BAROQUE JAPAN LIMITED

FY2019/02 Full Year Result Announcement

April 15, 2019

Tokyo Stock Exchange First Section: 3548

FY2019/02 Points to be Attention Related to FY end Change

Due to the change in the fiscal year-end, fiscal year-end for this consolidated accounting period is 13-month from February 1, 2018 to February 28, 2019.

However, the consolidated overseas business (joint ventures in China, USA and Hong Kong) will be the 12-month period from January 1, 2018 to December 31, 2018.

In this material, 12-month figures (February 1, 2018 to January 31, 2019) prior to the change in the fiscal year-end are presented as unaudited Reference Results comparing to the previous fiscal year (February 1, 2017 to January 31, 2018).

Description in this material	Consolidated Accounting Period	Period of overseas business to be incorporated
Fiscal Year (FY) Actual	February 1, 2018 to February 28, 2019 (13 months)	January 1, 2018 to December 31, 2018 (12 months)
Reference (Ref) Actual (Unaudited)	February 1, 2018 to January 31, 2019 (12 months)	January 1, 2018 to December 31, 2018 (12 months)

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“Significant Increase in Operating Income: +15.7% vs Forecast”
Significant yoy increase in operating profit and below
Certain results in the management of "profit recovery"

Item	Fiscal Year (FY) Actual		Reference (Ref) Actual		
	Actual (13 Months)	VS Forecast	Actual (12 Months)	yoy*	yoy Change*
Consolidated Sales	**¥71.03Bil**	-1.5%	¥67.73Bil	-0.3%	-¥0.21Bil
Consolidated Operating Profit	**¥4.73Bil**	+15.7%	¥4.67Bil	+82.9%	+¥2.12Bil
Consolidated Net Profit	**¥2.94Bil**	+9.0%	¥3.04Bil	+146.5%	+¥1.81Bil

*vs Reference Actual

Domestic business
- ◆ Sales were driven by strong brands such as MOUSSY and ENFÖLD, despite the impact of the warm winter and lower-than-expected winter sales
- ◆ Profits improved significantly over the full FY, due to the promotion of Supply Chain Management reforms and control of major SG&A expense items

Overseas business
- ◆ China JV profit declined yoy due to full-year wholesale restraints and a drop in retail sales in the 2H
- ◆ Number of countries expanded in overseas wholesale business

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Japan Business Overview

- **Despite the impact of warm winter & winter sales, strong brands drove sales through FY**
- **Significant increase in OP led by SCM management and SG&A reduction**

Domestic Sales : ¥63.32 bil (Ref Result: ¥59.89 bil, yoy* +1.0%)

- Although MOUSSY, ENFÖLD, STACCATO pushed up our sales through out the FY, impact of warm winter and winter sales led SSS to become 98.0% (13-m accumulative)
- Nevertheless, all brands refining merchandise strategies & focusing on hot items reduced opportunity loss
- Although Customer number decreased led by 3rd party EC, Price per Customer increased significantly by selling price control in all brands
- Strengthened our own EC channel to promote NEW RETAIL concept, by enhancing channel function and point membership app “SHEL’TTER PASS”

Domestic GP : ¥37.99 bil (Ref Result ¥35.70 bil, yoy* +5.5%)

- Improved profitability by Supply Chain Management reforms. As a result of utilizing factory idle period and expanding direct trades, purchasing cost ratio improved. By controlling selling price & inventories, domestic GP Margin recovered significantly to 59.6% (+2.6pt yoy*)

Domestic SG&A : ¥33.84 bil (Ref Result ¥31.57 bil, yoy* -1.5%) Increased efficiency

- Domestic SG&A expense ratio improved to 52.7% (-1.3pt yoy*) by saving advertisement cost (utilizing digital marketing) and controlling personnel expense
- By improving own EC site cost structure, EC business OP & OP Margin increased significantly
- Improved efficiency in inventory distribution for lower logistics cost

As a result, domestic OP ¥ 4.15 bil (Ref Result: ¥4.12 bil, yoy * +131.3%)

*vs Reference Actual

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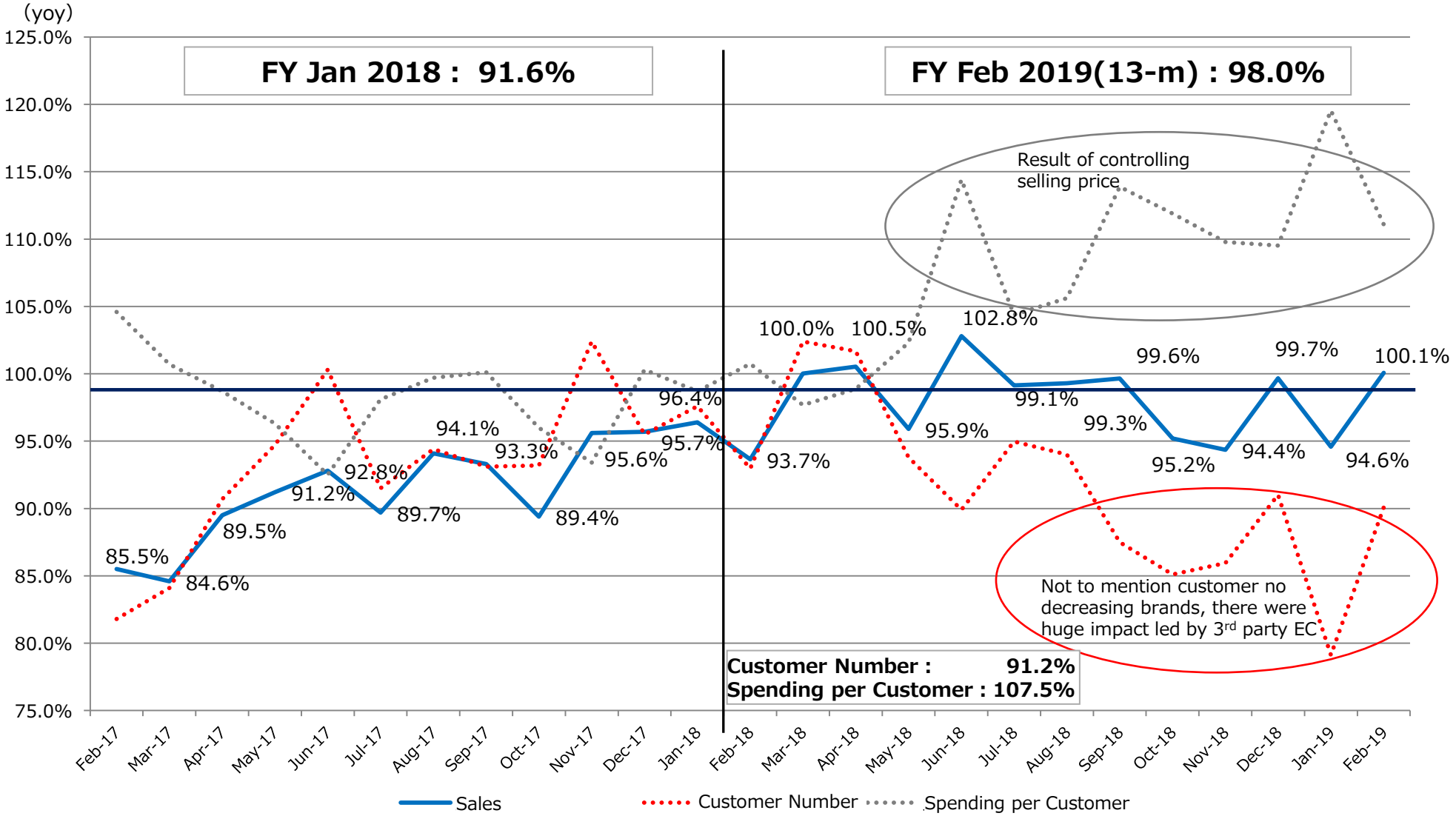
Japan Business Same Store Sales Performance

Japan Business Same Store Sales



*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 slight growth in retail sales, results for the China JV fell below the previous year, due to chronic difficulties in personnel securing, Chinese business sentiment and China original products sluggish sales etc.**

  - ◆ Chinese wholesale sales (51% consolidated) slow downed to 91.6% on yen denominated basis, due to efficiency in inventory procurement by China retail JV. China Retail Sales (49% associate) continued to grow but slow downed in 2H (12-month yen equivalent royalty revenue : 101.7% yoy*)

  - ◆ Retail sales and profits were unable to accumulate, due to chronic difficulties in securing human resources, deterioration in China business sentiment in 2H and the weakening of the new lineup of outerwear products limited to China, which had been favorable until the previous FY

  - ◆ The number of stores at the end of the period became 249, a net increase of 22 stores (store Open 48, Close 26). The pace of new store openings as planned, but closure exceed forecast

  - ◆ Retail operating companies intend to continue operating with an emphasis on improving inventory efficiency. In addition, while focusing on securing human resources by establishing incentive schemes for high-caliber sales staff, aiming to recover the Chinese JV business by reviewing product planning limited to China etc.

  - ◆ Along with the MOUSSY Vintage Jeans recognition, US operation continues grow in both MOUSSY NY store and wholesale business. Together with ENFÖLD originated from Japan, whole sales to overseas expanding to 33 countries (by cumulative base)

*As royalties are recorded for 13 months, calculation is based on 12 months' worth of data from February 2018 to January 2019 as reference results

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FY2019/02 Full Year Consolidated Income Statement

Consolidated Income Statement

- Consolidated Sales decreased by 0.3% yoy*
- Consolidated GP Margin improved by 2.6pt (53.6% → 56.2%)
- Consolidated SG&A expense ratio improved by △0.5pp (49.8% →49.3%)
- Extraordinary income of ¥340mil related to the transition to a DC pension plan

(百万円/JPY mil)	2019年２月期							2018年1月期	
	当期実績/FY Actual				参考実績/Ref Actual			前期実績/Prv Actual	
	業績見通し Forecast	実績 Actual	対売上 % of Sales	見通し比 vs Forecast	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	72,086	**71,034**	100.0%	98.5%	67,734	100.0%	99.7%	67,952	100.0%
売上総利益/Gross Profit	40,492	**40,341**	56.8%	99.6%	38,057	56.2%	104.6%	36,396	53.6%
販管費及び一般管理費/ SG&A	36,400	**35,605**	50.1%	97.8%	33,380	49.3%	98.6%	33,840	49.8%
営業利益/Operating Profit	4,092	**4,736**	6.7%	115.7%	4,676	6.9%	182.9%	2,556	3.8%
経常利益/Recurring Profit	4,293	**4,542**	6.4%	105.8%	4,674	6.9%	182.9%	2,556	3.8%
親会社株主に帰属する純利益/Net Profit	2,700	**2,944**	4.1%	109.0%	3,048	4.5%	246.5%	1,236	1.8%

*vs Reference Actual

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FY2019/02 Full year Sales Breakdown

Consolidated Revenue Breakdown

- For our domestic business, MOUSSY (FB/SB brands), ENFÖLD and STACCATO (Select Shop・Dept Store brands) performed well
- Sales in AZUL BY MOUSSY decreased yoy due to the effects of the warm winter and sluggish winter sales
- Overseas business decreased yoy since China Sales slowed down by retail JV's inventory control

(百万円/JPY mil)	2019年２月期					2018年1月期	
	当期実績/FY Actual		参考実績/Ref Actual			前期実績/Prv Actual	
	実績 Actual	構成比 Composition	実績 Ref Actual	構成比 Composition	前年同期比* YoY	実績 Actual	構成比 Composition
売上高/Sales	**71,034**	100.0%	67,734	100.0%	99.7%	67,952	100.0%
FB/SBブランド/FB/SB Brands	**23,930**	33.7%	22,474	33.2%	106.5%	21,095	31.0%
SCブランド/SC Brands	**32,584**	45.9%	31,114	45.9%	95.2%	32,697	48.1%
セレクトショップ・百貨店ブランド/ Select Shop・ Dept Store Brands	**5,609**	7.9%	5,250	7.8%	111.2%	4,722	6.9%
海外/Oversesa	**7,709**	10.9%	7,709	11.4%	89.3%	8,634	12.7%
その他/Others	**1,200**	1.7%	1,185	1.8%	148.0%	804	1.2%

*vs Reference Actual

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FY2019/02 Full Year Consolidated SG&A Expense

Consolidated SG&A Expense

- Use digital marketing to curb advertising expenditures and reduced salaries by streamlining personnel
- Reduced sales commissions by reducing unprofitable Japan stores (-16 stores in FY02/19)

(百万円/JPY mil)	2019年２月期						2018年1月期	
	当期実績/FY Actual		参考実績/Ref Actual				前期実績/Prv Actual	
	実績 Actual	対売上 % of Sales	実績 Ref Actual	構成比 Comp	前年同期比* YoY	売上比増減* Movement vs % Sales	実績 Actual	対売上 % of Sales
売上高/Sales	**71,034**	100.0%	67,734	100.0%	99.7%	–	67,952	100.0%
販売管理費/SG&A Expense	**35,605**	50.1%	33,380	49.3%	98.6%	△0.5pt	33,840	49.8%
広告費及び販売促進費/ Advertising and promotional cost	**2,138**	3.0%	2,012	3.0%	95.7%	△0.1pt	2,102	3.1%
給与手当/ Salaries and wages	**5,892**	8.3%	5,477	8.1%	98.2%	△0.1pt	5,575	8.2%
販売手数料(店舗家賃及び販売委託手数料)/ Store rent and fee for franchisee	**14,954**	21.1%	14,117	20.8%	96.2%	△0.8pt	14,678	21.6%
減価償却費/Depreciation	**909**	1.3%	848	1.3%	103.9%	0.1pt	816	1.2%
その他/Others	**11,709**	16.5%	10,924	16.1%	102.4%	0.4pt	10,666	15.7%

*vs Reference Actual

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FY2019/02 Full Year Consolidated Balance Sheet

Consolidated balance Sheet

- Inventories became 120.5% due to the inclusion of spring/summer products
- Liabilities decreased by reducing debt

(百万円/JPY mil)	2019年2月期 (2019/2/28)			2018年1月期 (2018/1/31)	
	金額 Amount	構成比 %	同期末対比 YoY	金額 Amount	構成比 %
現預金/Cash	**18,504**	45.4%	98.7%	18,743	45.4%
売掛金/Accounts Receivable	**7,311**	18.0%	93.7%	7,804	18.9%
商品/Inventories	**5,438**	13.4%	120.5%	4,514	10.9%
その他流動資産/Other Current Asset	**1,356**	3.3%	77.4%	1,752	4.2%
固定資産/Non Current Asset	**8,103**	19.9%	95.3%	8,502	20.6%
総資産/Total Asset	**40,715**	100.0%	98.5%	41,317	100.0%
負債/Liabilities	**20,349**	50.0%	89.1%	22,851	55.3%
純資産/Equity	**20,365**	50.0%	10.3%	18,466	44.7%

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FY2019/02 Full Year Japan Business Income Statement

Japan Business Income Statement

- Domestic sales were 101.0% yoy*. Despite the impact of the warm winter, the development of main products strengthened and the product mix revised.
- Domestic EC sales were 105.7% yoy*. Yoy growth of 116.6% for our own EC. 3rd Party EC declined to 94.4% yoy* due to restrained discount sales. Nevertheless, contributed to improved OP.
- Domestic GP Margin improved by 2.6pt yoy* (+57.0% → 59.6%)

(百万円/JPY mil)	2019年２月期					2018年1月期	
	当期実績/FY Actual		参考実績/Ref Actual			前期実績/Prv Actual	
	実績 Actual	対売上 % of Sales	実績 Ref Actual	対売上 % of Sales	前年同期比* YoY	実績 Actual	対売上 % of Sales
売上高/Sales	**63,324**	100.0%	59,893	100.0%	101.0%	59,318	100.0%
（店舗売上/Store Sales）	**50,543**	79.8%	48,026	80.2%	100.1%	47,995	80.9%
（通販売上/EC Sales）	**8,456**	13.4%	7,941	13.3%	105.7%	7,512	12.7%
売上総利益/Gross Profit	**37,997**	60.0%	35,704	59.6%	105.5%	33,831	57.0%
販管費及び一般管理費/SG&A	**33,847**	53.5%	31,577	52.7%	98.5%	32,047	54.0%
営業利益/Operating Profit	**4,150**	6.6%	4,126	6.9%	231.3%	1,784	3.0%
経常利益/Recurring Profit	**3,906**	6.2%	3,956	6.6%	201.8%	1,960	3.3%

*vs Reference Actual

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FY2019/02 Full Year China Business Sales and Profit

China Business Sales and Profit

- Wholesale sales in China became 91.2% yoy, due to efficiency in inventory procurement by retailers
- Continued growth in retail sales in China although slowed in 2H (yen-converted royalties*101.7% yoy)

JPY

(百万円/JPY mil)	2019年2月期 実績 Actual	2018年1月期 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	**7,198**	7,894	91.2%
ロイヤリティ/Royalty*	**522 (476)**	468	111.6% (101.7%)
売上合計/Sales Total*	**7,720 (7,674)**	8,362	92.3% (91.8%)
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)	△**33**	82	-
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	**269**	380	70.9%
ロイヤリティ税抜換算/Royalty after tax*	**365 (333)**	327	111.6% (101.7%)
利益合計/Profit Total*	**602 (569)**	791	76.1% (72.0%)

RMB

(百万人民元)	2019年2月期 実績 Actual	2018年1月期 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	**430**	475	90.7%
ロイヤリティ/Royalty	**31 (28)**	28	111.0% (101.2%)
売上合計/Sales Total	**462 (459)**	503	91.8% (91.3%)
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)	△**1**	5	-
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	**16**	23	70.5%
ロイヤリティ税抜換算/Royalty after tax	**21 (19)**	20	111.0% (101.2%)
利益合計/Profit Total	**36 (34)**	48	75.7% (71.6%)

* As royalties for this FY are recorded for 13 months, 12 months' worth of actual results are shown in parentheses.

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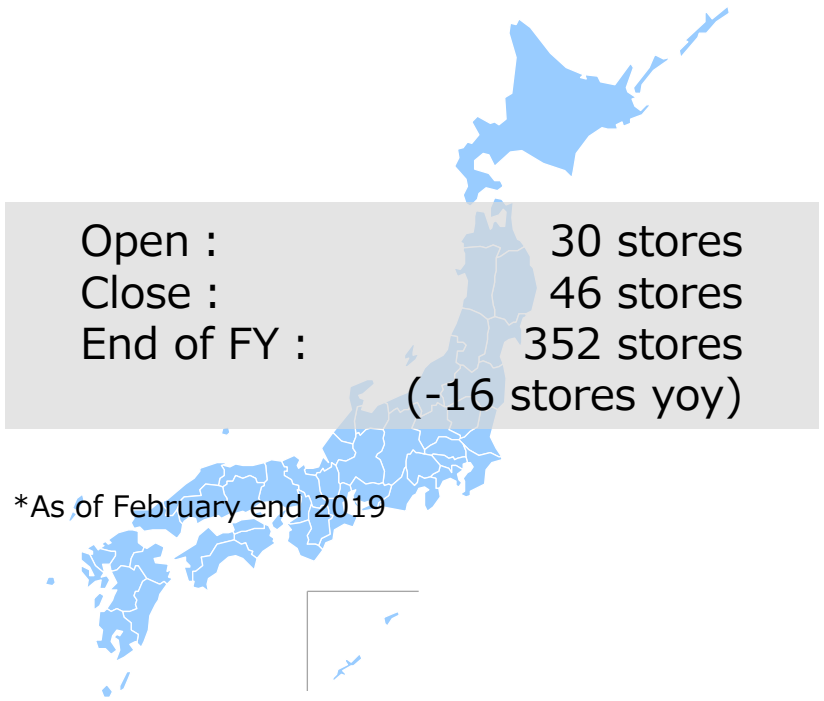
FY2019/02 Full Year Store Expansion

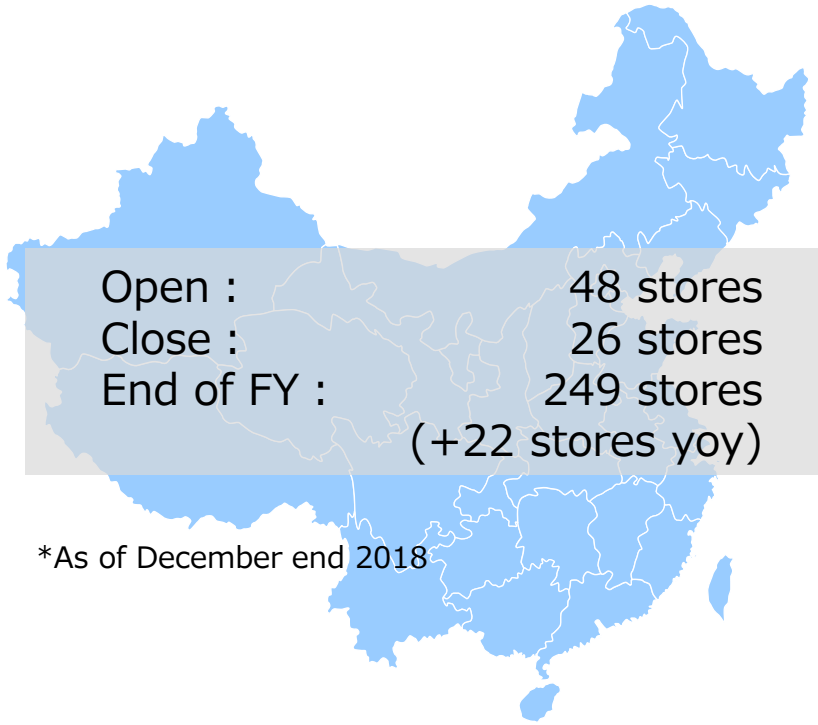
JAPAN



Open :	30 stores
Close :	46 stores
End of FY :	352 stores
	(-16 stores yoy)

*As of February end 2019

CHINA



Open :	48 stores
Close :	26 stores
End of FY :	249 stores
	(+22 stores yoy)

*As of December end 2018

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“MOUSSY” Received 21st Tenant Awards: Heisei Special Awards

- "MOUSSY" received the Heisei Special Award at the 21st Tenant Awards for FY2018, sponsored by Nihon Senken Shimbun Co., Ltd.
- This is a very honorable award which commemorate the change of Japan's traditional era name lasted for 30 years, who grew together with shopping centers. Sent to the representative tenants (6 tenants including MOUSSY).



MOUSSY

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FY2020/02 Outlook

- Despite upfront investments as the first year of the medium-term plan, net income is expected to increase after deducting extraordinary income in FY2019/02.

(単位:百万円)	2020年2月期計画 FY2020/02 Outlook			2019年2月期 参考実績 FY2019/02(Ref Actual)	
	見通し Forecast	対売上 % to Sales	前年同期比* YoY	実績 Actual	対売上 % to Sales
売上高/Sales	**67,945**	100.0%	100.3%	67,734	100.0%
売上総利益/Gross Profit	**38,596**	56.8%	101.4%	38,057	56.2%
販管費/SG&A	**33,927**	49.9%	101.6%	33,380	49.3%
営業利益/Operating Profit	**4,669**	6.9%	99.8%	4,676	6.9%
経常利益/Recurring Profit	**4,725**	7.0%	101.1%	4,674	6.9%
親会社株主に帰属する当期純利益 /Net Profit (2019年2月期の特別利益除く)/(exclude Extraordinary Profit)	**2,895**	4.3%	95.0% (102.9%)	3,048 (2,813)	4.5% (4.2%)
1株当たり当期純利益/EPS	**79.06**			84.30 (77.80)	

*vs Reference Actual

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Concept of FY2020/02 Outlook

Consolidated Sales (+0.3% yoy*)

- Consolidated Sales aim to increase slightly yoy*, considering upfront scrap of stores in 2019/02, the consumption tax hike from October, and the company's policy of continuing to improve inventory efficiency in the China JV
- Domestically, other than continuing to optimize merchandising, aim to increase customer numbers by expanding sales of newly launched brands, adding brand-lines in AZUL (explained in detail in the new medium-term plan), and strengthening cooperation between stores and our own EC function
- Existing-store sales (including EC) are forecast to be 102.6%. In line with the scrap-and-build policy for domestic stores, we plan to net increase +4 stores (Open 21, Close 17) and renovate 21.

Consolidated Operating Profit (-0.2% yoy*)

- By promoting SCM reforms that achieved results in 2019/02, we aim to continue improving GP Margin. Domestic GP Margin target is 60.4% (+0.4pt yoy*)
- Consolidated SG&A expense ratio is expected to increase due to the expansion of domestic brand businesses such as MOUSSY and AZUL (including upfront investments), the renovation of new stores in line with the scrap-and-build program, and the increase in system investments and transportation expenses. However, the improved GP Margin absorbed the increase in SG&A expenses.

Consolidated Recurring Profit(+1.1% yoy*)

- In addition to OP level, we aim Chinese business equity method investment to recover to 2018/02 level. As a result, Recurring Profit expected to increase yoy*.

Consolidated Net Profit(+2.9% yoy*, excluding extraordinary profit)

- Net profit expected to increase after deducting extraordinary income recorded in 2019/02.

*vs Reference Actual

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Return to Shareholders

Dividend

- ◆ Dividend outlook for FY2020/02: 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

- **352** stores in Japan, **249** stores in China, 2 stores in HK, 1 stores in U.S**. **17 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 February 2019 for Japan, December 2018 for Overseas



MOUSSY









ENFÖLD







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History

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

Time	History
2000	● **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	● China business expert, Mr. Murai (current Chairman and CEO) joined the company
2007	● MBO by CLSA and senior management
2008	● **[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	● 1st MOUSSY store opened in China
2012	● **[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	● CLSA sold all the shares to Belle and CDH Fund. China JV with Belle started
2016	● **[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	● China JV reached 200 stores
2018	● 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 Murohara (ex SLY sales staff) winner of "2017 NEXT IS YOU - Fashion Icon section ", launched "LAGUNA GEM"
2019	● Launched "y/m" for women in their late 30s and 40s who are highly fashion-sensitive, offering simple, but detailed, and ingredients-focused clothes







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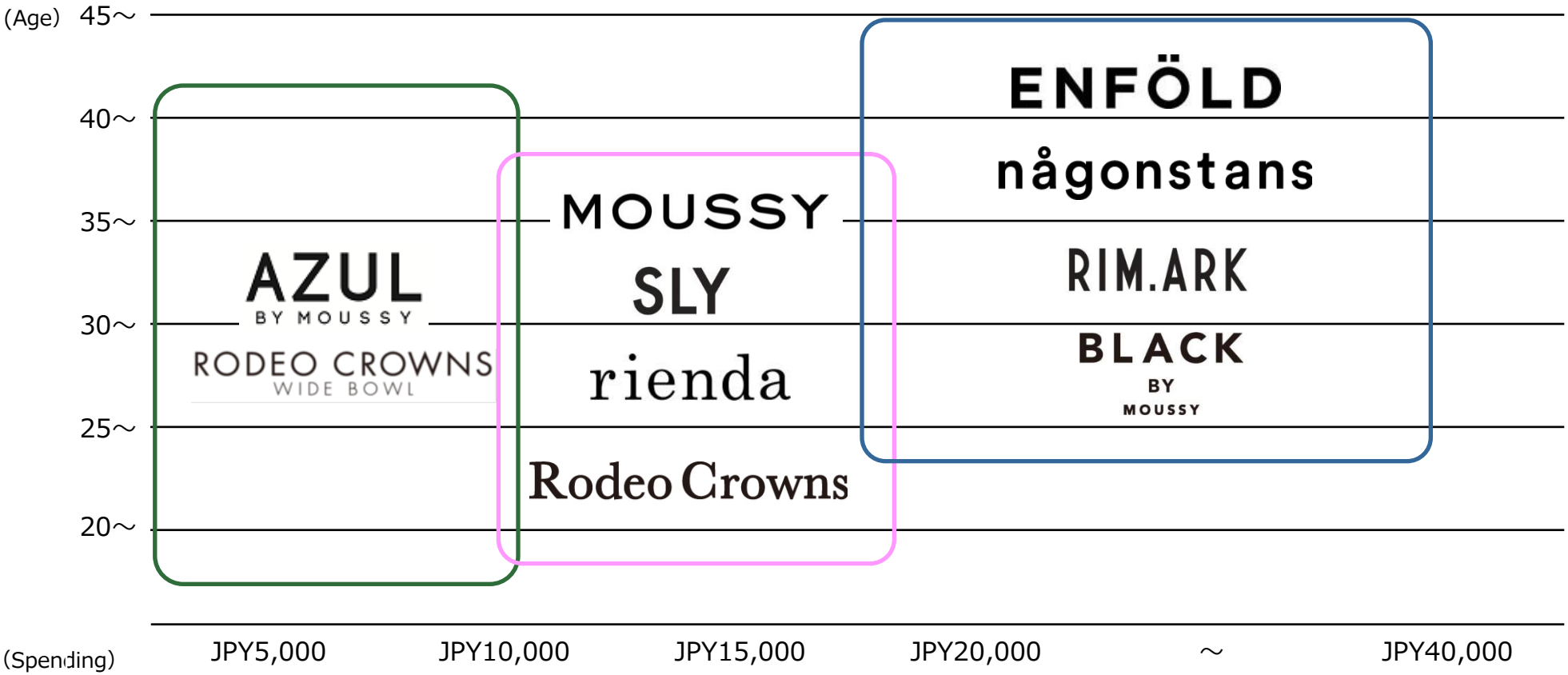
Brand Portfolio

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
6	Comme des Garcons	COMME des GARÇONS	1,990,000	311
7	UNIQLO	UNIQLO	1,950,000	1,409
11	KENZO	KENZO	1,830,000	2,450
13	A Bathing Ape	A BATHING APE	1,780,000	7,354
14	MUJI無印良品	MUJI 無印良品	1,460,000	1,178
22	GU	GU	830,000	393
30	UNDERCOVER	U	760,000	1,596
35	Yoji Yamamoto	Yoji Yamamoto	680,000	690
41	MOUSSY	MOUSSY	620,000	7,199
43	sacai	sacai	600,000	1,798
63	LOWRYS FARM	LOWRYS FARM	479,000	1,817
83	SLY	SLY	405,000	7,463

Staff Instagrammer

aoi186

- Baroque japan limited visual staff
- Follower #318,268



Corina_718

- EBLÓA
- Follower #98,260



marinakamura

- RIM.ARK
- Follower #121,012



wadaarisa

- la vie de Leory
- Follower #83,043



As of 19th March 2019, Instagram

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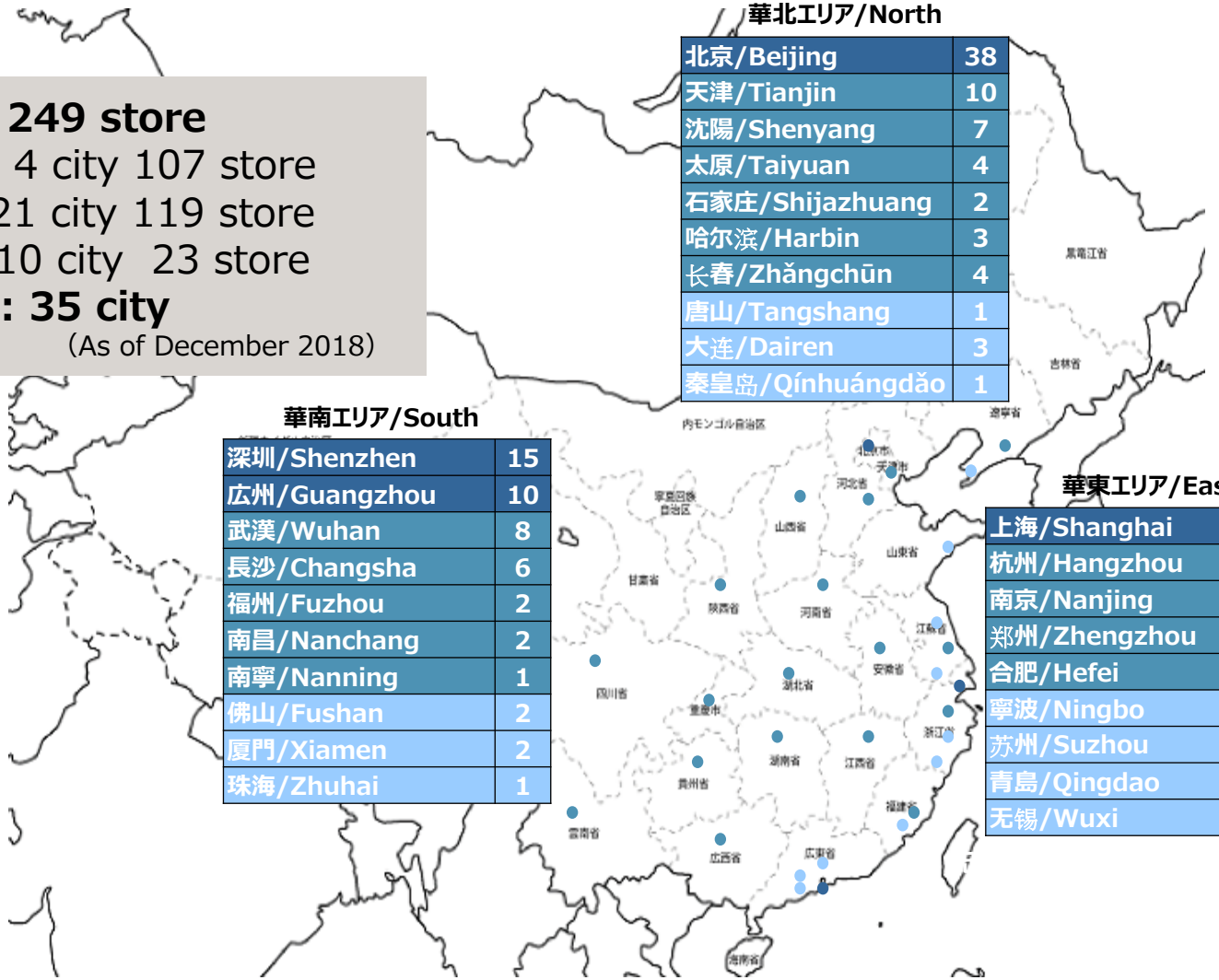
China Stores

- In FY2019/02, opened 48 stores, closed 26 stores, net addition 20 stores
- Planning to open stores aggressively to increase net stores opening

■ **Store number: 249 store**
- 1st tier city: 4 city 107 store
- 2nd tier city: 21 city 119 store
- 3rd tier city: 10 city 23 store

■ **Number of city: 35 city**

(As of December 2018)



華北エリア/North

北京/Beijing	38
天津/Tianjin	10
沈陽/Shenyang	7
太原/Taiyuan	4
石家庄/Shijazhuang	2
哈尔滨/Harbin	3
长春/Zhǎngchūn	4
唐山/Tangshang	1
大连/Dairen	3
秦皇岛/Qínhuángdǎo	1

華南エリア/South

深圳/Shenzhen	15
広州/Guangzhou	10
武漢/Wuhan	8
長沙/Changsha	6
福州/Fuzhou	2
南昌/Nanchang	2
南寧/Nanning	1
佛山/Fushan	2
厦門/Xiamen	2
珠海/Zhuhai	1

西南エリア/West

成都/Chengdu	19
重慶/Chongqing	13
西安/Xian	6
昆明/Kunming	4
貴陽/Guiyang	2
西寧/Xining	1

華東エリア/East

上海/Shanghai	44
杭州/Hangzhou	15
南京/Nanjing	6
郑州/Zhengzhou	3
合肥/Hefei	1
寧波/Ningbo	4
苏州/Suzhou	6
青島/Qingdao	1
无锡/Wuxi	2

City Definition

1st class cities (4 cities): Shanghai, Beijing, Guangzhou, Shenzhen

2nd class cities (27 cities):Harbin, Shenyang, Changan, Hohhot, Shijiazhuang, Taiyuan, Tianjin, Hangzhou, Hefei, Nanjing, Fuzhou, Hangzhou, Nanchang, Nanning, Wuhan, Changsha, Jinan, Zhengzhou, Lanzhou, Ulmuqi, Xian, Xining, Yinchuan, Chengdu, Chongqing, Guiyang, Kunming

3rd class Cities: Other Cities

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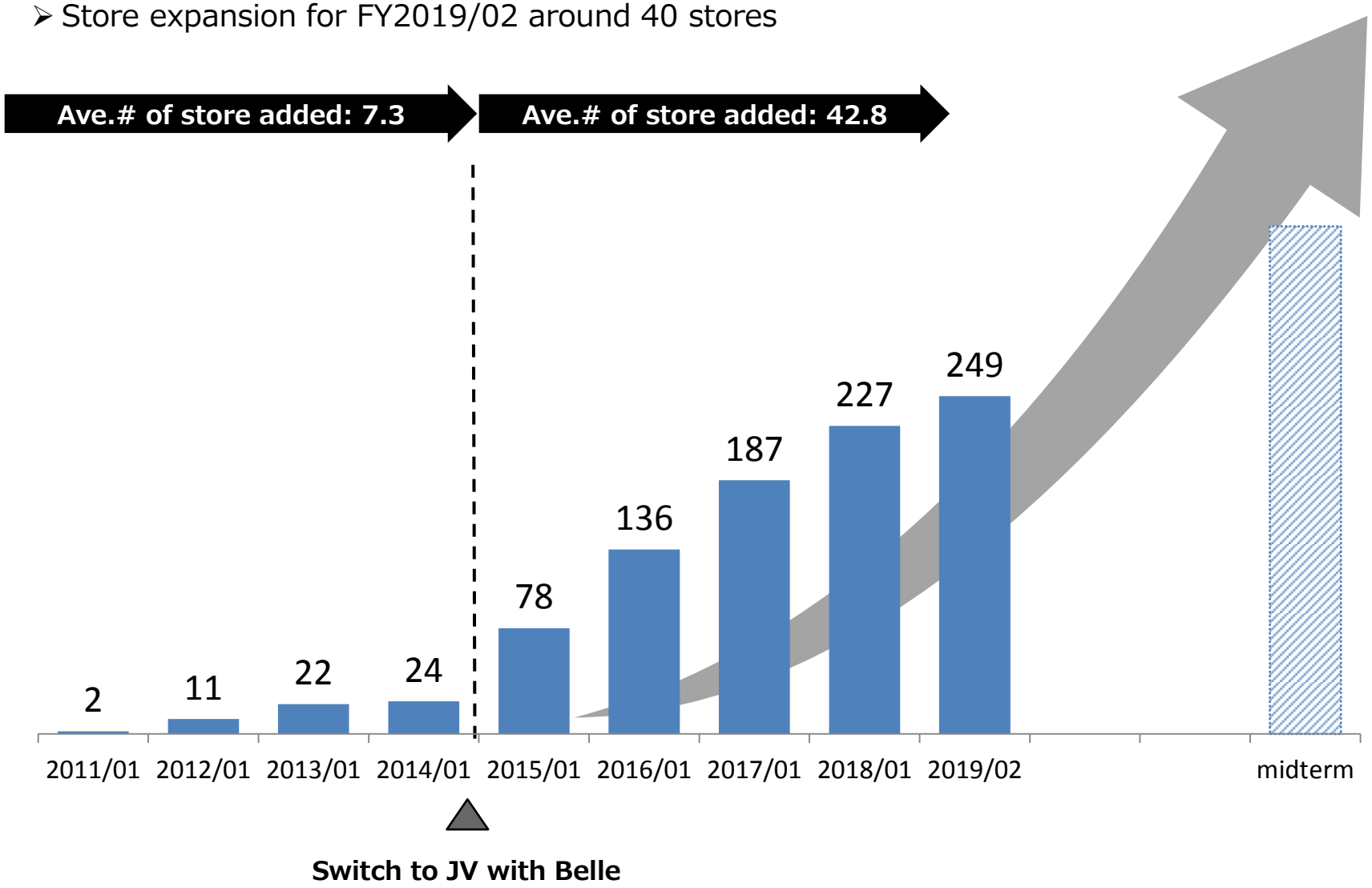
China Stores

- 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 GP 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 GP 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



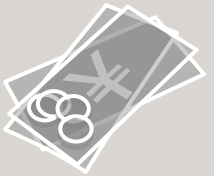
Logistic

- 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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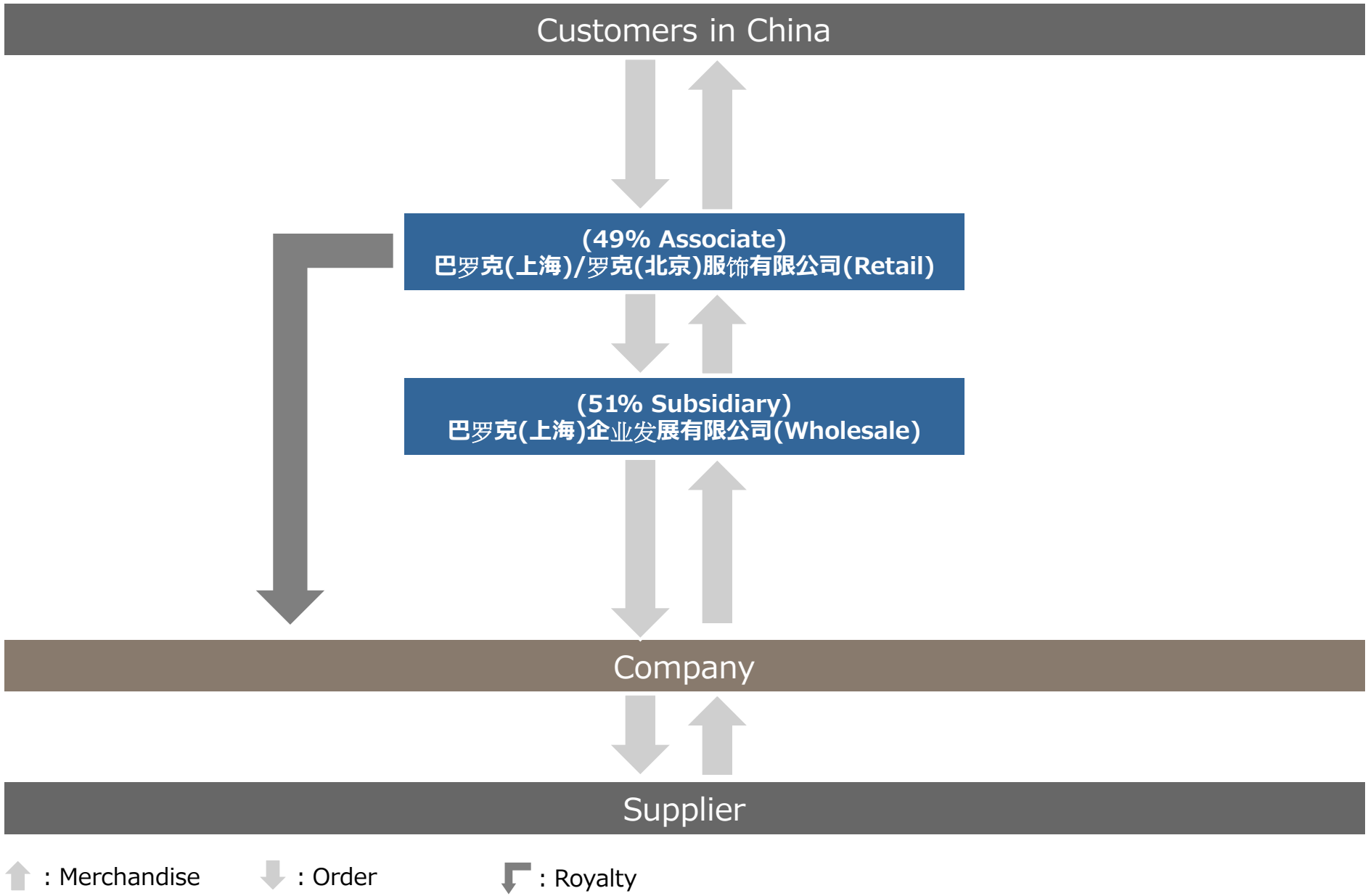
JV Structure in China



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- **The risk and uncertainties that could affect the forward-looking statements are difficult to predict. The company assumes no obligation to publicly revise or update its forward-looking statements in the case of unexpected changes, events, or circumstances that could affect them. Given the uncertainties of forward-looking statements, we caution readers not to place undue reliance on these statements.**

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