Loss on disaster	2	7
Subsidy income	-789	-207
Decrease (increase) in trade receivables	999	-842
Decrease (increase) in operating loans receivable	1,176	556
Decrease (increase) in inventories	10,573	-127
Increase (decrease) in trade payables	406	8,713
Loss (gain) on valuation of investment securities	—	27
Increase (decrease) in accounts payable - other	-2,644	469
Increase (decrease) in accrued consumption taxes	2,079	-1,495
Other, net	-949	628
Subtotal	22,088	24,911
Interest and dividends received	277	209
Interest paid	-338	-342
Income taxes paid	-1,485	-1,888
Subsidies received	789	207
Payments for loss on liquidation of business	-394	—
Payments for restructuring expenses	-4,409	-14
Payments associated with disaster loss	-1	-5
Net cash provided by (used in) operating activities	16,526	23,077

(Unit: million yen)

	The previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)	The current consolidated fiscal year (From April 1, 2022 to March 31, 2023)
Cash flows from investing activities		
Payments into time deposits	-12,859	-18,707
Proceeds from withdrawal of time deposits	12,646	14,383
Proceeds from sales and redemption of short-term and long-term investment securities	3,697	238
Purchase of property, plant and equipment	-2,585	-1,793
Proceeds from sales of property, plant and equipment	316	85
Purchase of intangible assets	-891	-511
Purchase of investment securities	-1	-105
Proceeds from collection of loans receivable	14	54
Payments of leasehold and guarantee deposits	-220	-535
Proceeds from refund of leasehold and guarantee deposits	3,090	2,466
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	1,429
Proceeds from capital reduction of affiliated company stock	813	—
Other, net	-244	-268
Net cash provided by (used in) investing activities	3,776	3,264
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-15,800	-3,600
Proceeds from long-term borrowings	18,370	10,000
Repayments of long-term borrowings	-377	-8,572
Proceeds from issuance of bonds	19,876	990
Redemption of bonds	-20,050	-50
Purchase of treasury shares	-0	-0
Dividends paid	—	-401
Dividends paid to non-controlling interests	-9	-9
Repayments of lease liabilities	-2,492	-2,841
Other, net	13	0
Net cash provided by (used in) financing activities	-469	-4,483
Effect of exchange rate change on cash and cash equivalents	197	46
Net increase (decrease) in cash and cash equivalents	20,030	15,376
Cash and cash equivalents at beginning of period	40,250	60,281
Cash and cash equivalents at end of period	60,281	75,657

(5) Notes to the Consolidated Financial Statements

(Notes concerning the going-concern assumption)

No corresponding item existed.

(Changes in accounting policies)

Application of Accounting Standard for Fair Value Measurement, Etc.

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the current fiscal year, and in accordance with the transitional treatment prescribed in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the new accounting policies set forth in the Implementation Guidance on Accounting Standard for Fair Value Measurement have been applied prospectively. There is no impact on the consolidated financial statements for the current fiscal year.

(Changes in accounting estimates)

(Change in the number of years for amortizing prior service costs in accounting for retirement benefits)

Previously, prior service costs in accounting for retirement benefits were amortized over 8 to 15 years. However, as the average remaining service period of employees has decreased, the number of years for amortizing prior service costs will be changed to 8 to 14 years from the current fiscal year.

The effect of this change in the number of years for amortizing expenses on profit and loss in the current fiscal year is immaterial.

(Segment information, etc.)

[Segment information]

1. Overview of reportable 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 by each business format and strategies of other than the Business 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, “Credit card business,” “Printing and media business,” “Sundry sales business,” “Total repair service business,” and “Franchisee business.”

The “Business wear business” mainly provides suits, jackets, slacks, coats, formal wear, and other 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; and the franchisee business mainly provides food and drink services at franchise stores centered on the restaurant industry.

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

The accounting methods for the reported business segments are similar to those used in 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, 2021 to March 31, 2022)

(Unit: million yen)

	Reporting segments							Others (Note) 1	Total	Adjustments (Note) 2	Amount recorded in the consolidated financial statements (Note) 3
	Business Wear Business	Credit Card Business	Printing and Media Business	Sundry Sales Business	Total Repair Service Business	Franchisee Business	Total				
Net sales											
Revenue from Contracts with Customers	113,218	2,439	9,413	16,039	10,140	10,960	162,211	1,602	163,813	—	163,813
Other revenue	—	2,147	—	—	—	—	2,147	—	2,147	—	2,147
Net sales to outside customers	113,218	4,586	9,413	16,039	10,140	10,960	164,359	1,602	165,961	—	165,961
Intersegment sales or transfers	60	254	2,745	0	21	—	3,080	40	3,120	-3,120	—
Total	113,278	4,841	12,159	16,039	10,161	10,960	167,440	1,642	169,082	-3,120	165,961
Segment income or loss (-)	678	1,989	-337	488	-519	211	2,509	-230	2,278	-97	2,181
Segment assets	166,129	71,562	7,699	7,325	18,230	8,835	279,783	2,437	282,220	40,504	322,725
Other items											
Depreciation expense	3,418	76	346	130	2,408	409	6,790	20	6,811	31	6,843
Amount of increase of property, plant and equipment and intangible assets	1,818	32	209	250	1,621	1,025	4,958	69	5,028	—	5,028

- (Notes) 1. The classification of Others indicates non-reporting business segments and includes web media business etc.
2. (1) The amount of -97 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 40,504 million yen includes company-wide assets not allocated to each of the reporting segments of 49,055 million yen and an amount of -8,551 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 31 million yen is associated with real estate for investment.
3. Segment income or loss (-) is adjusted with operating income or loss (-) presented in “Consolidated Statement of Income”.

Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)

(Unit: million yen)

	Reporting segments							Others (Note) 1	Total	Adjustments (Note) 2	Amount recorded in the consolidated financial statements (Note) 3
	Business Wear Business	Credit Card Business	Printing and Media Business	Sundry Sales Business	Total Repair Service Business	Franchisee Business	Total				
Net sales											
Revenue from Contracts with Customers	126,308	2,439	9,584	15,731	12,346	13,157	179,568	1,601	181,169	—	181,169
Other revenue	—	2,336	—	—	—	—	2,336	—	2,336	—	2,336
Net sales to outside customers	126,308	4,776	9,584	15,731	12,346	13,157	181,904	1,601	183,506	—	183,506
Intersegment sales or transfers	70	236	2,715	0	36	—	3,058	53	3,111	-3,111	—
Total	126,379	5,013	12,299	15,731	12,382	13,157	184,963	1,654	186,618	-3,111	183,506
Segment income or loss (-)	3,156	2,205	514	233	293	872	7,276	-316	6,960	150	7,110
Segment assets	164,253	72,666	7,606	7,175	17,244	9,401	278,348	2,142	280,490	55,753	336,244
Other items											
Depreciation expense	3,507	71	311	133	2,746	171	6,941	27	6,968	27	6,996
Amount of increase of property, plant and equipment and intangible assets	3,049	6	128	126	2,260	235	5,807	50	5,858	12	5,870

- (Notes) 1. The classification of Others indicates non-reporting business segments and includes web media business etc.
2. (1) The amount of 150 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 55,753 million yen includes company-wide assets not allocated to each of the reporting segments of 64,353 million yen and an amount of -8,599 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 27 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, 2021 to March 31, 2022)

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, 2022 to March 31, 2023)

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, 2021 to March 31, 2022)

(Unit: million yen)

	Reporting segments							Others	Adjustments	Total
	Business Wear Business *1	Credit Card Business	Printing and Media Business	Sundry Sales Business	Total Repair Service Business	Franchisee Business	Total			
Impairment loss	1,998	—	—	22	116	1	2,139	—	—	2,139

Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)

(Unit: million yen)

	Reporting segments							Others	Adjustments	Total
	Business Wear Business *1	Credit Card Business	Printing and Media Business	Sundry Sales Business	Total Repair Service Business	Franchisee Business	Total			
Impairment loss	2,056	—	—	81	33	—	2,171	48	—	2,220

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

Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)

(Unit: million yen)

	Reporting segments							Others	All segments / canceled	Total
	Business Wear Business	Credit Card Business	Printing and Media Business	Sundry Sales Business	Total Repair Service Business	Franchisee Business	Business Wear Business			
Amortization of goodwill	—	—	12	—	437	—	450	414	—	865
Unamortized balances	—	—	17	—	4,105	—	4,122	1,244	—	5,367

Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)

(Unit: million yen)

	Reporting segments							Others	All segments / canceled	Total
	Business Wear Business	Credit Card Business	Printing and Media Business	Sundry Sales Business	Total Repair Service Business	Franchisee Business	Business Wear Business			
Amortization of goodwill	—	—	12	—	486	—	499	414	—	914
Unamortized balances	—	—	5	—	3,542	—	3,547	829	—	4,377

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

Previous Consolidated Fiscal Year (From April 1, 2021 to March 31, 2022)

No corresponding item existed.

Current Consolidated Fiscal Year (From April 1, 2022 to March 31, 2023)

No corresponding item existed.

(Per-share information)

The previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)		The current consolidated fiscal year (From April 1, 2022 to March 31, 2023)	
Net assets per share	3,234 yen 47 sen	Net assets per share	3,339 yen 33 sen
Net income per share	27 yen 12 sen	Net income per share	85 yen 86 sen

(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 350,691 shares for the previous consolidated fiscal year and 336,791 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 340,600 shares for the previous consolidated fiscal year and 333,300 shares for the current consolidated fiscal year.

2. 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.

3. Basis for calculations

1. Net assets per share

	The previous consolidated fiscal year (March 31, 2022)	The current consolidated fiscal year (March 31, 2023)
Total amount of net assets (million yen)	164,501	170,029
Amount deducted from total net assets (million yen)	3,356	3,588
(Including subscription rights to shares (million yen))	(—)	(—)
(Including non-controlling shareholders (million yen))	(3,356)	(3,588)
Year-end net assets applicable to common shares (million yen)	161,144	166,441
Number of common shares used for calculations of net assets per share (shares)	49,821,124	49,842,753

2. Net income per share

	The previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)	The current consolidated fiscal year (From April 1, 2022 to March 31, 2023)
Amount of income per share		
Income attributable to owners of parent (million yen)	1,350	4,278
Amount not attributable to common shareholders (million yen)	—	—
Income attributable to owners of parent associated with common shares (million yen)	1,350	4,278
Average number of common shares outstanding during the year (shares)	49,811,324	49,834,541

(Significant subsequent events)

No corresponding item existed.

4. Non-consolidated financial statements and Main Notes

(1) Balance sheet

(Unit: million yen)

	The previous fiscal year (March 31, 2022)	The current fiscal year (March 31, 2023)
Assets		
Current assets		
Cash and deposits	45,874	61,583
Accounts receivable - trade	10,364	10,304
Merchandise and finished goods	35,558	35,304
Raw materials and supplies	465	512
Advance payments to suppliers	136	229
Short-term loans receivable from subsidiaries and associates	10,797	9,701
Prepaid expenses	2,011	1,798
Other	906	696
Allowance for doubtful accounts	-5	-4
Total current assets	106,110	120,125
Non-current assets		
Property, plant and equipment		
Buildings	25,120	23,282
Structures	2,889	2,580
Machinery and equipment	27	23
Vehicles	1	0
Tools, furniture and fixtures	2,435	2,316
Land	34,522	34,695
Leased assets	2,310	1,868
Construction in progress	10	17
Total property, plant and equipment	67,318	64,784
Intangible assets		
Leasehold interests in land	711	711
Trademark right	9	2
Software	1,936	1,756
Telephone subscription right	112	112
Total intangible assets	2,771	2,583
Investments and other assets		
Investment securities	4,771	5,467
Shares of subsidiaries and associates	16,987	17,426
Investments in capital of subsidiaries and associates	395	395
Long-term loans receivable from subsidiaries and associates	—	530
Long-term loans receivable	1,623	1,286
Long-term prepaid expenses	345	257
Deferred tax assets	7,766	7,776
Leasehold and guarantee deposits	17,173	15,154
Real estate for investment	7,591	6,909
Other	56	48
Allowance for doubtful accounts	-15	-282
Total investments and other assets	56,696	54,970
Total non-current assets	126,786	122,338
Deferred assets		
Bond issuance costs	50	34
Total deferred assets	50	34
Total assets	232,947	242,498

(Unit: million yen)

	The previous fiscal year (March 31, 2022)	The current fiscal year (March 31, 2023)
Liabilities		
Current liabilities		
Accounts payable - trade	7,510	10,347
Electronically recorded obligations - operating	8,716	13,146
Short-term borrowings	14,400	24,400
Lease liabilities	480	423
Accounts payable - other	4,993	5,792
Accrued expenses	823	1,063
Income taxes payable	532	683
Contract liabilities	1,815	1,681
Advances received	518	939
Deposits received	34	38
Provision for bonuses	491	957
Asset retirement obligations	111	337
Other	2,264	661
Total current liabilities	42,695	60,472
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	25,300	14,600
Lease liabilities	868	646
Provision for retirement benefits	6,516	7,141
Provision for share awards	348	395
Asset retirement obligations	787	789
Other	2,703	2,261
Total non-current liabilities	46,525	35,835
Total liabilities	89,220	96,308
Net assets		
Shareholders' equity		
Share capital	62,504	62,504
Capital surplus		
Legal capital surplus	13,026	13,026
Other capital surplus	49,484	49,437
Total capital surplus	62,510	62,463
Retained earnings		
Legal retained earnings	2,684	2,684
Other retained earnings		
General reserve	26,100	26,100
Retained earnings brought forward	5,853	7,441
Total retained earnings	34,637	36,225
Treasury shares	-1,583	-1,511
Total shareholders' equity	158,068	159,681
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	723	1,252
Revaluation reserve for land	-15,065	-14,744
Total valuation and translation adjustments	-14,342	-13,491
Total net assets	143,726	146,190
Total liabilities and net assets	232,947	242,498

(2) Statements of Income

	(Unit: million yen)	
	The previous non-consolidated fiscal year (From April 1, 2021 to March 31, 2022)	The current non-consolidated fiscal year (From April 1, 2022 to March 31, 2023)
Net sales	111,680	121,159
Cost of sales	49,763	53,400
Gross profit	61,917	67,759
Selling, general and administrative expenses	61,556	64,248
Operating income	361	3,510
Non-operating income		
Interest income	91	102
Dividend income	852	787
Rental income from real estate	3,346	3,051
Gain on valuation of derivatives	104	—
Foreign exchange gains	242	697
Subsidy income	44	0
Compensation income	805	—
Other	257	172
Total non-operating income	5,745	4,811
Non-operating expenses		
Interest expenses	200	178
Rental costs on real estate	2,743	2,669
Loss on valuation of derivatives	—	144
Other	74	40
Total non-operating expenses	3,017	3,032
Ordinary profit	3,088	5,290
Extraordinary income		
Gain on sales of non-current assets	50	0
Gain on sale of investment securities	1,346	—
Total extraordinary income	1,396	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	105	160
Impairment losses	1,998	2,247
Loss on sale of investment securities	—	2
Loss on disaster	2	7
Loss on valuation of shares of subsidiaries and associates	136	48
Provision of allowance for doubtful accounts	—	268
Total extraordinary losses	2,243	2,735
Income before income taxes	2,241	2,555
Income taxes - current	299	422
Income taxes - deferred	72	-178
Total income taxes	372	244
Profit	1,868	2,311

(3) Statement of Changes in Equity

Previous Fiscal Year (From April 1, 2021 to March 31, 2022)

(Unit: million yen)

	Shareholders' equity							
	Share capital	Capital surplus			Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of period	62,504	13,026	49,500	62,526	2,684	66,100	-35,773	33,010
Cumulative effects of changes in accounting policies							-241	-241
Restated balance	62,504	13,026	49,500	62,526	2,684	66,100	-36,014	32,769
Changes during period								
Dividends of surplus								
Reversal of general reserve						-40,000	40,000	
Profit							1,868	1,868
Reversal of revaluation reserve for land								
Purchase of treasury shares								
Disposal of treasury shares			-15	-15				
Net changes in items other than shareholders' equity								
Total changes during period	—	—	-15	-15	—	-40,000	41,868	1,868
Balance at end of period	62,504	13,026	49,484	62,510	2,684	26,100	5,853	34,637

	Shareholders' equity		Valuation and translation adjustments			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 beginning of period	-1,675	156,366	2,185	-15,065	-12,880	143,485
Cumulative effects of changes in accounting policies		-241				-241
Restated balance	-1,675	156,124	2,185	-15,065	-12,880	143,244
Changes during period						
Dividends of surplus		—				—
Reversal of general reserve		—				—
Profit		1,868				1,868
Reversal of revaluation reserve for land		—				—
Purchase of treasury shares	-0	-0				-0
Disposal of treasury shares	91	75				75
Net changes in items other than shareholders' equity			-1,461	—	-1,461	-1,461
Total changes during period	91	1,943	-1,461	—	-1,461	482
Balance at end of period	-1,583	158,068	723	-15,065	-14,342	143,726

Current Fiscal Year (From April 1, 2022 to March 31, 2023)

(Unit: million yen)

	Shareholders' equity							
	Share capital	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 beginning of period	62,504	13,026	49,484	62,510	2,684	26,100	5,853	34,637
Cumulative effects of changes in accounting policies								
Restated balance	62,504	13,026	49,484	62,510	2,684	26,100	5,853	34,637
Changes during period								
Dividends of surplus							-401	-401
Reversal of general reserve								
Profit							2,311	2,311
Reversal of revaluation reserve for land							-321	-321
Purchase of treasury shares								
Disposal of treasury shares			-46	-46				
Net changes in items other than shareholders' equity								
Total changes during period	—	—	-46	-46	—	—	1,588	1,588
Balance at end of period	62,504	13,026	49,437	62,463	2,684	26,100	7,441	36,225

	Shareholders' equity		Valuation and translation adjustments			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 beginning of period	-1,583	158,068	723	-15,065	-14,342	143,726
Cumulative effects of changes in accounting policies		—				—
Restated balance	-1,583	158,068	723	-15,065	-14,342	143,726
Changes during period						
Dividends of surplus		-401				-401
Reversal of general reserve		—				—
Profit		2,311				2,311
Reversal of revaluation reserve for land		-321				-321
Purchase of treasury shares	-0	-0				-0
Disposal of treasury shares	72	25				25
Net changes in items other than shareholders' equity			528	321	850	850
Total changes during period	72	1,613	528	321	850	2,463
Balance at end of period	-1,511	159,681	1,252	-14,744	-13,491	146,190

5. Others

(1) Transfers of officers

a) Change of Representative Director

No corresponding item existed.

b) Change of Directors

(Scheduled to be dated June 29, 2023)

New	Present	Name
Director, Senior Managing Executive Officer, and Representative Director of Melbo Men's Wear, Inc.	Director, Managing Executive Officer, and Representative Director of Melbo Men's Wear, Inc.	Shinji Okano
Director, Senior Managing Executive Officer, and General Manager of Group Management Div., Manager of General Planning and Policy Dept.	Director, Managing Executive Officer, and General Manager of Group Management Div., Manager of General Planning and Policy Dept.	Koichi Yamane

<Candidate for New Director> (Scheduled to be dated June 29, 2023)

New	Name
Director	Yukari Kagami

(Notes) Ms. Yukari Kagami, a new Director, is a candidate for Outside Director as stipulated in Paragraph 15, Article 2 of the Companies Act.

c) Change of Executive Officer

<New Executive Officer> (Scheduled to be dated June 29, 2023)

New	Present	Name
Executive Officer, and Manager of General Planning and Policy Dept.	Manager of General Planning and Policy Dept.	Shogo Miyamae

<Retiring Executive Officer> (Scheduled to be dated June 29, 2023)

Executive Officer Shosuke Suzuki

Executive Officer Hazuki Hiramatsu

(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		The current fiscal year		Change from the previous year	
		(From April 1, 2021 to March 31, 2022)		(From April 1, 2022 to March 31, 2023)			
		Amount	Composition ratio	Amount	Composition ratio	Amount	Ratio
			%		%		%
Heavy clothing	Suits and three-piece suits	32,507	29.1	34,798	28.7	2,291	107.0
	Jacket	2,997	2.7	3,412	2.8	414	113.8
	Slacks	4,358	3.9	4,671	3.9	313	107.2
	Coat	2,408	2.2	2,197	1.8	-211	91.2
	Formal wear	14,127	12.7	17,218	14.2	3,090	121.9
	Vest	829	0.7	1,094	0.9	265	132.0
	Sub-total	57,228	51.3	63,393	52.3	6,164	110.8
Light clothing	Shirt, tie and Belt etc.	18,646	16.7	20,278	16.7	1,631	108.7
	Casual wear	2,333	2.1	2,625	2.2	291	112.5
	Other products	8,943	8.0	9,461	7.8	517	105.8
	Sub-total	29,923	26.8	32,364	26.7	2,440	108.2
Women's wear and goods		21,247	19.0	21,843	18.0	595	102.8
Handling and processing fee		3,281	2.9	3,558	3.0	277	108.5
Total		111,680	100.0	121,159	100.0	9,478	108.5

(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 2023)

(Unit: store)

Area	Yofuku-no-Aoyama	The Suit Company	Universal Language	Universal Language Measure's	White The Suit Company	Total
Hokkaido prefecture	32	1				33
Total in the Hokkaido region	32	1	0	0	0	33
Aomori prefecture	9					9
Iwate prefecture	8					8
Miyagi prefecture	11	1				12
Akita prefecture	9					9
Yamagata prefecture	9					9
Fukushima prefecture	10					10
Total in the Tohoku region	56	1	0	0	0	57
Ibaraki prefecture	16					16
Tochigi prefecture	10					10
Gunma prefecture	13	1				14
Saitama prefecture	39	3	1			43
Chiba prefecture	34	3	1			38
Tokyo Metropolitan	62	11	1	4		78
Kanagawa prefecture	36	3	2			41
Total in the Kanto region	210	21	5	4	0	240
Niigata prefecture	15	1				16
Toyama prefecture	6					6
Ishikawa prefecture	6	1				7
Fukui prefecture	5					5
Yamanashi prefecture	4					4
Nagano prefecture	12					12
Gifu prefecture	12					12
Shizuoka prefecture	26					26
Aichi prefecture	39	1		1		41
Total in the Chubu region	125	3	0	1	0	129
Mie prefecture	11					11
Shiga prefecture	10	1				11
Kyoto prefecture	16	1				17
Osaka prefecture	38	3		2	1	44
Hyogo prefecture	29	2		1		32
Nara prefecture	8					8
Wakayama prefecture	6					6
Total in the Kinki region	118	7	0	3	1	129

(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	4					4
Okayama prefecture	10	1				11
Hiroshima prefecture	17	3		1		21
Yamaguchi prefecture	10					10
Total in the Chugoku region	44	4	0	1	0	49
Tokushima prefecture	4					4
Kagawa prefecture	5					5
Ehime prefecture	9	1				10
Kochi prefecture	5					5
Total in the Shikoku region	23	1	0	0	0	24
Fukuoka prefecture	28	2		1		31
Saga prefecture	7					7
Nagasaki prefecture	7					7
Kumamoto prefecture	10	1				11
Oita prefecture	9					9
Miyazaki prefecture	9					9
Kagoshima prefecture	10					10
Okinawa prefecture	7					7
Total in the Kyushu region	87	3	0	1	0	91
Total	695	41	5	10	1	752

- (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	2	2	9
The Suit Company	1	1	6
Universal Language	0	0	1
Universal Language Measure's	3	0	2
White The Suit Company	0	0	1
Total	6	3	19