BAROQUE JAPAN LIMITED

FY2019/02 Second Quarter Result Announcement

September 14, 2018

Tokyo Stock Exchange First Section: 3548

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2 Domestic Business Highlights

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“Sales Growth & Return to Profitability”

Although missing Sales forecast, OP & other profits exceeded budget
Business growth and improvement in OP margin and SG&A expense
Aim to further improve sales and profit

Consolidated Sales :	JPY31.10bln	yoy +1.6%	+0.5bln
Consolidated Operating Profit :	JPY1.26bln	Return to Profit	+1.53bln
Consolidated Net Profit :	JPY0.61bln	Return to Profit	+1.14bln

Domestic business

SSS bottoming out driven by satisfactory sales performance in several brands. Gross profit margin recovered led by SCM management and selling price control. SG&A reduction also helped returning to the black figure.

Overseas business

Despite China wholesale sales decreased in the middle of inventory adjustment, China retail sales growth is still solid. Started expansion of robust USA wholesale business to Europe and other part of the world.

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Japan Business Overview

- **Same Store Sales bottomed out from negative trend in the previous years**
- **Improved profitability by SCM and SG&A control**

1H Cumulative same store sales 98.8% (including e-commerce sales)

- Despite the severe weather circumstance across the term, SSS bottomed out led by MOUSSY, ENFÖLD etc.
- Refining merchandise strategies & focusing on hot items reduced opportunity loss
- Same Store Price per Customer became 103.2% (1H cumulative) by selling price control
- Anchored our existing customers by enhancing our own EC channel + utilizing the point membership app “SHEL’TTER PASS” (our EC site sales growth 119.3% yoy)

Improved profitability from Supply Chain Management

- As a result of utilizing factory idle period and expanding direct trades, purchasing cost ratio improved
- By controlling selling price & inventories, consolidated gross profit margin recovered significantly to 57.2% (+3.6pt yoy)
- Implementation of RFID for more efficient logistics going along schedule

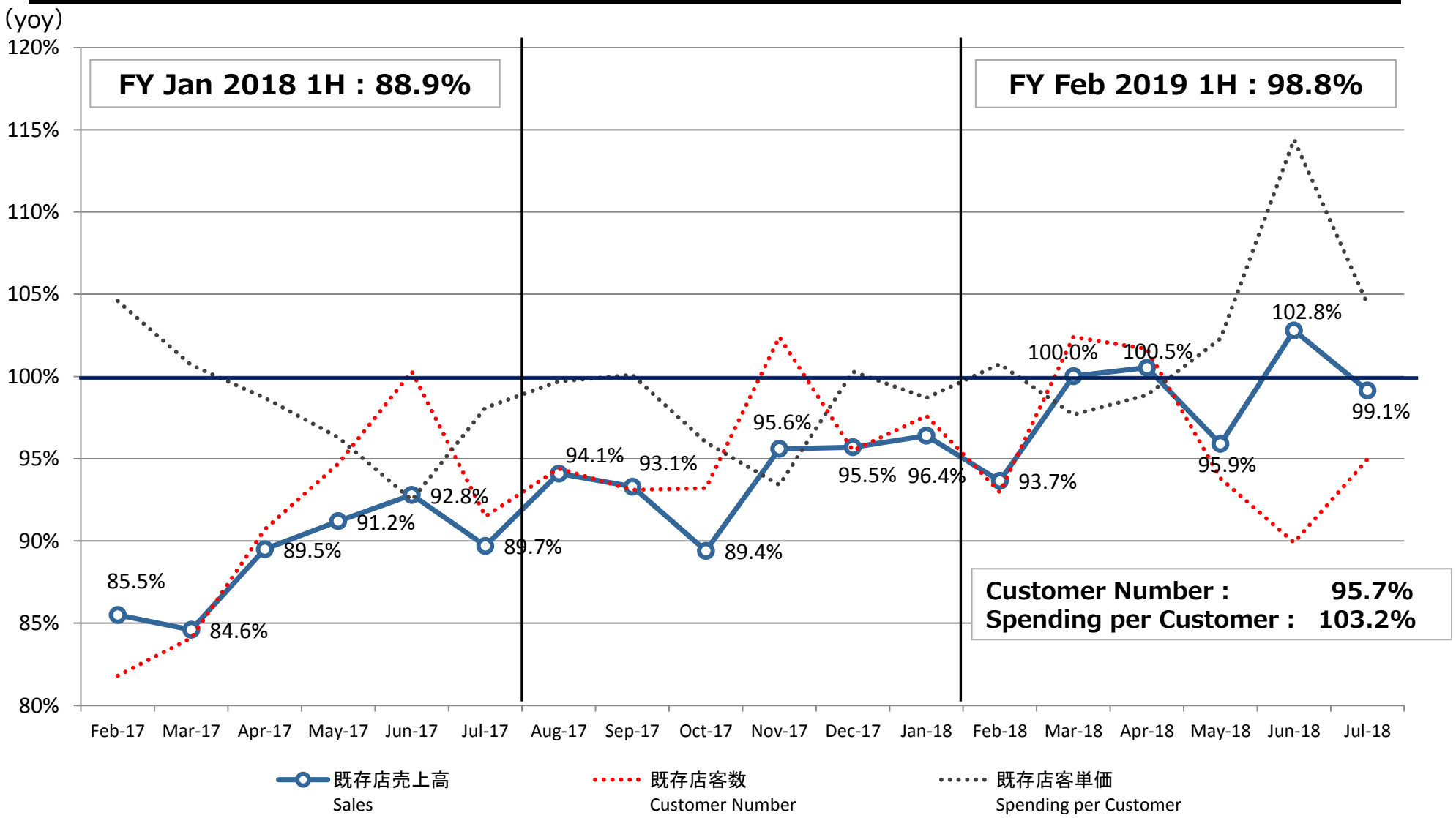
Improvement and Efficiency in SG&A expenses

- Consolidated SG&A expense ratio improved to 53.1% (-1.4pt yoy) by saving advertisement cost (utilizing digital marketing) and controlling personnel expense
- Improved efficiency in inventory distribution for lower logistics cost

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Japan Business Same Store Sales Performance

Japan Business Same Store Sales (yoy)



※Same Store : Stores and online stores operated fully through the previous year, excluding stores which closed more than 7 days in a month due to the renovation and other reason.

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Overseas Business Overview

Although China wholesale has slowed down, China retail sales has steady growth

- Although China whole sales (51% consolidate) slowed down to 89.0% by China retail JV's inventory control, China retail sales (49% associate) continued to perform (yen equivalent royalty revenue 120.2% yoy)
- 1H period end 236 stores. We expect a majority of the profit will come from 2H by store opening and EC expansion strategies.
- Along with the improvement of our brand recognition, US operation continues grow in both MOUSSY NY store and wholesale operation. In addition, we started to expand our wholesale business model to Europe and other regions through our US entity

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Consolidated Income Statement

- Sales recorded 101.6% yoy
- Gross profit margin improved by 3.6pt（53.6%→57.2%）
- SG&A expenses improved by 1.4pt（54.4%→53.1%）
- Operating Profit and Recurring Profit returned to black (OP: +1,530Mil Yen, RP: +1,505Mil yen)

(百万円/JPY mil)	2019年２月期1H			2018年1月期1H	
	実績 Actual	対売上 % of Sales	前年同期比 YoY	実績 Actual	対売上 % of Sales
売上高/Sales	**31,104**	100.0%	101.6%	30,600	100.0%
売上総利益/Gross Profit	**17,782**	57.2%	108.4%	16,398	53.6%
販管費及び一般管理費/SG&A	**16,515**	53.1%	99.1%	16,661	54.4%
営業利益/Operating Profit	**1,266**	4.1%	-	△ 262	△0.9%
経常利益/Recurring Profit	**1,128**	3.6%	-	△ 377	△1.2%
親会社株主に帰属する四半期純利益/Net Profit	**619**	2.0%	-	△ 520	△1.7%

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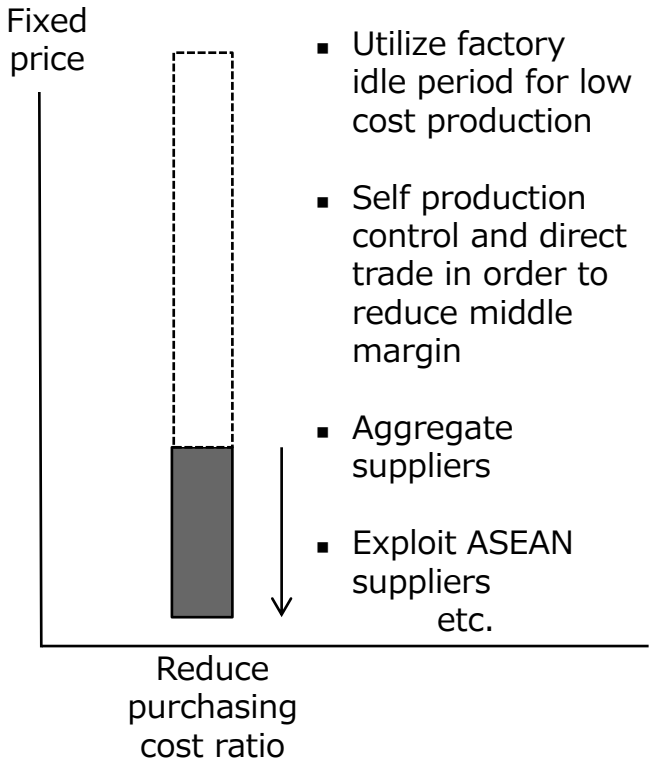
FY2019/02 Second Quarter (cumulative) Consolidated GP Margin Recover

Consolidated Gross Profit Margin

- Our strategy to improve GP margin = Supply Chain Management

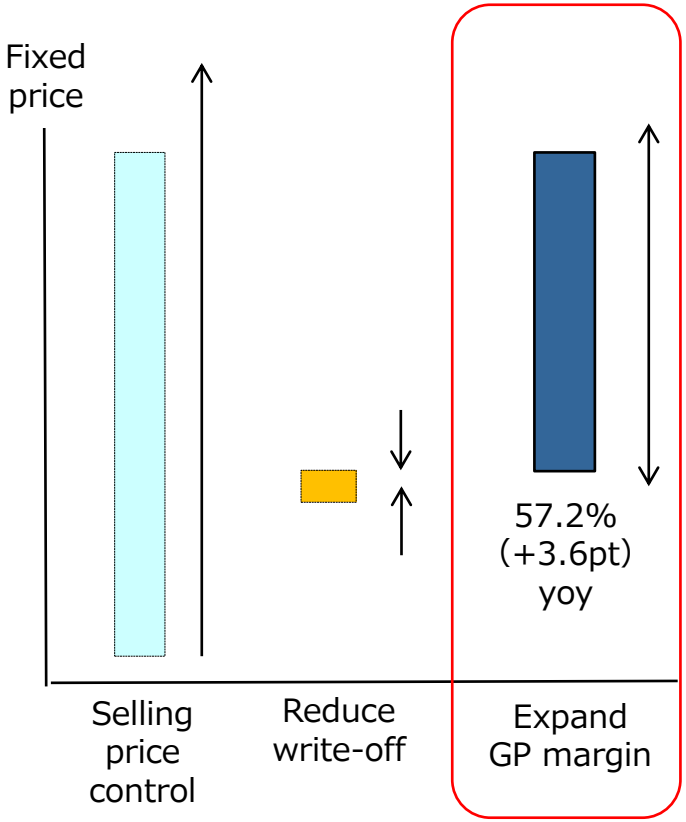
Product Development ▶ **Procurement** ▶ **Selling & Write down**

- Define target customers in each item
  - ➢ cutting down item numbers
- Refine order amount
  - ➢ shade in order amount of each items
  - ➢ prevent out of stock
- Produce items with our brand image × trend element



- Utilize factory idle period for low cost production
- Self production control and direct trade in order to reduce middle margin
- Aggregate suppliers
- Exploit ASEAN suppliers

etc.



Produce competitive items
Optimize purchase amount

Procuring only controllable amount together with reducing purchasing cost

Appropriate inventories enables reasonable SALE promotion & write-off reduction

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FY2019/02 Second Quarter Sales (cumulative) Breakdown

Consolidated Revenue Breakdown

- For our domestic business, MOUSSY(FB/SB brands) , ENFÖLD, STACCATO(Select Shop･Dept Store brands) and some other brands performed well
- AZUL BY MOUSSY improved its product content and its' SSS showed sign of recovery
- For our overseas business, China Sales slowed down by retail JV's inventory control but retail business has steady growth

(百万円/JPY mil)	2019年２月期1H			2018年1月期1H	
	実績 Actual	構成比 Composition	前年比 YoY	実績 Actual	構成比 Composition
売上高/Sales	**31,104**	100.0%	101.6%	30,600	100.0%
FB/SBブランド/FB/SB Brands	**10,454**	33.6%	107.0%	9,770	31.9%
SCブランド/SC Brands	**14,596**	46.9%	97.2%	15,012	49.1%
セレクトショップ・百貨店ブランド/ Select Shop･Dept Store Brands	**2,680**	8.6%	120.0%	2,233	7.3%
海外/Oversesa	**3,038**	9.8%	95.4%	3,184	10.4%
その他/Others	**335**	1.1%	83.8%	401	1.3%

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FY2019/02 Second Quarter (cumulative) Consolidated SG&A Expense

Consolidated SG&A Expense

- Saved advertisement cost by utilizing digital marketing (instead of TV commercials spent in previous year) and controlling personnel expense
- Store rent and fee for franchisee also reduced by shutting down loss making stores

(百万円/JPY mil)	2019年２月期1H				2019年２月期1H	
	実績 Actual	対売上 % of Sales	前年比 YoY	売上比 増減 Movement vs % Sales	前年同期 実績 Actual	対売上 % of Sales
売上高/Sales	**31,104**	100.0%	101.6%	-	30,600	100.0%
販売管理費/SG&A Expense	**16,516**	53.1%	99.1%	△1.4pt	16,661	54.4%
広告費及び販売促進費/ Advertising and promotional cost	**968**	3.1%	91.4%	△0.3pt	1,058	3.5%
給与手当/Salaries and wages	**2,782**	8.9%	96.6%	△0.5pt	2,881	9.4%
販売手数料(店舗家賃及び販売委託手数料)/Store rent and fee for franchisee	**6,858**	22.0%	98.6%	△0.7pt	6,956	22.7%
減価償却費/Depreciation	**416**	1.3%	105.1%	0.0pt	396	1.3%
その他/Others	**5,490**	17.7%	102.3%	0.1pt	5,368	17.5%

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FY2019/02 Second Quarter Consolidated Balance Sheet

Consolidated balance Sheet

- Inventories reduced to 92.3% yoy

(百万円/JPY mil)	2019年2月期1H末 (2018/7/31)				2018年1月期1H末 (2017/7/31)		2018年1月期末 (2018/1/31)	
	金額 Amount	構成比 %	前年同期対比 YoY	前期末比 vs last FY	金額 Amount	構成比 %	金額 Amount	構成比 %
現預金/Cash	**16,458**	43.9%	116.6%	87.8%	14,111	39.5%	18,743	45.4%
売掛金/Accounts Receivable	**5,993**	16.0%	98.9%	76.8%	6,062	17.0%	7,804	18.9%
商品/Inventories	**4,876**	13.0%	92.3%	108.0%	5,285	14.8%	4,514	10.9%
その他流動資産/ Other Current Asset	**1,579**	4.2%	81.5%	90.2%	1,937	5.4%	1,752	4.2%
固定資産/Non Current Asset	**8,578**	22.9%	102.6%	100.9%	8,361	23.4%	8,502	20.6%
総資産/Total Asset	**37,486**	100.0%	104.8%	90.7%	35,759	100.0%	41,317	100.0%
負債/Liabilities	**19,823**	52.9%	101.3%	86.8%	19,567	54.7%	22,851	55.3%
純資産/Equity	**17,663**	47.1%	109.1%	95.7%	16,191	45.3%	18,466	44.7%

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FY2019/02 Japan Business Income Statement

Japan Business Income Statement

- Sales from Japan recorded 102.4% yoy, benefited from strengthened core products, refining merchandise strategies and SHEL'TTER PASS digital marketing
- EC sales recorded 109.4% yoy. Especially our own EC sales became 119.3% yoy
- Gross profit margin improved by 3.8pt（55.6%→59.4%）

(百万円/JPY mil)	2019年２月期１H			2018年1月期１H	
	実績 Actual	対売上 % of Sales	前年比 YoY	実績 Actual	対売上 % of Sales
売上高/Sales	**28,066**	100.0%	102.4%	27,416	100.0%
（店舗売上/Store Sales）	**22,519**	80.2%	101.9%	22,101	80.6%
（通販売上/EC Sales）	**3,782**	13.5%	109.4%	3,456	12.6%
売上総利益/Gross Profit	**16,671**	59.4%	109.5%	15,230	55.6%
販管費及び一般管理費/SG&A	**15,525**	55.3%	98.8%	15,722	57.3%
営業利益/Operating Profit	**1,145**	4.1%	-	△ 491	△1.8%
経常利益/Recurring Profit	**959**	3.4%	-	△ 510	△1.9%

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FY2019/02 China Business Sales and Profit

China Business Sales and Profit

- Although China wholesales slowed down to 89.0% by China retail JV's inventory control, China retail sales continued to perform (yen equivalent royalty revenue 120.2% yoy)

JPY

(百万円/JPY mil)	2019年2月期 1H実績 Actual	2018年1月期 1H Previous Year	前年同期比 YoY
中国合弁事業からの売上 Sales from China JV			
卸売/Wholesale	**2,574**	2,894	89.0%
ロイヤリティ/Royalty	**235**	196	120.2%
売上合計/Sales Total	**2,810**	3,090	91.0%
当期純利益に対する中国合弁事業による利益 Profit from China JV			
小売事業からの利益/Profit from Retail company (持分法投資利益) Equity method investment gain	△ **77**	△ 58	132.4%
卸事業からの利益・Profit from Wholesale company (少数株主持分の51%相当) 51% of JV subsidiary	**79**	125	63.4%
ロイヤリティ税抜換算 Royalty after tax	**165**	137	120.2%
利益合計/Profit Total	**167**	204	81.9%

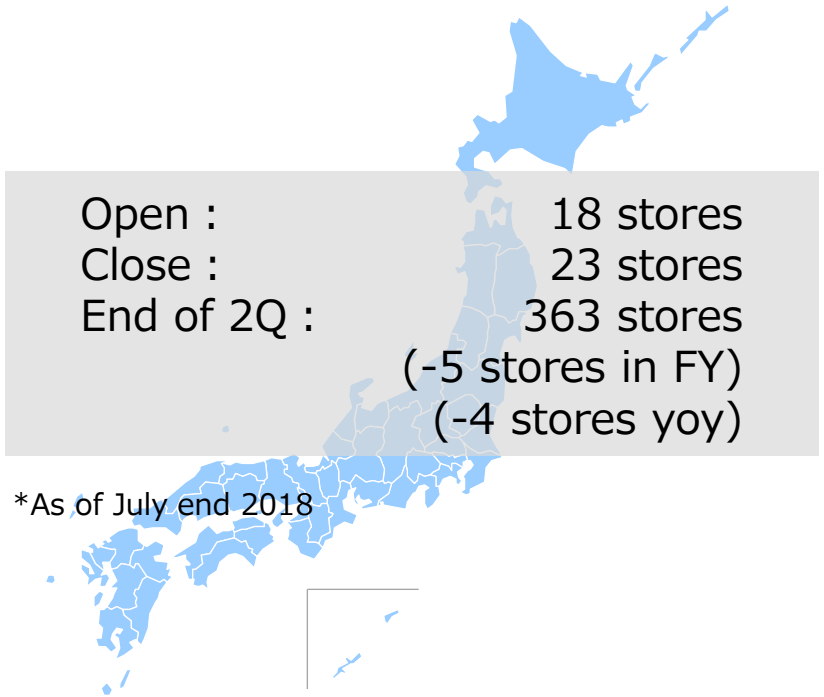
RMB

(単位:百万人民元)	2019年2月期 1H実績 Actual	2018年1月期 1H Previous Year	前年同期比 YoY
中国合弁事業からの売上 Sales from China JV			
卸売/Wholesale	**150**	176	85.4%
ロイヤリティ/Royalty	**13**	11	115.4%
売上合計/Sales Total	**164**	188	87.3%
当期純利益に対する中国合弁事業による利益 Profit from China JV			
小売事業からの利益/Profit from Retail company (持分法投資利益) Equity method investment gain	△ **4**	△ 3	127.0%
卸事業からの利益/Profit from Wholesale company (少数株主持分の51%相当) 51% of JV subsidiary	**4**	7	60.8%
ロイヤリティ税抜換算 Royalty after tax	**9**	8	115.4%
利益合計/Profit Total	**9**	12	78.6%

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FY2019/02 Second Quarter Store Expansion

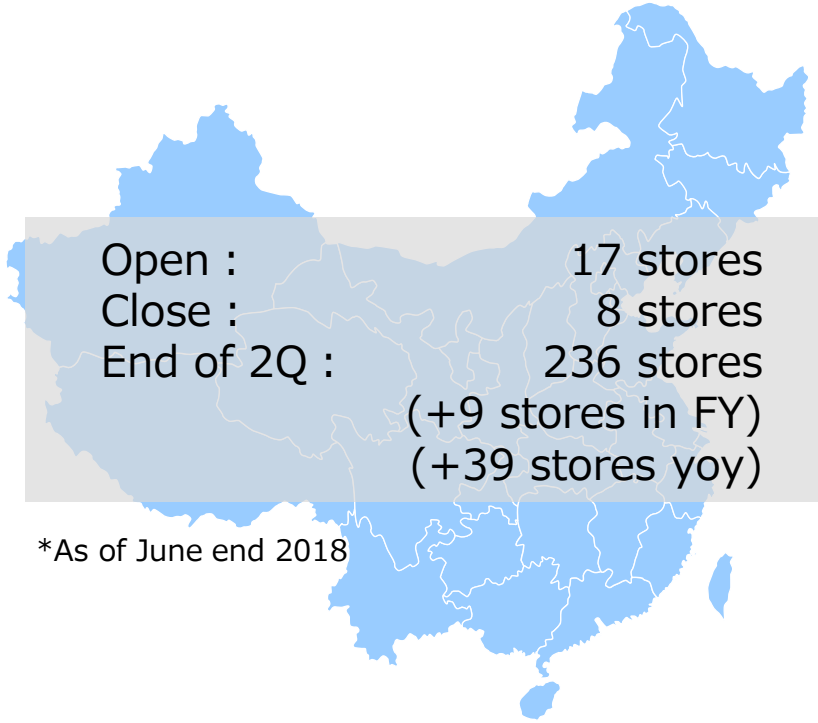
JAPAN



Open :	18 stores
Close :	23 stores
End of 2Q :	363 stores
	(-5 stores in FY)
	(-4 stores yoy)

*As of July end 2018

CHINA



Open :	17 stores
Close :	8 stores
End of 2Q :	236 stores
	(+9 stores in FY)
	(+39 stores yoy)

*As of June end 2018

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Japan: “MOUSSY STUDIOWEAR” 2018 AUTUMN COLLECTION

- “MOUSSY STUDIOWEAR” launched first round of “AUTUMN COLLECTION” on 3rd August 2018
- Defines sports wear as fashionable item and offers cross over style to blend into the daily life







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Japan: ”RIM.ARK” renewal open in Ginza and Nagoya as Dept. Store brand

- On 1st August 2018, “RIM.ARK” simultaneously opened direct store and pop up store in Ginza Mitsukoshi 3F
- Adding to the above, on 29th August 2018, opened direct store in JR Nagoya Takashimaya as first store in Nagoya area



RIM.ARK　Ginza Mitsukoshi



RIM.ARK　JR Nagoya Takashimaya





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Japan: “NEXT IS YOU” winner brand “LAGUNA GEM” launched

- Ayaka Murohaya (ex SLY sales staff) who won the next generation contents project “2017 NEXT IS YOU - Fashion Icon section “, successfully launched her new brand “LAGUNA GEM” on 31st August
- Mix street & vintage taste into the casual style by major concept keyword “VINTAGE” ”CASUAL” and ”STREET”







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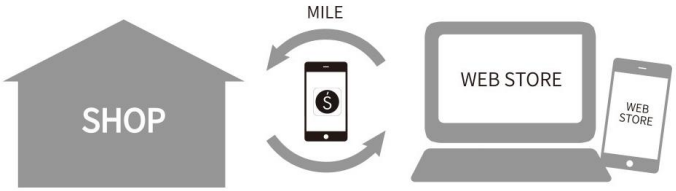
Japan: Utilizing “SHEL’TTER PASS”

- In October 2017, launched point membership app “SHEL’TTER PASS” which can use points in both brand stores and our EC channel
- As of 7th September 2018, downloads reached to 700,000

SHEL'TTER PASS



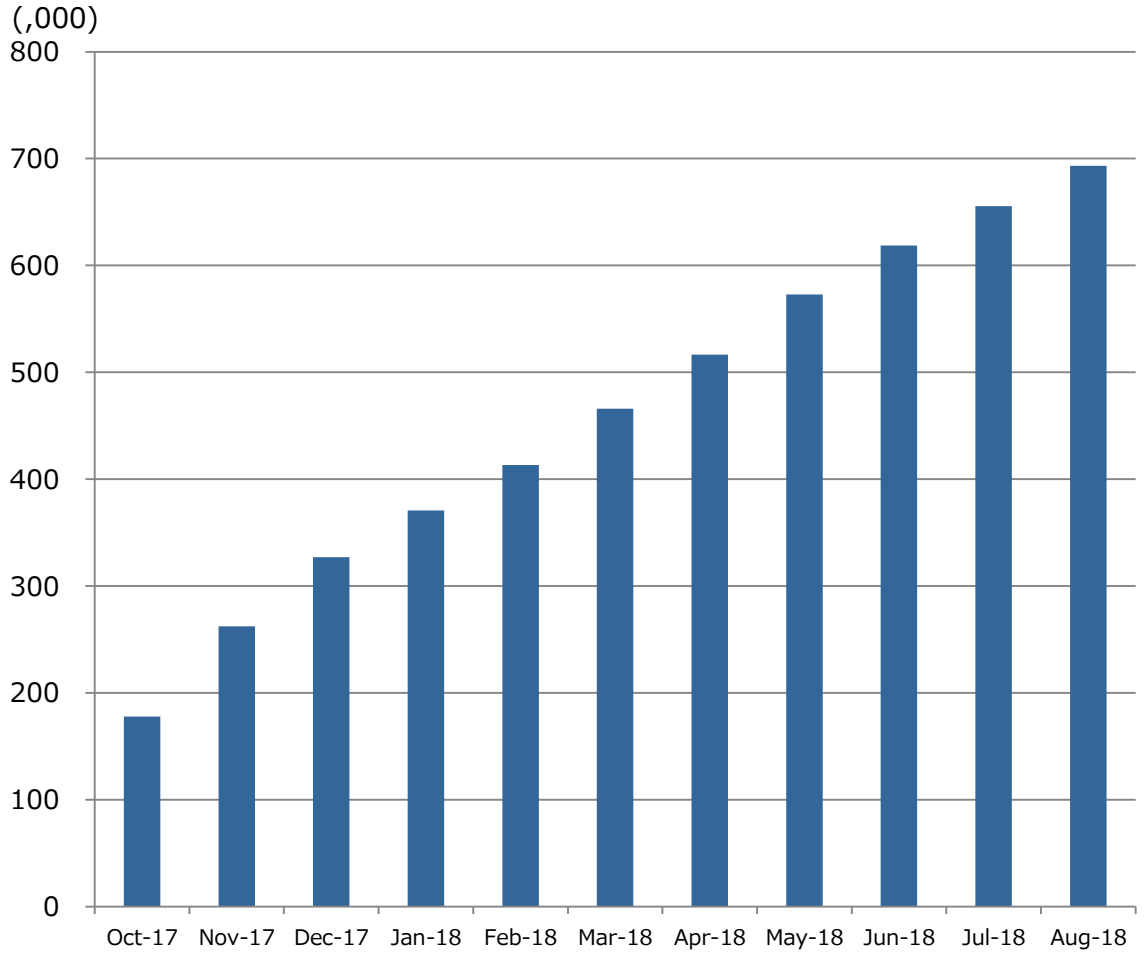
SHOPでもWEB STORE*でも
100円＝1マイルで貯まり、1マイル＝1円で使えます。



ブランドのランクポイントも貯まります。

＊ランクポイントはWEBで貯まらないブランドもあります。

“SHEL’TTER PASS” Downloads

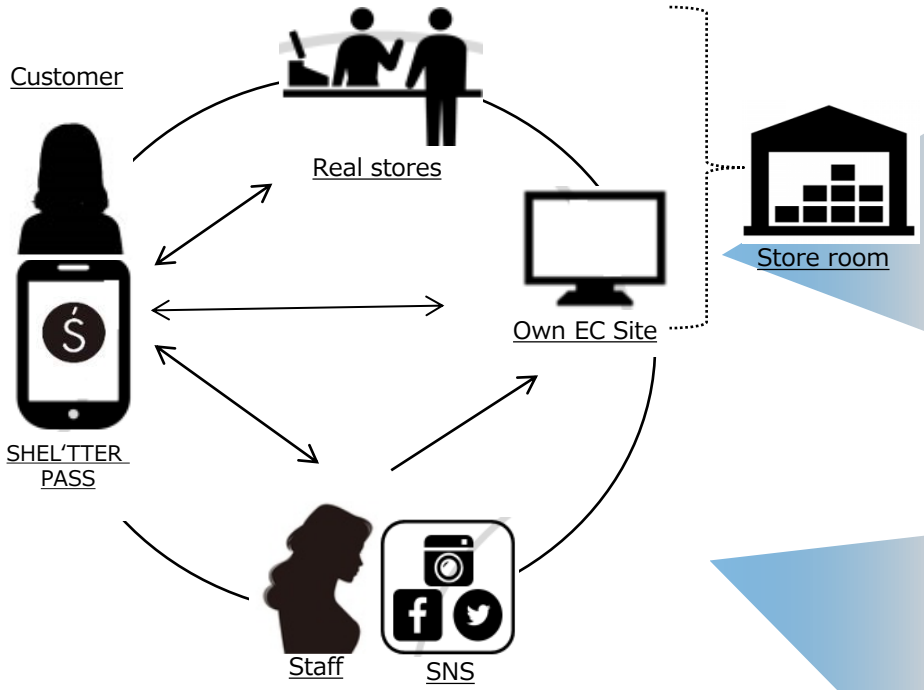


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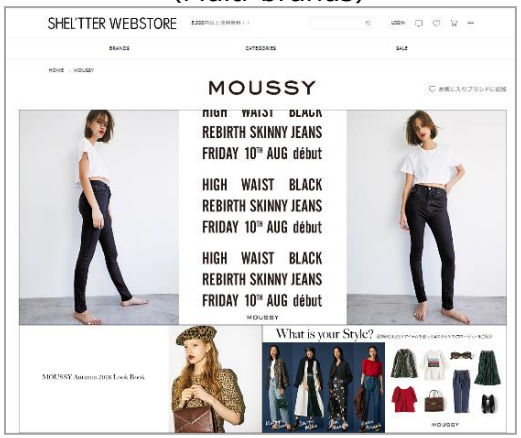
Japan: Expansion of EC Business

- Although we understand that third party EC channels are important tools, we will strengthen our own EC channel and aim to achieve higher profitability
- In order to fence in existing customers and enhance purchase frequency, we will take advantage of our various tools, such as our own EC site, SHEL'MAG Staff Snap and SHEL'TTER PASS.

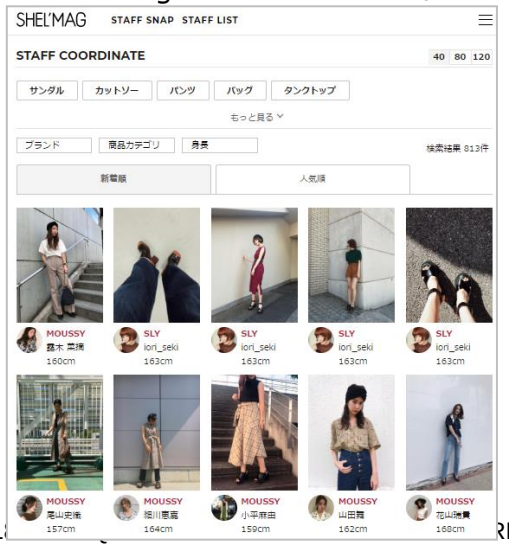
Baroque's Omni Chanel Image



SHEL'TTER WEBSTORE
(Multi-brands)



SHEL'MAG Staff Snap
(Posting Staff coordination)



- Enhance UX in our reals stores and our EC site by promoting SHEL'TTER PASS
- By tapping the coordination proposal from our staff SNS, customers can directly buy through our EC site.
- Various product lineup in our EC Site
  × Personalized recommendation
  = Enhance LTV

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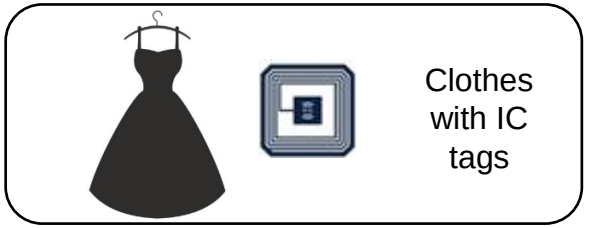
Japan: ”AZUL by MOUSSY” RFID Trial

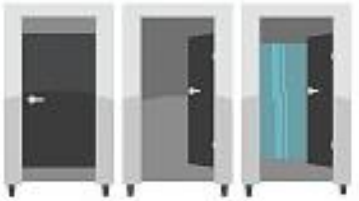
- From April 2018, “AZUL by MOUSSY” started RFID product management in distribution center. Also from September, RFID trial in AZUL Store started
- Other than the inventory control, we analyze the left over items and take advantage on our merchandize strategies



- Enhance productivity of our distribution center (Item sorting 5,000 per minute improved to 7,000 items)
- Simplify store inventory clearance = strengthen inventory control (7,000 to 10,000 items per store, 30hours became 1hour)
- Take advantage on our merchandize strategies (Enhance order ability & development skills by tracking leftover items)

Analyze customer buying patterns thorough IC tags





Try on



Buy without trying



Immobile in the saleroom



Buy after trying



Place back to the saleroom

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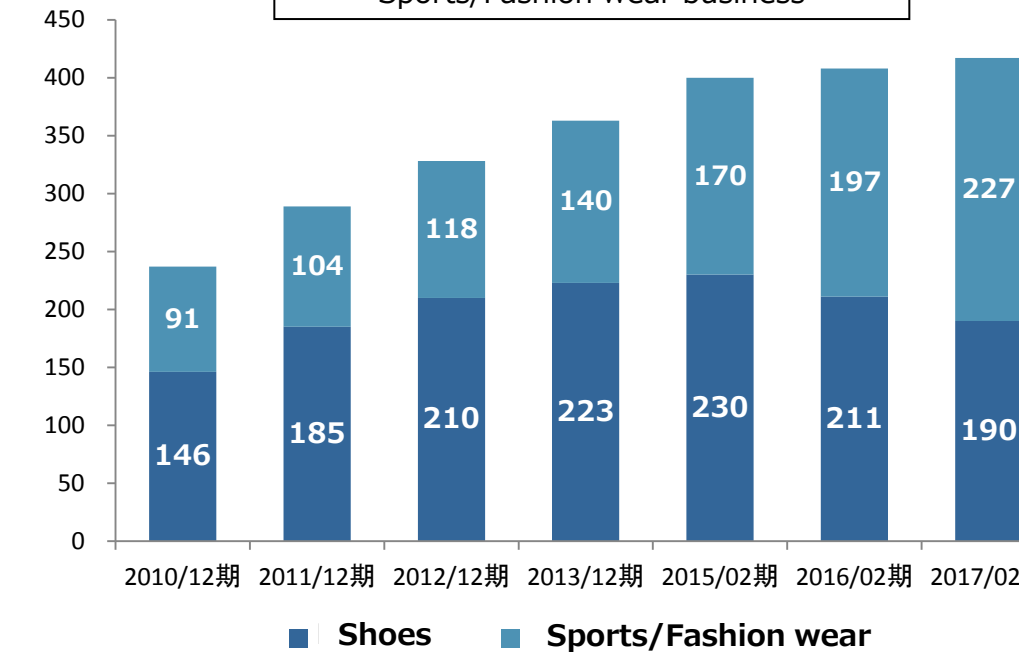
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China JV Partner: Belle International Holdings Limited

- Established in Shenzhen China in 1991.
- Two business segments. Shoes business and Sports/Fashion wear business.
- FY2017/2 Store Number: 20,716 stores (13,062 stores for Shoes business, 7,654 stores for Sports/Fashion wear business)
- FY2017/2 Result
  Sales 41,706mil RMB, Operating Profit 3,555mil RMB, Net Profit 2,416mil RMB

(Brands operated by Belle International in China)

Sales Breakdown by Shoes and Sports/Fashion wear business



Store# Breakdown by Shoes and Sports/Fashion wear business



Overseas: China Business Continual Growth through NEW RETAIL

- NEW RETAIL is a concept which Jack Ma advocated at the Alibaba Computing Conference in 2016. It is a strategy to integrate online - offline and re-define the way of E-Commerce.
- The captioned concept is not limited to Alibaba but prevailed within Chinese EC/IT players such as Tencent. NEW RETAIL is evolving all over China.
- Amazon is the main player changing the retail industry in the US. NEW RETAIL concept is also expanding in the US.
- In Japan, falling birthrate and the aging population is accelerating, while evolution of E-Commerce and AI is also changing the customer buying patterns. Previous winning patterns may no longer be accepted.

Baroque aims to cultivate NEW RETAIL know-How through our China partners, in order to become

“The company to challenge NEW RETAIL globally”

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Overseas: China Business Continual Growth through NEW RETAIL(Cont')

- Since Hillhouse became the shareholder of Belle, our China business is starting to implement real stores digitalization and E-commerce expansion.

China JV "NEW RETAIL" Project Image

- Store management digitalization
- Take in intelligence on inventory management
- Originate data of customer information



- Fence in customers by utilizing WeChat
- Not only JD.com or VIP.com, but also access to other EC channels
- Facilitate EC platform which integrate with real stores

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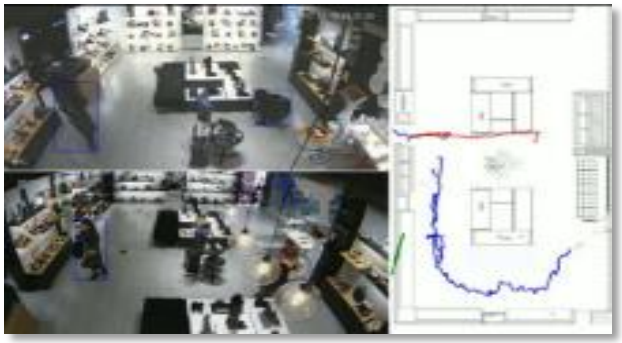
Overseas: China Business Continual Growth through NEW RETAIL(Cont')

- Store NEW RETAIL : Analyze customer buying patterns and store shelves data by utilizing AI camera
- Already started trial in several stores, such as 北京凤凰汇MOUSSY SLY 综合店 、广州K11 MOUSSY SLY 综合店

Digitalization of store management（examples）



- Customer traffic, peak time analysis
- Analysis of client attributes



- Customer movement record and analysis

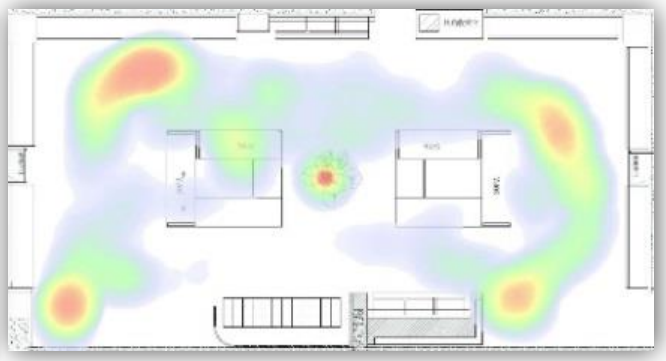


- Face authentications by AI
- Traffic frequency, purchase intention analysis

Taking in intelligence on inventory management（examples）



- Recognize Item attention
- Analysis of difference in store shelves



- Analysis of in store heat quantity



- RFID inventory management
- Try-on trend analysis

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Overseas: Accelerate Global Expansion

- Opened “MOUSSY” (SOHO, New York) in September 2015. This store as a starting point, we expanded “MOUSSY VINTAGE” wholesale business to more than 100 customers
- Starting from spring / summer collection 2018, we expanded our wholesale business to Europe such as English department store “Harrods”

MOUSSY SOHO





Examples of our US wholesale





- US opened our global EC site in November 2017. Started delivery on Global base

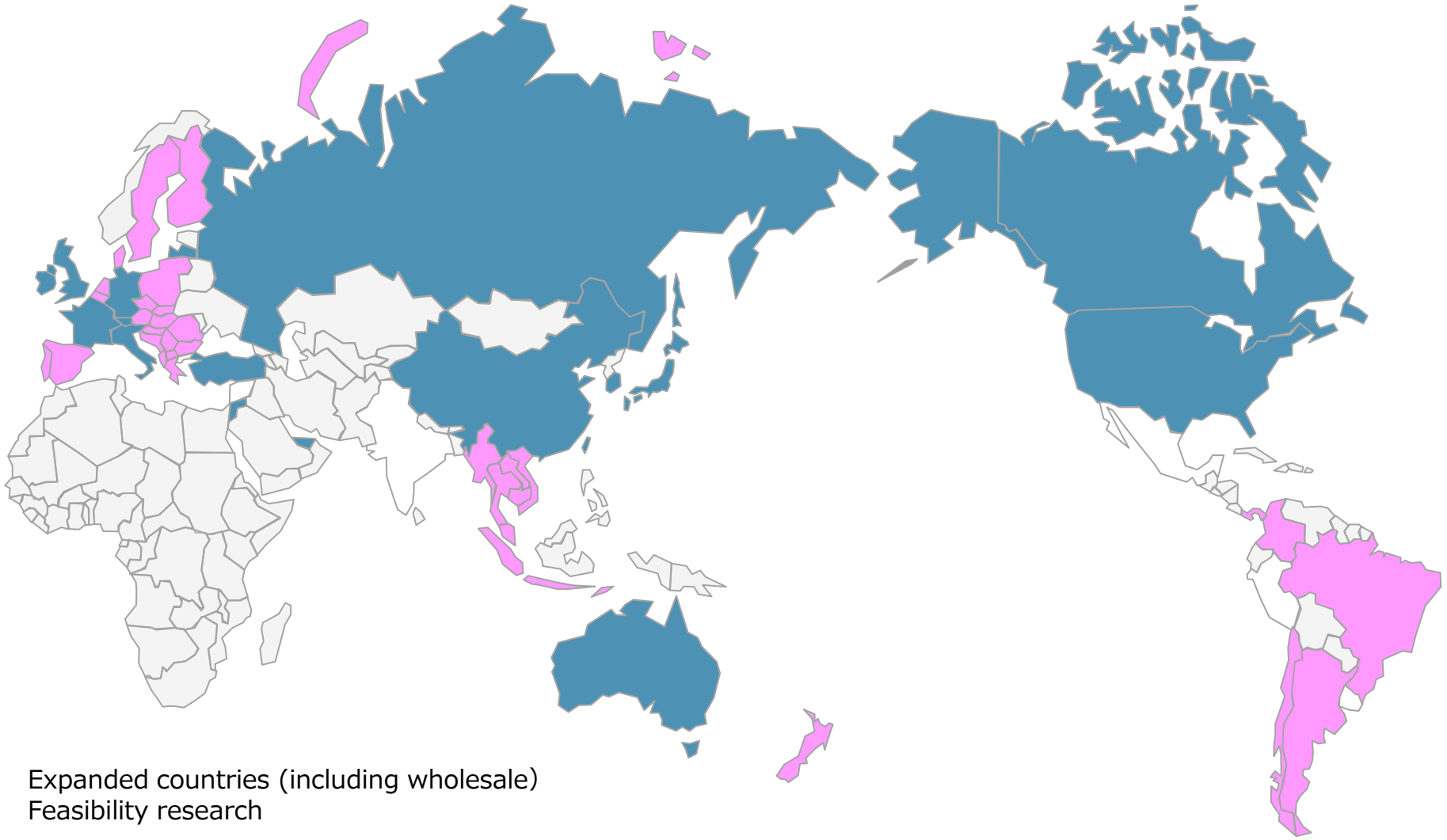




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Overseas: Accelerate Global Expansion (Cont')

- Our wholesale business expanded to 17 countries, such as England, France, Italy, Swiss, Australia, Russia and Middle East etc.
- For retail business, feasibility studying in SEA countries



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1 FY2019/02 Second Quarter Result Overview

2 Domestic Business Highlights

3 Overseas Business Highlights

4 FY2019/02 Outlook & Midterm Plan

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FY2019/01 Outlook (Chang of Forecast Period)

- Changed our forecast period from Jan 2019 to Feb 2019
- Although Sales will increase as becoming 13 months, we reduced our Sales budget since SSS was behind our budget and natural disasters occurring frequently in Japan. For profits, we took into account of February seasonal factor, reconsidered our China plan and potential impairment loss in stores.

(Note) With the approval from the annual general meeting on April 25, 2018, our financial year changed to February end

(単位:百万円)	2019年2月期計画 FY2019/02 Outlook			2019年1月期計画(期初) FY2019/01 Outlook（Original)			2018年1月期 FY2018/01	
	見通し Forecast	対売上 % to Sales	前年比 YoY	見通し Forecast	対売上 % to Sales	前年比 YoY	実績 Actual	対売上 % to Sales
売上高/Sales	72,086	100.0%	-	71,306	100.0%	104.9%	67,952	100.0%
売上総利益/Gross Profit	40,492	56.2%	-	39,788	55.8%	109.3%	36,396	53.6%
販管費/ SG&A	36,400	50.5%	-	35,554	49.9%	105.1%	33,840	49.8%
営業利益/Operating Profit	4,092	5.7%	-	4,233	5.9%	165.6%	2,556	3.8%
経常利益/Recurring Profit	4,293	6.0%	-	4,780	6.7%	187.0%	2,556	3.8%
親会社株主に帰属する当期純利益/Net Profit	2,700	3.7%	-	3,287	4.6%	265.9%	1,236	1.8%
1株当たり当期純利益/EPS	74.35			90.71			34.51	

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Regarding our Medium Term Plan

- Today, we were planning to announce our revised mid term plan (FY2018/01～FY2021/01), which was originally announced in March 2017. However, since we need further discussion with our Chinese partners related to NEW RETAIL data accumulation/analysis and setting up strategies based on it, we **decided to disclose the mid term plan at the time of 4Q announcement**

- Our ongoing discussion theme within our firm are as follows

Discussion of macro economy outlook and risks related to our business

◆ Trump's trade conflicts and world's consumption trend including China

Discussion of our company image 10years from now

◆ Business environment is facing several hurdles, such as falling birthrate, aging population, increasing labor cost and digitalization etc. How we adopt to the environment and define our company image 10years from now

Setting up overseas strategies

◆ Detail discussions of NEW RETAIL strategy in China

◆ Discussions of overseas expansion structures for other regions & Global HR strategies

Setting up domestic strategies

◆ Re-examination of domestic store expansion model & how to adopt NEW RETAIL strategy in Japan

New business challenges

◆ New business challenges by utilizing our brand business experience not only in Japan but also in the world

◆ M&A

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Return to Shareholders

Dividend

- Dividend outlook for FY2019/02: JPY38/share.
- Dividend payout policy (30%～40% payout ratio) unchanged

Shareholder Incentives

- In order to promote long-term investment, we made certain changes to our incentive scheme
- The new scheme will be applicable for shareholders on record as of July 31, 2018 with 100 shares and more

1. Who is entitled

- Shareholders on record as of February end and August end with 100 shares and more

(Note) For FY2019/02, shareholders on record as of July 2018 and February 2019 with 100 shares and more

2. When to receive

- Schedule to distribute by late May and late November

(Note) For FY2019/02, already distributed once in April 2018, the next one will be distributed in late October 2018

3. What are the incentives

【Before change】

Who	Incentive
100 shares or more	2 coupons (4000 yen in total) First half 1, Second half 1, Total 2

【After change】

Who	Incentive
100 shares or more (no change)	2 coupons (4000 yen in total) First half 1, Second half 1, Total 2
200 shares or more	3 coupons (6000 yen in total) First half 2, Second half 1, Total 3
500 shares or more	4 coupons (8000 yen in total) First half 2, Second half 2, Total 4

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Appendix

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Leading SPA* for women's apparel & accessories in Japan

- **363** stores in Japan, **236** stores in China, 6 stores in HK/Macau, 1 stores in U.S**. **18 brands** in the portfolio
- Stable Japan Business + **Growing China Business**
- Efficient business model with **High Inventory Turnover and GPM**

*Specialty store retailer of Private label. A business model by companies with brands to take integrated way from design, production to retail sales.
**As of July 2018 for Japan



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History

- Our philosophy “we make what we want” never changes, expanded globally supported by our loyal customers

Time	History
2000年	● **6 founders started [MOUSSY] from “Shibuya 109”(shopping building) “we make what we want (because they don’t exist in the market!)”** ● As a denim brand, MOUSSY’s jeans were designed to accentuate the sexiness of women. ➢ **MOUSSY achieved sales of JPY10bil in just 4 years**
2006年	● China business expert, Mr. Murai (current Chairman and CEO) joined the company
2007年	● MBO by CLSA and senior management
2008年	● **[AZUL by moussy] launched.** Targeting customers at suburban shopping centers (reasonably priced item, offering women men and kids item), yet offering MOUSSY-style shopping experience and store atmosphere.
2010年	● 1st MOUSSY store opened in China
2012年	● **[ENFÖLD] launched. Targeting fashion conscious women in 30s and 40s** ➢ **Established “Domestic Contemporary market*”** *a market for brands with similar level of design, quality and branding as foreign contemporary brands(especially European and American brands) but pricing similar to domestic brands (more affordable)
2013年	● CLSA sold all the shares to Belle and CDH Fund. China JV with Belle started
2016年	● **[RIM.ARK] launched by a winner of an internal competition project.** ● [MOUSSY][ENFÖLD] stores opened in Manhattan, NY







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History

Time	History
2017年	● China JV reached 200 stores
2018年	● Launched「adidas ×MOUSSY」together with Adidas Japan
	● **Launched the point membership app「SHEL'TTER PASS」, which can be used in both actual stores and ec site**
	● MOUSSY launched「MOUSSY GLOBAL EC」site for US and other overseas customers
	● Launched the resort wear line「någonstans」, targeting customers at 30s and 40s
	● Two popular Instagramers from "rienda girls", @corina_718 and @wadaarisa, launched two brands「Leory x EBLÓA」for Shibuya style ladies
	● Winner for「Business Plan」division, Mr Hiroyuki Maruya, launched a new brand「R4G」(Respect For Geeks), integrating the cultures for both Shibuya and Akihabara
	● Launched「STYLEMIXER」official site, created by influential Instagramers
	● Ayaka Murohaya (ex SLY sales staff) winner of "2017 NEXT IS YOU - Fashion Icon section ", launched "LAGUNA GEM"



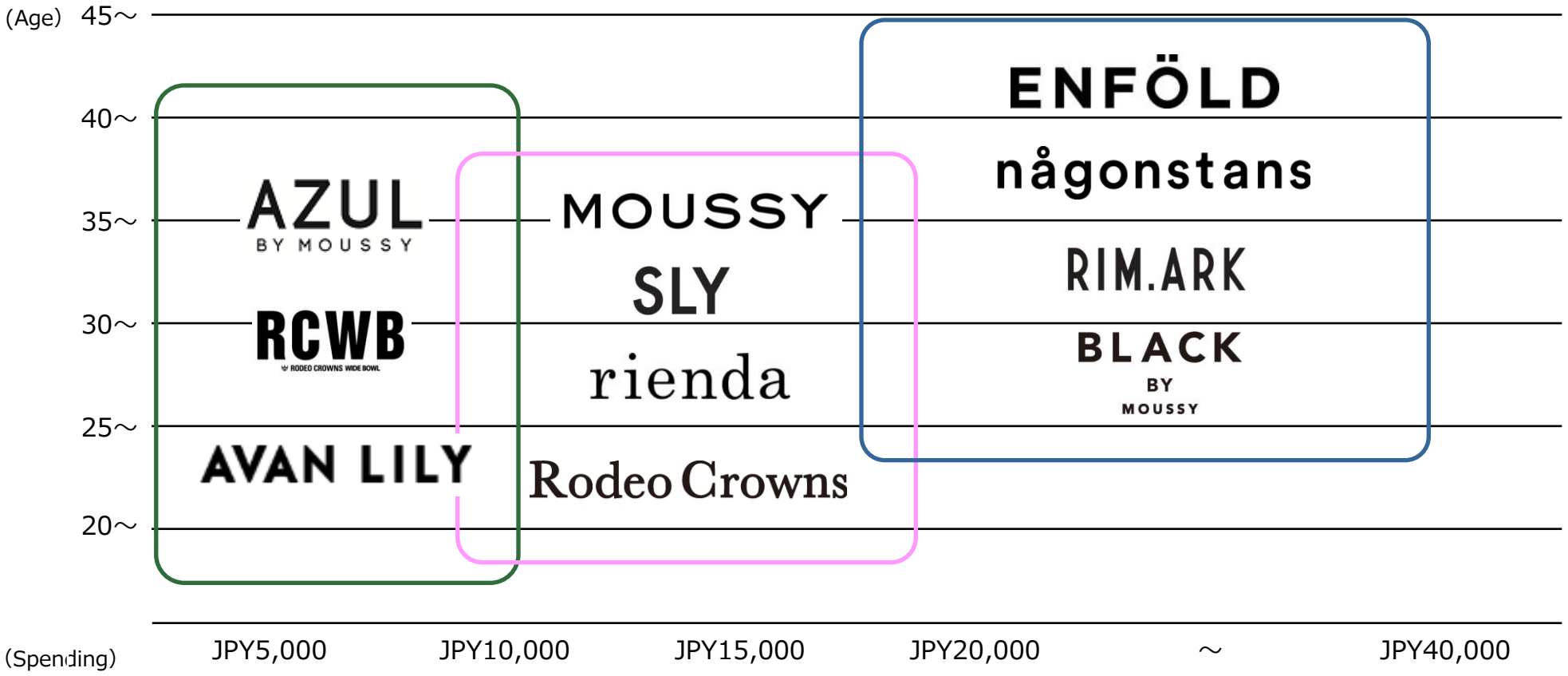




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Brand Portfolio

Balanced Brand Portfolio across Wide Range of Customers



% of sales	50%	40%	10%
Ave. Store Size	40 ～ 150坪	20 ～ 50坪	15 ～ 20坪
Global Comparison	TOPSHOP ZARA	ALLSAINTS rag & bone NEW YORK	STELLA McCARTNEY MARNI

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Ranking of Instagram Follower# for Japanese Fashion Brands

Company Ranking	Name	Logo	Follower	Pose
4	Comme des Garcons	COMME des GARÇONS	1,890,000	288
6	UNIQLO	UNIQLO	1,810,000	1,254
8	KENZO	KENZO	1,740,000	2,202
10	A Bathing Ape	A BATHING APE	1,410,000	7,051
15	MUJI無印良品	MUJI 無印良品	1,110,000	695
20	GU	GU	830,000	393
32	UNDERCOVER	U	620,000	1,412
33	Yoji Yamamoto	Yoji Yamamoto	620,000	591
38	MOUSSY	MOUSSY	580,000	6,610
51	sacai	sacai	469,000	1,634
59	LOWRYS FARM	LOWRYS FARM	411,000	1,623
60	SLY	SLY	404,000	6,987

As of 4th September 2018, User Local Instagram Ranking

Staff Instagrammer

aoi186

- Baroque japan limited vizual staff
- フォロワー #224,810



Corina_718

- EBLÓA
- フォロワー #100,528



marinakamura

- RIM.ARK
- フォロワー#87,926



wadaarisa

- la vie de Leory
- フォロワー #85,820



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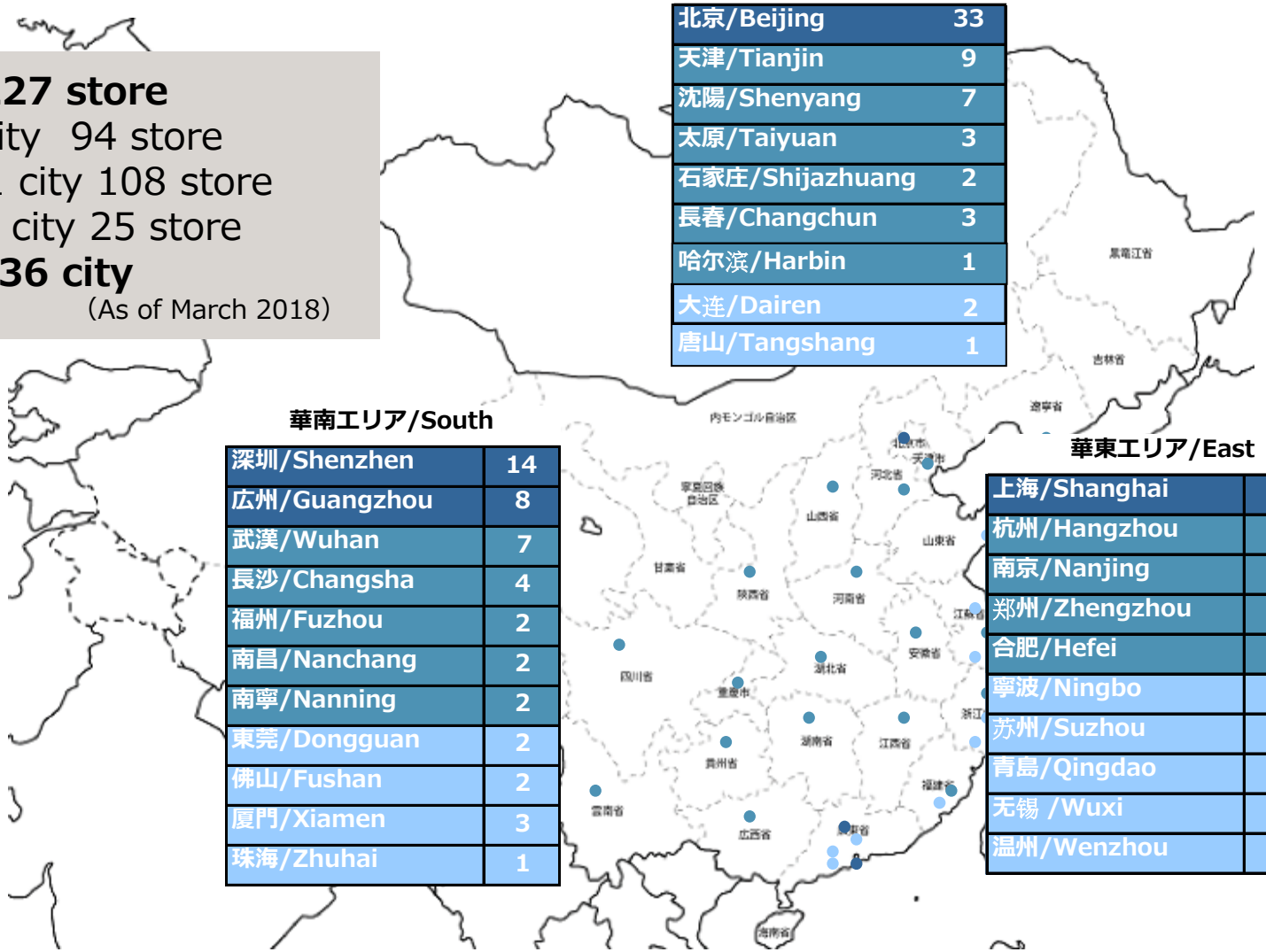
China Business

- In FY2018/01, opened 53 stores, closed 13 stores, net addition 40 stores
- Plan to open around 40-50 stores per year

■ **Store number: 227 store**
- 1st tier city: 4 city 94 store
- 2nd tier city: 21 city 108 store
- 3rd tier city: 11 city 25 store

■ **Number of city: 36 city**

(As of March 2018)



華北エリア/North

北京/Beijing	33
天津/Tianjin	9
沈陽/Shenyang	7
太原/Taiyuan	3
石家庄/Shijazhuang	2
長春/Changchun	3
哈尔滨/Harbin	1
大连/Dairen	2
唐山/Tangshang	1

華南エリア/South

深圳/Shenzhen	14
広州/Guangzhou	8
武漢/Wuhan	7
長沙/Changsha	4
福州/Fuzhou	2
南昌/Nanchang	2
南寧/Nanning	2
東莞/Dongguan	2
佛山/Fushan	2
厦門/Xiamen	3
珠海/Zhuhai	1

西南エリア/West

成都/Chengdu	16
重慶/Chongqing	11
西安/Xian	7
昆明/Kunming	4
貴陽/Guiyang	2
西寧/Xining	1

華東エリア/East

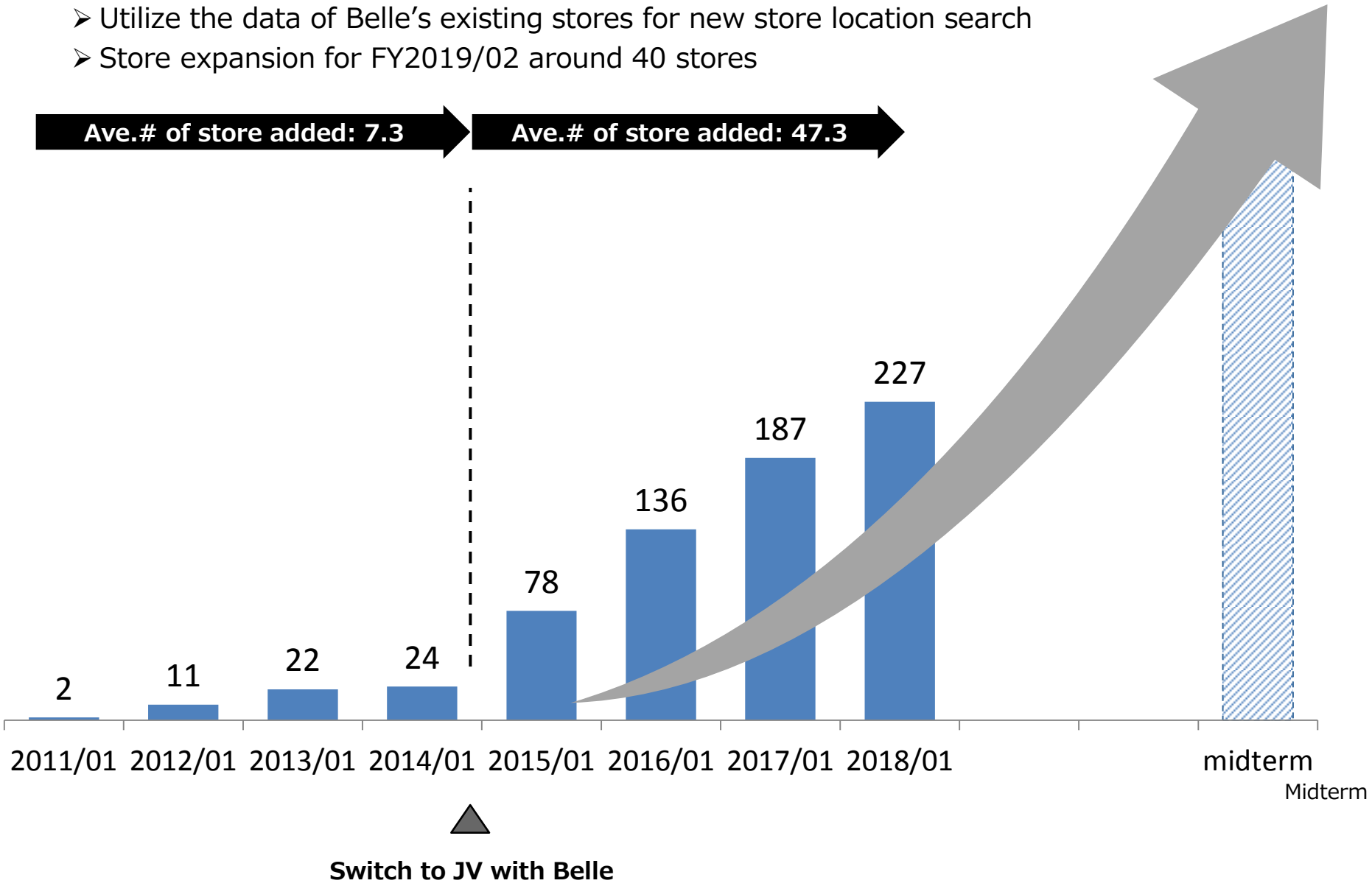
上海/Shanghai	39
杭州/Hangzhou	13
南京/Nanjing	6
郑州/Zhengzhou	5
合肥/Hefei	1
寧波/Ningbo	4
苏州/Suzhou	6
青島/Qingdao	1
无锡 /Wuxi	2
温州/Wenzhou	1

当社グループ定義
1級都市（4都市）：上海・北京・広州・深セン
2級都市（27都市）：ハルビン・沈陽・長春・フフホト・石家庄・太原・天津・杭州・合肥・南京・福州・海口・南昌・南寧・武漢・長沙・済南・鄭州・蘭州・ウルムチ・西安・西寧・銀川・成都・重慶・貴陽・昆明
3級都市：その他の都市

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China Business

- Store opening accelerated after JV with Belle International Limited started in 2013
  - Utilize the data of Belle's existing stores for new store location search
  - Store expansion for FY2019/02 around 40 stores



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High Inventory Turnover and Gross Profit Margin

High Inventory Turnover

- New merchandise arrives every week
- Ave. 13,000 to 14,000 item/year



- Sold out or move to Outlet stores/warehouse after 2 to 3 weeks
- Highly skilled shop staff



High Gross Profit Margin

Development

- Exclusive fabric development and sourcing by R&D team



Production

- Increase direct purchase from factories
- Develop new factory network with production team in China



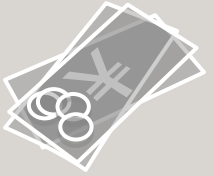
Logistic

- Lower logistic and warehouse cost utilizing Belle's resource
- In-house inspection center



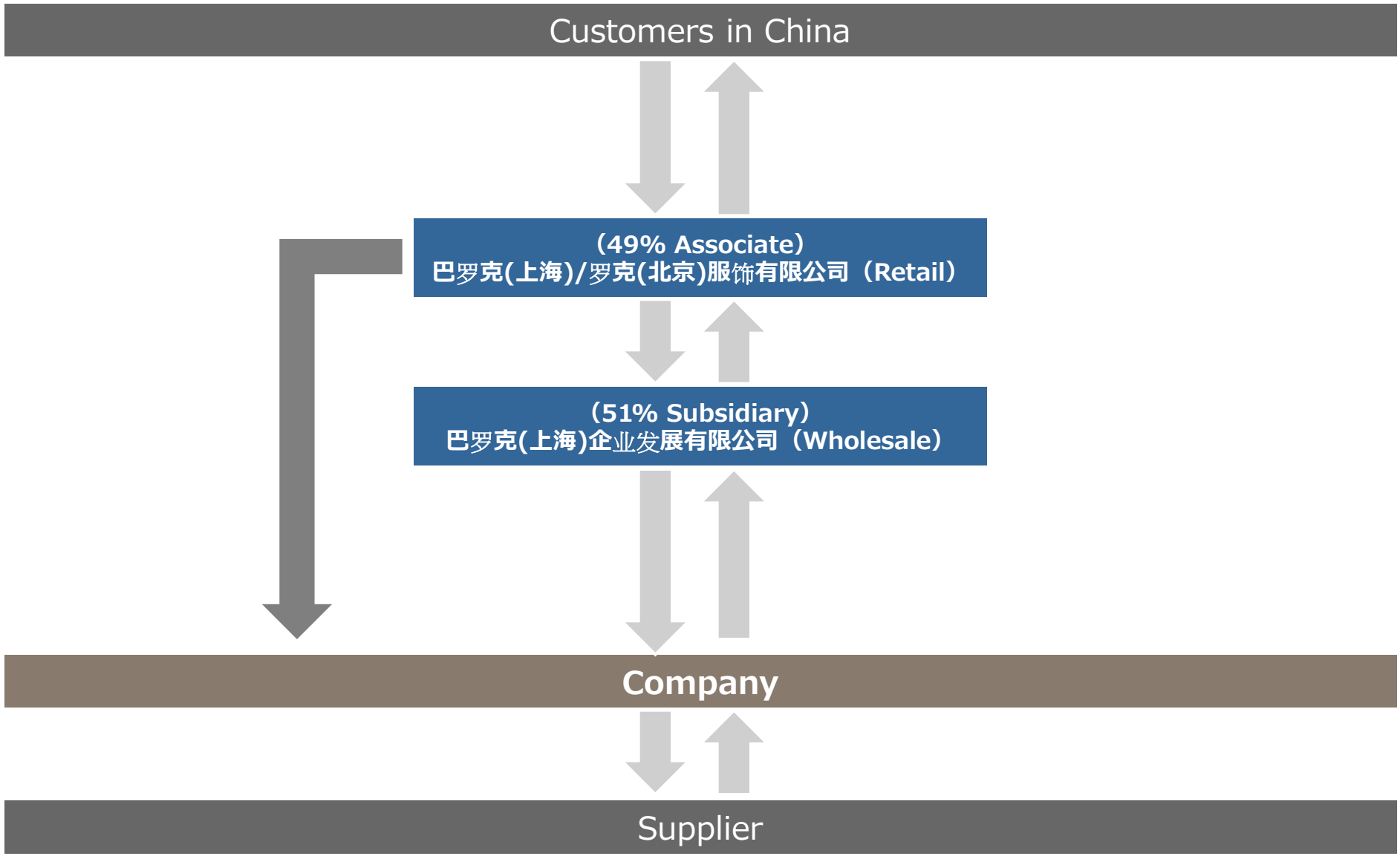
Sales

- Multiple training for shop staff
- Unique incentive scheme



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JV Structure in China



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