BAROQUE JAPAN LIMITED

FY2020/02 Second Quarter Result Announcement

October 15, 2019

Tokyo Stock Exchange First Section: 3548

Notes Related to FY 2019/02 end Change

Due to the change in the fiscal year-end, consolidated accounting period of fiscal year February 2019 was 13-month from February 1, 2018 to February 28, 2019. The overseas business (China JV, US, HK) which we incorporated into our consolidated financial statements were 12-months from January 1, 2018 to December 31, 2018.

Current fiscal year of February 2020 is 12-month from March 1, 2019 to February 29, 2020. The overseas business which we incorporate is 12-months from January 1, 2019 to December 31, 2019. Until the previous fiscal year, we used financial data one month before for consolidation of overseas business but now use data of two months before.

In this material, in order to compare with the current accounting period (March 1, 2019 to August 31, 2019), we presented the previous fiscal year figures (March 1, 2018 to August 31, 2018) as unaudited Reference Results stated below.

Description in this material	Consolidated Accounting Period	Period of overseas business to be incorporated
Fiscal Year (FY) Actual	March 1, 2019 to August 31, 2019	January 1, 2019 to June 30, 2019
Reference (Ref) Actual (Unaudited)	March 1, 2018 to August 31, 2018	January 1, 2018 to June 30, 2018

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1 FY2020/02 Second Quarter Result Overview

2 Initiatives of the Mid Term Plan Key Strategies

3 FY2020/02 Outlook

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FY2020/02 Second Quarter Summary (cumulative)

"Despite a severe domestic results triggered by the cool summer in July, 1H results supported by overseas demand, exceeding yoy & forecast below OP level."

"In particular, below Recurring Profit was strong due to the performance of the Chinese business."

Item	Actual	Ref Actual	YoY*	Movement*
Consolidated Sales :	**¥31.27 bil**	¥32.16 bil	-2.8%	¥-0.88 bil
Consolidated Operating Profit :	**¥2.06 bil**	¥1.74 bil	+18.3%	¥+0.32 bil
Consolidated Recurring Profit	**¥2.07 bil**	¥1.57 bil	+31.9%	¥+0.50 bil
Consolidated Net Profit :	**¥1.23 bil**	¥0.90 bil	+35.4%	¥+0.32 bil

*vs Reference Actual

Domestic business

- Although SC brands revenue and customer no. came into a recovery trend (which strategically took in August's sales demand), prolonged sales demand due to the cold summer in July affected the launch of autumn products of FB/SB brands in August. As a result, the August's sales declined yoy.
- Even FB/SB brands fixed price products movement was slow, inventory valuation loss declined due to the prioritization of inventory reduction in August. Hence, 2Q GP margin remained unchanged. Nevertheless, domestic GP margin improved substantially 1H totally.

Overseas business

- Sales recovered at both Retail and Wholesale Companies in China, as sales of spring and summer products from March onward recovered steadily.

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Japan Business Overview

- **Although SC brands revenue and customer no. came into a recovery trend (which strategically took in August's sales demand), prolonged sales demand due to the cold summer in July affected the launch of autumn products of FB/SB brands in August. As a result, the August's sales declined yoy.**
- **Even FB/SB brands fixed price products movement was slow, inventory valuation loss declined due to the prioritization of inventory reduction in August. Hence, 2Q GP margin remained unchanged. Nevertheless, domestic GP margin improved substantially 1H totally.**

Domestic Sales: ¥28.39 bil (Ref Result: ¥29.14 bil, -2.6% yoy*)

- ◆ SSS in 1H 2020 were 97.9% yoy (including EC). Sales of SC brand recovered in 2Q but prolonged sales demand due to the cold summer in July affected the launch of autumn products of the FB/SB brands in August.
- ◆ Sales of our Own EC declined due to the lack of products to fill in the specially planned items in the previous year and inability to expand discount sales to supplement the fixed price products sales. We will optimize EC Channel including third-party EC.

Domestic GP: ¥17.29bil (Ref Result ¥17.41bil, -0.7% yoy*)

- ◆ Even FB/SB brands fixed price products movement was slow, inventory valuation loss declined due to the prioritization of inventory reduction in August. Hence, 2Q GP margin remained unchanged. (55.8%, +0.1pt yoy*).
- ◆ Nevertheless, domestic GP margin improved substantially 1H totally.(60.9%, +1.2pt yoy*)

Domestic SG&A: ¥15.55 bil (Ref Result ¥15.78bil, -1.5% yoy*)

- ◆ 2Q also decreased on a value basis, such as reductions in outsourcing expenses, commission rent, and sales outsourcing expenses, etc.

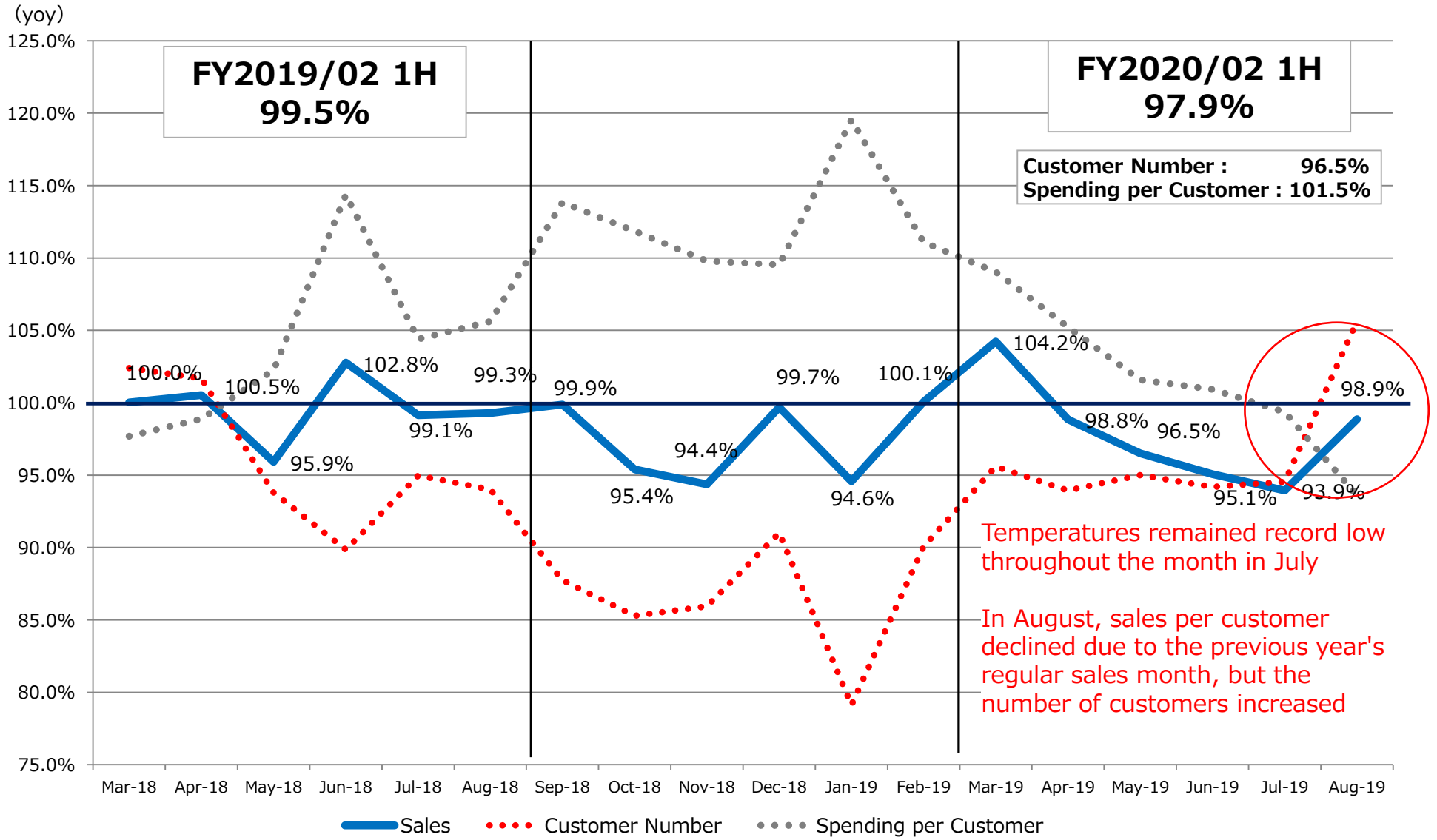
As a result, domestic OP ¥1.73 bil (Ref Result ¥1.63 bil, +6.6% yoy*)

*vs Reference Actual

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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 3 days in a month due to the renovation, natural disasters and other reason.

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Overseas Business Overview

- **Sales recovered at both Retail and Wholesale Companies in China, as sales of spring and summer products from March onward recovered steadily.**

China JV Sales ¥2.72 bil（Ref Actual ¥2.57 bil, +5.9% yoy)

◆China's Wholesales (51% consolidated) were 105.9% on a yen basis (RMB basis 111.9%) due to solid purchases of spring and summer products by Retail Company from March onward.
◆2Q sales in Chinese Retail Company (49% owned by the equity method) grew thanks to an increase in the sales mix of Japan-planned products and steady sales in EC (1H RMB-equivalent royalty improved significantly from 1Q 87.9% to 106.2%).
◆The number of stores became 250 stores, a net increase of 1 stores (Open 12, Close 11).

China JV Profit ¥0.24 bil (Ref Actual ¥0.16bil, +46.6% yoy)

◆Increased by 46.6% yoy (significant surplus from 1Q deficit) due to the fact that equity loss of affiliates almost recovered in 2Q and profits of Wholesale Company steadily accumulated in 2Q.

Continued to expand our US wholesale business

◆Along with the MOUSSY Vintage Jeans recognition, US operation continue to grow in both MOUSSY NY store and wholesale business. Together with ENFÖLD, wholesales continue to expand.

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FY2020/02 Second Quarter Consolidated Income Statement

Consolidated Income Statement

- Consolidated Sales decreased by 2.8% yoy*
- Consolidated GP Margin improved by 1.2pt yoy* (57.5%→58.8%)
- Consolidated SG&A expense ratio increased by +0.1pt yoy* (52.1%→52.2%)

(百万円/JPY mil)	2020年２月期2Q			2019年２月期2Q	
	実績	対売上	前年同期比※	参考実績	対売上
	Actual	% of Sales	YoY	Actual	% of Sales
売上高/Sales	31,272	100.0%	97.2%	32,162	100.0%
売上総利益/Gross Profit	18,381	58.8%	99.3%	18,507	57.5%
販管費及び一般管理費/SG&A	16,313	52.2%	97.3%	16,759	52.1%
営業利益/Operating Profit	2,068	6.6%	118.3%	1,747	5.4%
経常利益/Recurring Profit	2,078	6.6%	131.9%	1,575	4.9%
親会社株主に帰属する四半期純利益/Net Profit	1,231	3.9%	135.4%	909	2.8%

*vs Reference Actual

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FY2020/02 Second Quarter Sales (cumulative) Breakdown

Consolidated Sales Breakdown

- Sales of FB/SB brands declined due to the record-breaking low temperature in July, while sales of department store brands such as någonstans and STACCATO etc. remained strong.
- Sales and customer numbers recovered in the SC brand, AZUL BY MOUSSY, in August.
- Overseas business yoy* increased in 1H contribution from higher sales in China business.

(百万円/JPY mil)	2020年２月期2Q			2019年２月期2Q	
	実績	構成比	前年同期比※	参考実績	構成比
	Actual	Composition	YoY	Actual	Composition
売上高/Sales	31,272	100.0%	97.2%	32,162	100.0%
FB/SBブランド/FB/SB Brands	10,038	32.1%	95.3%	10,530	32.7%
SCブランド/SC Brands	14,322	45.8%	96.1%	14,900	46.3%
セレクトショップ・百貨店ブランド/ Select Shop・Dept Store Brands	2,707	8.7%	105.7%	2,560	8.0%
海外/Overseas	3,479	11.1%	103.4%	3,366	10.5%
その他/Others	725	2.3%	90.2%	804	2.5%

*vs Reference Actual

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FY2020/02 Second Quarter (cumulative) Consolidated SG&A Expense

Consolidated SG&A Expense

- Decrease in store rent and sales outsourcing expenses, due to a decrease in the number of stores during the scrap-and-build process for domestic stores.
- Reduced fixed costs by reviewing outsourcing expenses etc.

(百万円/JPY mil)	2020年２月期2Q				2019年２月期2Q	
	実績	対売上	前年同期比※	売上比増減※	参考実績	対売上
	Actual	% of Sales	YoY※	Movement vs % Sales※	Actual	% of Sales
売上高/Sales	31,272	100.0%	97.2%	-	32,162	100.0%
販売管理費/SG&A Expense	16,313	52.2%	97.3%	0.1pt	16,759	52.1%
広告費及び販売促進費/ Advertising and promotional cost	946	3.0%	101.5%	0.1pt	932	2.9%
給与手当/Salaries and wages	2,893	9.3%	104.0%	0.6pt	2,782	8.7%
販売手数料(店舗家賃及び販売委託手数料)/Store rent and fee for franchisee	6,662	21.3%	94.7%	△0.6pt	7,039	21.9%
減価償却費/Depreciation	448	1.4%	105.4%	0.1pt	425	1.3%
その他/Others	5,362	17.1%	96.1%	△0.2pt	5,580	17.3%

*vs Reference Actual

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FY2020/02 Second Quarter Consolidated Balance Sheet

Consolidated Balance Sheet

- Consolidated inventory write-downs decreased by ¥269 million compared with the end of the previous 1H (July).

(百万円/JPY mil)	2020年2月期（2019/8/31）			2019年2月期（2019/2/28）	
	金額	構成比	前期末比	金額	構成比
	Amount	Composition	% to previous year end	Amount	Composition
現預金/Cash	14,730	40.0%	79.6%	18,504	45.4%
売掛金/Accounts Receivable	6,589	17.9%	90.1%	7,311	18.0%
商品/Inventories	5,767	15.7%	106.0%	5,438	13.4%
その他流動資産/Other Current Asset	673	1.8%	147.9%	455	1.1%
固定資産/Non Current Asset	9,030	24.5%	100.3%	9,004	22.1%
総資産/Total Asset	36,791	100.0%	90.4%	40,715	100.0%
負債/Liabilities	16,722	45.5%	82.2%	20,349	50.0%
純資産/Equity	20,068	54.5%	98.5%	20,365	50.0%

*vs Reference Actual

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FY2020/02 Second Quarter Japan Business Income Statement

Japan Business Income Statement

- Domestic sales became 97.4% yoy*.
- Domestic EC sales became 93.4% yoy*. In addition to being unable to develop products to replace the special planned products in the previous year, fixed price products slow movement in August affected our Own EC to become 97.0% yoy*. The 3rd-party EC declined to 89.0% yoy* due to restrained discount sales. Nevertheless, contributed to improve OP.
- Domestic GP Margin improved by 1.2pt yoy* (59.8%→60.9%).

(百万円/JPY mil)	2020年２月期2Q			2019年２月期2Q	
	実績	対売上	前年同期比※	参考実績	対売上
	Actual	% of Sales	YoY※	Actual	% of Sales
売上高/Sales	28,394	100.0%	97.4%	29,146	100.0%
（店舗売上/Store Sales）	22,909	80.7%	97.4%	23,528	80.7%
（通販売上/EC Sales）	3,592	12.7%	93.4%	3,844	13.2%
売上総利益/Gross Profit	17,295	60.9 %	99.3%	17,417	59.8%
販管費及び一般管理費/SG&A	15,556	54.8%	98.5%	15,787	54.2%
営業利益/Operating Profit	1,738	6.1%	106.6%	1,630	5.6%
経常利益/Recurring Profit	1,689	6.0%	117.1%	1,443	5.0%

*vs Reference Actual

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FY2020/02 Second Quarter China Business Sales and Profit

China Business Sales and Profit

- China wholesales were 111.9% (RMB basis) yoy owing to the strong spring & summer product sales by Retail Company.
- China Retail sales recovered from March leading to yoy growth (RMB-equivalent royalty of 106.2% yoy).

Japanese Yen

(百万円/JPY mil)	2020年2月期 2Q実績 Actual	2019年2月期 2Q 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	2,725	2,574	105.9%
ロイヤリティ/Royalty	224	235	95.1%
売上合計/Sales Total	2,950	2,810	105.0%
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	△ 10	△ 77	–
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	99	79	124.7%
ロイヤリティ税抜換算 Royalty after tax	157	165	95.1%
利益合計/Profit Total	245	167	146.6%

RMB

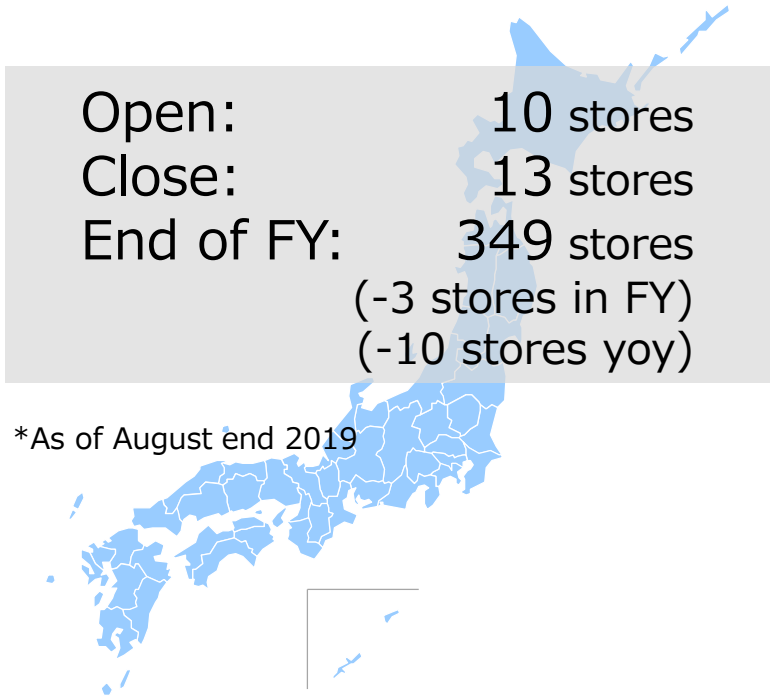
(百万人民元/RMB mil)	2020年2月期 2Q実績 Actual	2019年2月期 2Q Previous Year	前年同期比 YoY
中国合弁事業からの売上 Sales from China JV			
卸売/Wholesale	168	150	111.9%
ロイヤリティ/Royalty	14	13	106.2%
売上合計/Sales Total	182	164	110.8%
当期純利益に対する中国合弁事業による利益 Profit from China JV			
小売事業からの利益/Profit from Retail company (持分法投資利益) Equity method investment gain	△1	△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	6	4	152.5%
ロイヤリティ税抜換算 Royalty after tax	10	9	107.5%
利益合計/Profit Total	15	9	167.7%

*vs Reference Actual

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FY2020/02 Second Quarter Store Expansion

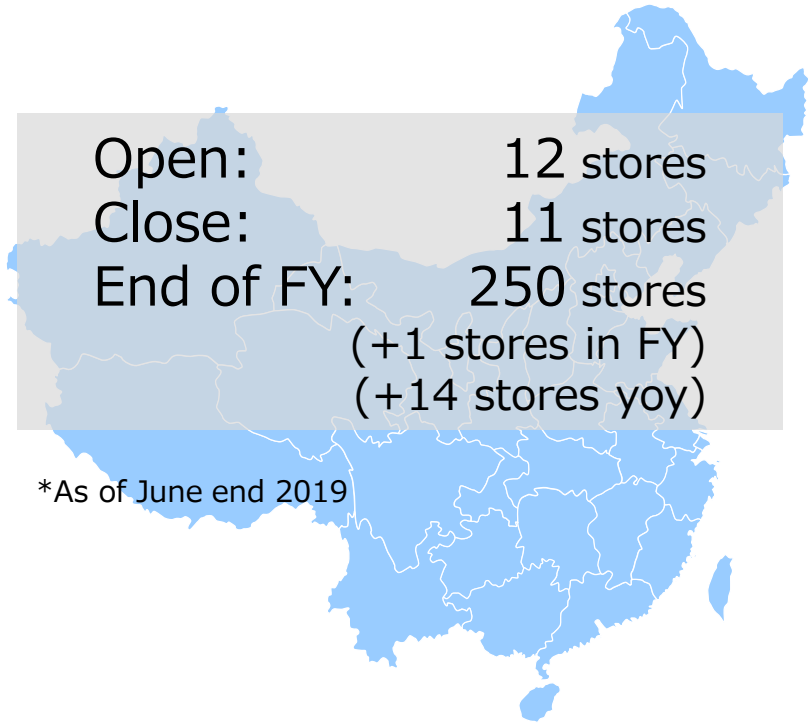
JAPAN



Open: 10 stores
Close: 13 stores
End of FY: 349 stores
(-3 stores in FY)
(-10 stores yoy)

*As of August end 2019

CHINA



Open: 12 stores
Close: 11 stores
End of FY: 250 stores
(+1 stores in FY)
(+14 stores yoy)

*As of June end 2019

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Domestic Business Strategy for 2H

1. Merchandise Strategies

- Best launch timing and amount of outerwear and middle clothing
- Expand lineup of high-quality Baroque products
- Expand recyclable and sustainable products
- Strengthen collaboration with global brands

2. Attracting Customers Strategies

- Increase convenience for SHEL'TTER PASS members, including alliances with other companies
- VIP membership campaign
- SHEL'TTER PASS non-active members campaign
- Enhancement of SHEL'TTER PASS functions

3. NEWRETAIL Strategies

- Implement centralized operation of stores and EC inventories and promote measures to coordinate between EC & stores (omni-channel)
- Introduce operation of marketing automation, increase repeat rate of our Own EC, and lead to acquisition of new customers
- Implement semi-auto merchandising in some brands

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Key Strategy of the New Mid-Term Plan (FY2020/02 1H)

『 GLOBAL NEW RETAIL 1st Stage 2024 』
Challenges for Domestic Growth and Global Expansion through Innovation

Priority Strategies	Link	Priority Solutions

Global/Innovation Human resource development

Challenge #1
To become more global
(Create business foundation for overseas sales to exceed domestic)
※Overseas sales are based on retail base

Challenge #2
To provide more attractiveness and convenience through NEW RETAIL solution under the innovation concept

Challenge #3
To evolve and expand brand businesses
(Strengthen our competitive brands)

Challenge #4
To become more robust company to pursue "profit maximization"

1. Active global expansion (Wholesale + Store Opening)
   NEW **ENFÖLD: Opening of Pop-Up Stores Overseas**
2. Sustainable expansion of China business
   NEW **Integrated Management and Strengthening of EC Business**
3. Enhance head office staff with overseas nationalities to 10%
4. Accumulating, analyzing and utilizing data through NR
   NEW **Progress in NEW RETAIL**
5Develop new businesses and categories through Open Innovation
   NEW **Preparing to Launch New Business**
6. Creating attractive products customers willing to purchase at list price
   NEW **Expansion of Collaboration Items**
7. Brand selection and concentration
8. Promoting Supply Chain Management (SCM) Reforms
9. Restructuring stores and head office organization

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ENFÖLD: Opening of Pop-Up Stores Overseas

- Opening Pop-Up Stores in Los Angeles, Hong Kong and London

ENFÖLD Pop-Up Store in London
October 21, 2019 (Monday) to November 10, 2019 (Sunday)

ENFÖLD Pop-Up Store in Los Angeles
August 23, 2019 (Friday) to November 15, 2019 (Friday)

ENFÖLD Pop-Up Store in Hong Kong
September 4, 2019 (Wednesday) to October 20, 2019 (Sunday)

ENFÖLD

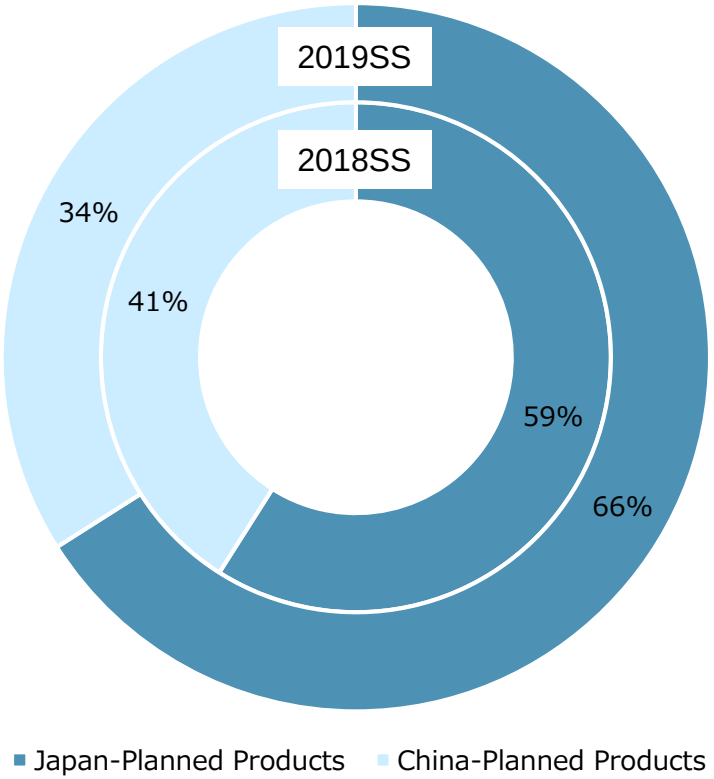


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Integrated Management and Strengthening of EC Business (1)

- Despite the slowdown in the Chinese economy, clear recovery in the performance of our Chinese business since March.
- The background to this is that, we improved product appeal by increasing the proportion of Japan-Planned Products and strengthened integrated management by improving communication between China entity and Japanese brand division.

Sales Composition of China SS Products



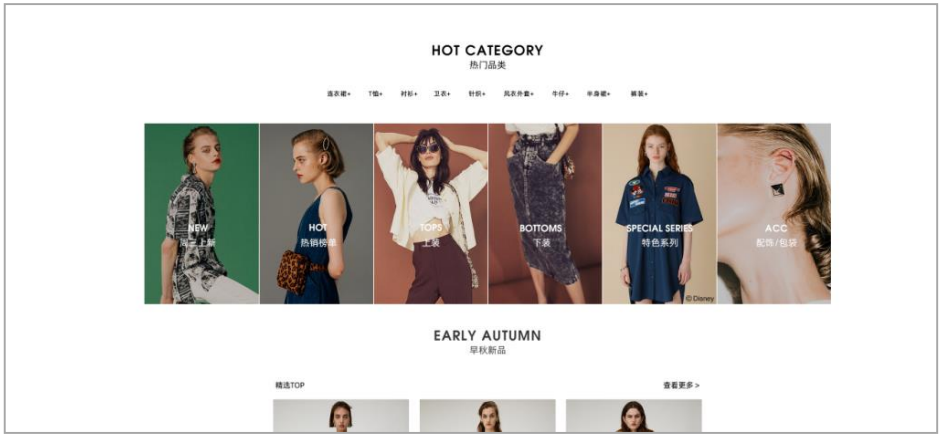


SLY Division & Baroque China

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Integrated Management and Strengthening of EC Business (2)

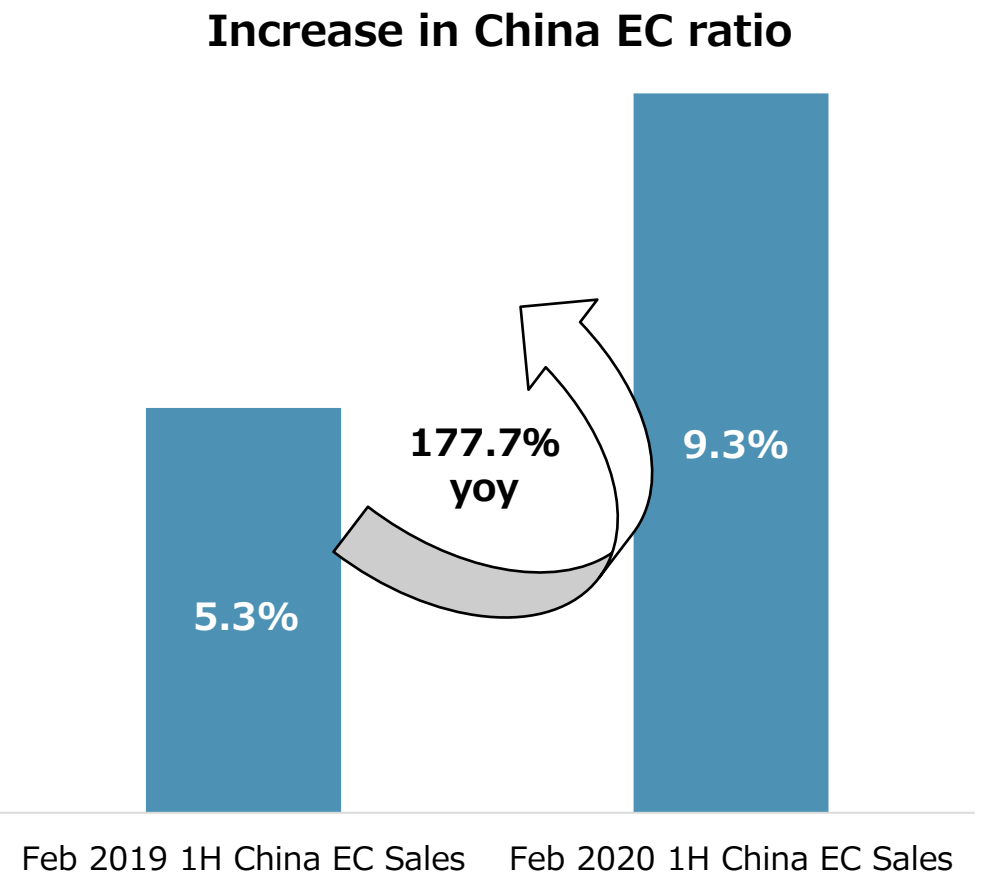
- EC sales dramatically increased by enhancing EC dedicated products and strengthening business relationship with T-mall.
- Up 177.7% yoy, and EC ratio grew significantly from 5.3% to 9.3%.



T-mall's MOUSSY website



KOL's introduction of MOUSSY products

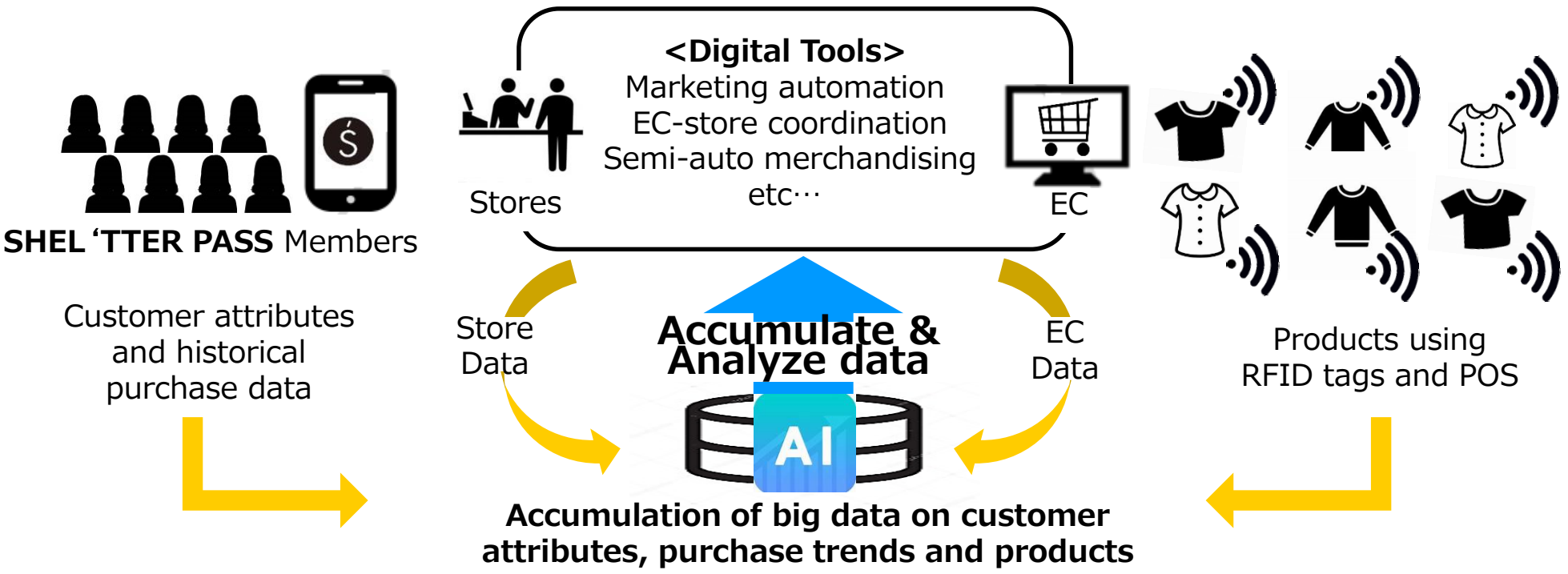


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Progress in NEW RETAIL (1)

- BJL's NEW RETAIL (NR) aims to analyze and utilize customer data through SHEL'TTER PASS apps, product data through RFID, etc., and combines various digital technologies to improve customer experience (UX) and business efficiency.
- To improve customer experience by combining EC and stores, create systems to collect customer data, and invest to introduce various measures ahead of competitors.
- Step by step launch toward 2024 by repeating verification tests.

NEW RETAIL Objectives
= UX improvement and efficient business



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Progress in NEW RETAIL (2) Project Schedules

- We have launched and currently implementing number of measures and plans, aiming step by step launch of various programs toward FY2024.

▲ : Launch timing

Project Name	Effect	2020/2 1H	2020/2 2H	2021/2 1H
RFID Implementation	DATA Efficiency	▲Inventory and product search functions, accuracy of shipments, and confirmation of returned products		▲Implement in all AZUL stores
Marketing Automation	DATA Efficiency		▲Implement Pop-Up email automation	
SHEL'TTER PASS Development	UX DATA			▲Standardize in-house point cards, product barcode scan ▲Expand contents
Digital Size Comparison	UX DATA	▲Implemented to our Own EC		
EC-Store Coordination	UX DATA Efficiency	▲Inventory display	▲Centralization of inventory	▲EC inventory store settlement
Semi-Auto Merchandising	DATA Efficiency			▲Implement system to some brands
New Business	UX DATA Efficiency			※ Under consideration

As of 15th October

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Progress in NEW RETAIL (3) EC-Store Coordination

- Enhance convenience in product selection, settlement and receipt by providing systems which customers are able to choose the best place, timing and channel.
- Plan to add measures gradually.

— **Inventory Display (launched)**
Display the nearest store and inventory status on our Own EC

— **Centralize Inventories**
Centralize available inventories (store and EC) and achieve inventory efficiency

— **Settlement of EC Inventories at Store**
Settle EC Inventories when they are out of stock in store

Plan to add measures gradually



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Preparing to Launch New Businesses



Planning New Business by combining NEW RETAL with other management themes

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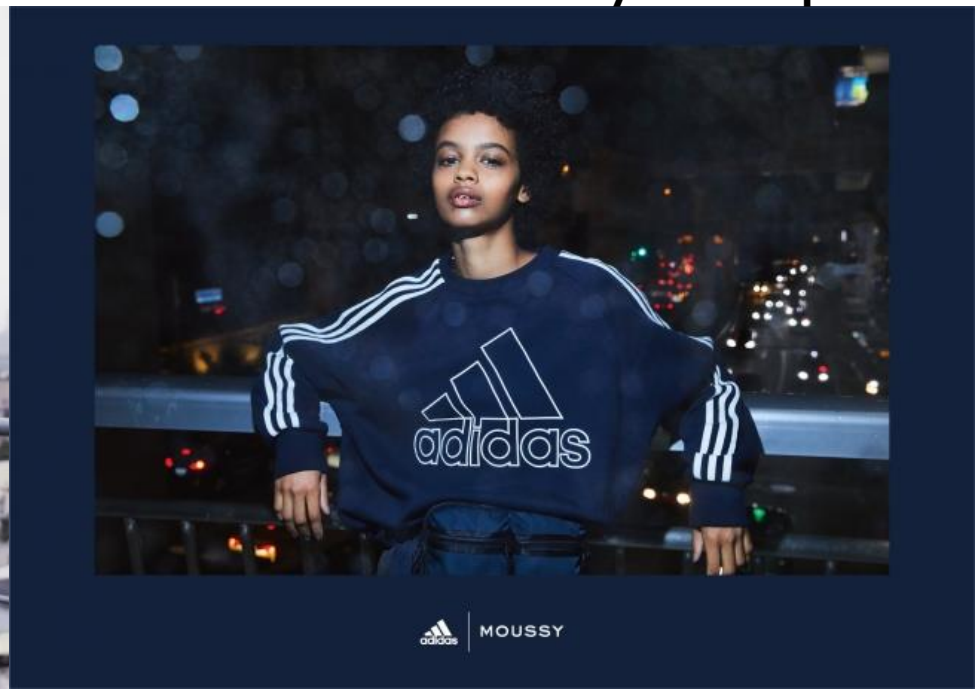
Expansion of Collaboration Items

SLY First Collaboration Item with PUMA



Virtual Model “imma”

MOUSSY adidas | MOUSSY Sixth Product Jointly Developed



In addition to item collaboration, provide more attractive products together with other companies in various ways

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FY2020/02 Outlook (No change)

- **No changes from the forecast set on 15th April 2019.** Recalculated Ref Actual based on 2018/3/1~2019/2/28 (originally was 2018/2/1~2019/1/31).
- Since inventory loss reversal should not be included in normal financial results, figures in parentheses are calculated by subtracting the impact together with extraordinary profit recorded in the previous FY.

※vs Reference Actual

(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	参考実績 Ref Actual	対売上 % to Sales
売上高/Sales	**67,945**	100.0%	100.2%	67,785	100.0%
売上総利益/Gross Profit	**38,596**	56.8%	100.5% (101.1%)	38,408 (38,195)	56.7% (56.3%)
販管費/SG&A	**33,927**	49.9%	101.7%	33,365	49.2%
営業利益/Operating Profit	**4,669**	6.9%	92.6% (96.7%)	5,042 (4,830)	7.4% (7.1%)
経常利益/Recurring Profit	**4,725**	7.0%	95.6% (99.9%)	4,941 (4,729)	7.3% (7.0%)
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%	91.0% (104.0%)	3,181 (2,783)	4.7% (4.1%)
1株当たり当期純利益/EPS	**79.06**			87.99 (76.98)	

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Dividend

- Dividend outlook for FY2020/02: JPY38/share.
- Dividend payout policy (30%~40% payout ratio) unchanged
- 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 (4,000 yen in total) First half 1, Second half 1, Total 2

【After change】

Who	Incentive
100 shares or more (no change)	2 coupons (4,000 yen in total) First half 1, Second half 1, Total 2
200 shares or more	3 coupons (6,000 yen in total) First half 2, Second half 1, Total 3
500 shares or more	4 coupons (8,000 yen in total) First half 2, Second half 2, Total 4

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Appendix

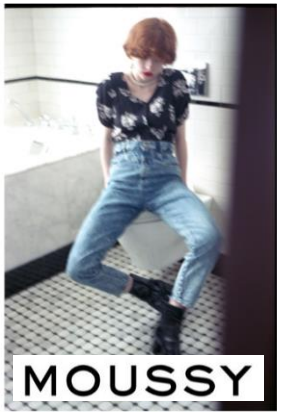
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Leading SPA* for women's apparel & accessories in Japan

- **349** stores in Japan, **250** stores in China, 3 stores in HK, 1 store in U.S**. **18 brands** in the portfolio
- Stable Japan Business + **Growing China Business**
- Efficient business model with **High Inventory Turnover and GPM**

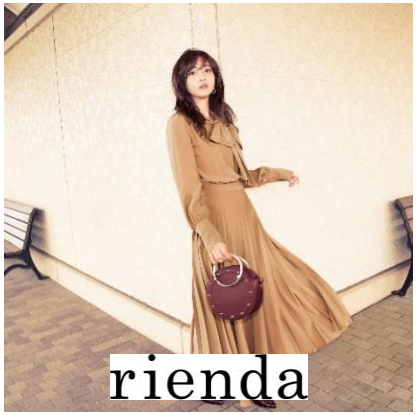
* Specialty store retailer of Private label. A business model by companies with brands to take integrated way from design, production to retail sales.

**As of August 2019 for Japan, June 2018 for Overseas

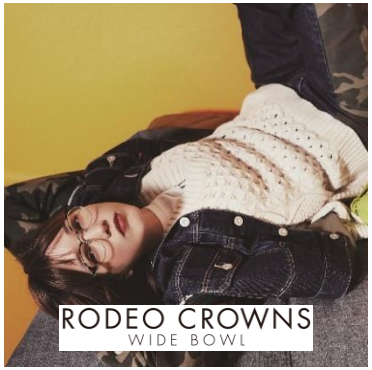
















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History

- 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

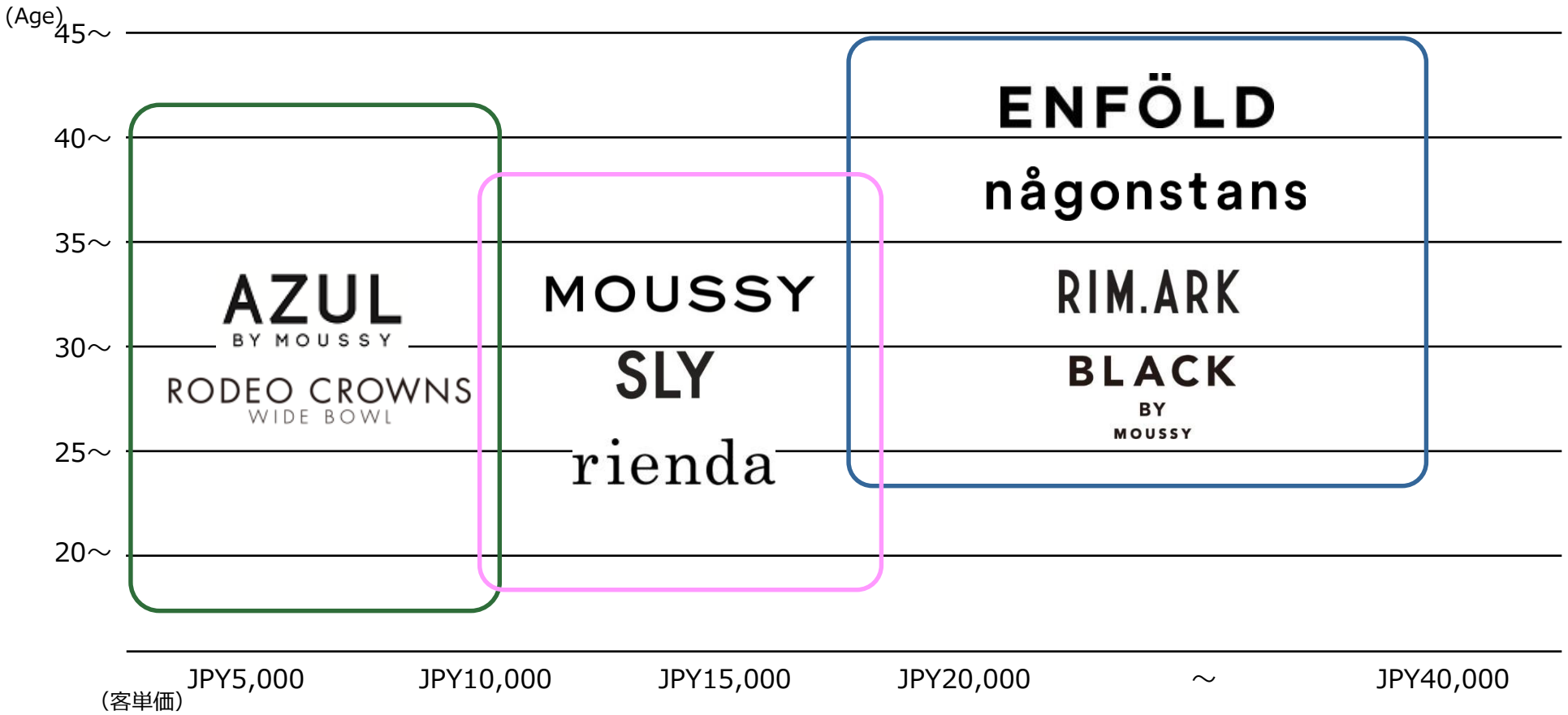






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Balanced Brand Portfolio across Wide Range of Customers



% 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

Domestic Ranking	Company	Logo	Follower	Pose
8	UNIQLO	UNIQLO	2,176,000	1,605
10	Comme des Garcons	COMME des GARÇONS	2,043,000	363
11	A Bathing Ape	A BATHING APE	2,030,000	7,568
12	KENZO	KENZO	1,894,000	2,601
13	MUJI無印良品	MUJI 無印良品	1,762,000	1,642
21	GU	GU	1,041,000	656
27	UNDERCOVER	U	851,000	1,715
30	sacai	sacai	772,000	1,937
37	Yoji Yamamoto	Yoji Yamamoto	718,000	732
46	MOUSSY	MOUSSY	653,000	7,789
60	LOWRYS FARM	LOWRYS FARM	535,000	2,055
95	SLY	SLY	411,000	8,006

Staff Instagrammer, YouTube

aoi186

- Baroque japan limited visual staff
- Follower #416,000
- YouTube 293K views

Koike weekend

- 未来政策室室長
- Follower#76,700
- YouTube 251K views





marinakamura

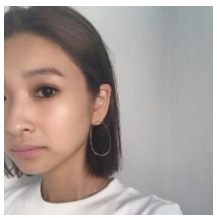
- RIM.ARK
- Follower# 130,000

Corina_718

- EBLÓA
- Follower # 95,400

wadaarisa

- la vie de Leory
- Follower # 82,200







As of end of September 2019, Instagram, YouTube

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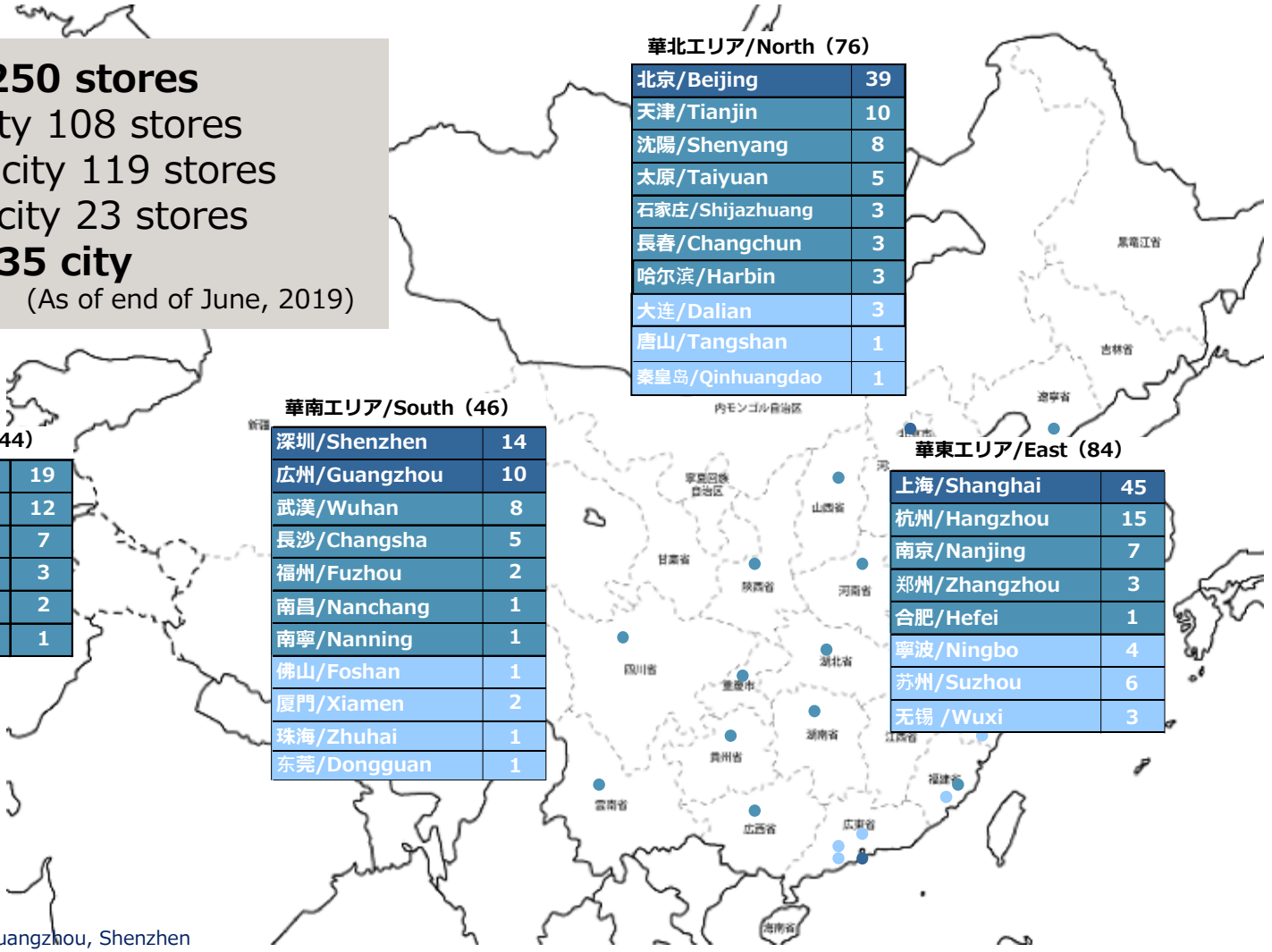
China Stores

- In FY2019/02, opened 48 stores, closed 26 stores, net addition 22 stores
- Planning to open stores aggressively to increase net stores opening

■ **Store number : 250 stores**
- 1st tier city: 4 city 108 stores
- 2nd tier city: 21 city 119 stores
- 3rd tier city: 10 city 23 stores

■ **Number of city: 35 city**

(As of end of June, 2019)



華北エリア/North（76）

北京/Beijing	39
天津/Tianjin	10
沈陽/Shenyang	8
太原/Taiyuan	5
石家庄/Shijazhuang	3
長春/Changchun	3
哈尔滨/Harbin	3
大连/Dalian	3
唐山/Tangshan	1
秦皇岛/Qinhuangdao	1

華南エリア/South（46）

深圳/Shenzhen	14
広州/Guangzhou	10
武漢/Wuhan	8
長沙/Changsha	5
福州/Fuzhou	2
南昌/Nanchang	1
南寧/Nanning	1
佛山/Foshan	1
厦門/Xiamen	2
珠海/Zhuhai	1
东莞/Dongguan	1

西南エリア/West（44）

成都/Chengdu	19
重慶/Chongqing	12
西安/Xian	7
昆明/Kunming	3
貴陽/Guiyang	2
西寧/Xining	1

華東エリア/East（84）

上海/Shanghai	45
杭州/Hangzhou	15
南京/Nanjing	7
郑州/Zhangzhou	3
合肥/Hefei	1
寧波/Ningbo	4
苏州/Suzhou	6
无锡 /Wuxi	3

City Definition

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

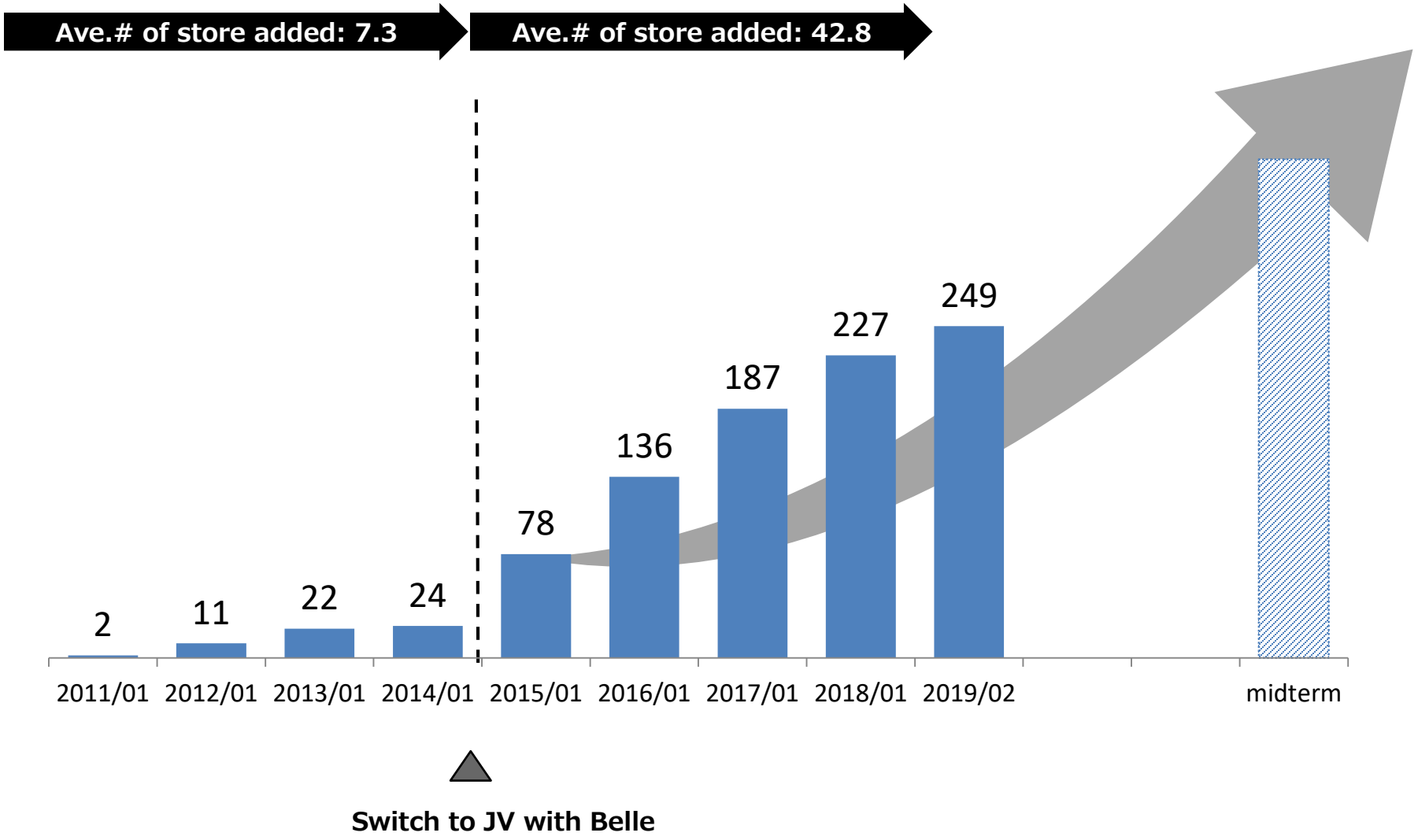
2nd class cities (21 cities):Chengdu, Chongqing, Xi'an, Kunming, Guiyang, Xining, Wuhan, Changsha, Fuzhou, Nanchang, Nanning, Tianjin, Shenyang, Taiyuan, Shijiazhuang, Changchun, Harbin, Hangzhou, Nanjing, Zhengzhou, Hefei

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 FY2020/02 around 30 stores



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High Inventory Turnover and GP Margin

High Inventory Turnover

- New merchandise arrives every week
- Ave. 12,500 to 13,500 item /year



- Sold out or move to Outlet stores/wharehouse 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



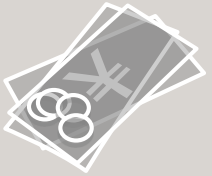
Logistic

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



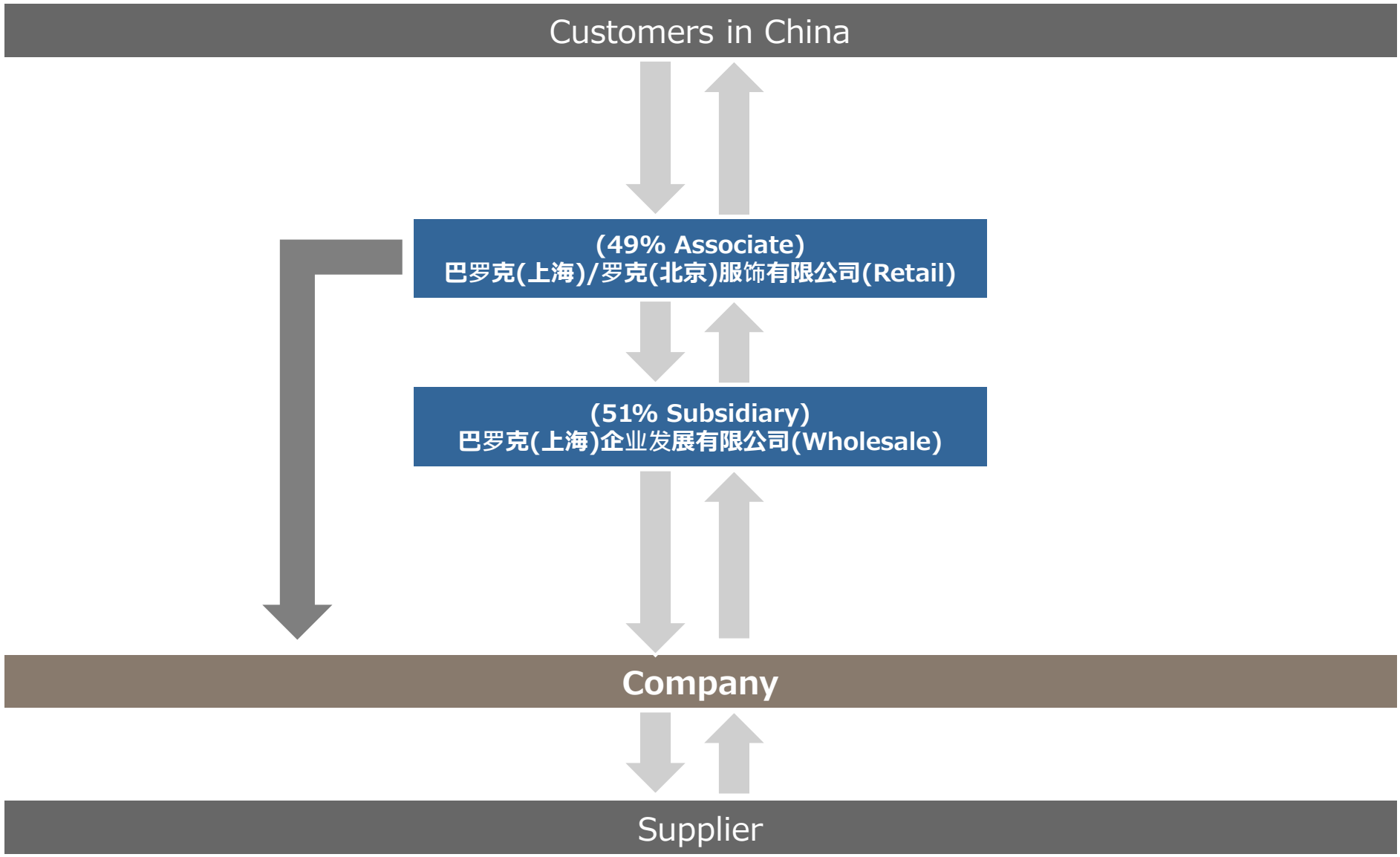
Sales

- 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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