

BAROQUE JAPAN LIMITED

FY2020/02 Third Quarter
Result Announcement

January 14, 2020

Tokyo Stock Exchange First Section: 3548

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 November 30, 2019), we presented the previous fiscal year figures (March 1, 2018 to November 30, 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	2019/3/1~2019/11/30	2019/1/1~2019/9/30
Reference (Ref) Actual (Unaudited)	2018/3/1~2018/11/30	2018/1/1~2018/9/30

1	FY2020/02 Third Quarter Result Overview
2	Business Highlights
3	FY2020/02 Outlook

“Although severe impacts in 3Q due to irregular weather and the consumption tax hike, domestic business recovered in November. China business has steadily remained strong.”

“3Q Operating Profit and Recurring Profit exceeded YoY & forecast.”

Item	Actual	Ref Actual	YoY*	Movement*
<u>Consolidated Sales:</u>	¥48.29 bil	¥49.89 bil	-3.2%	¥-1.60 bil
<u>Consolidated Operating Profit:</u>	¥3.94 bil	¥3.84 bil	+2.7%	¥+0.10 bil
<u>Consolidated Recurring Profit:</u>	¥3.90 bil	¥3.63 bil	+7.4%	¥+0.26 bil
<u>Consolidated Net Profit:</u>	¥2.42 bil	¥2.49 bil	-2.9%	¥-0.07 bil

*vs Reference Actual

Domestic Business

- ◆ In September and October, high temperature, the direct impact of typhoons and the consumption tax hike significantly affected our business. However, we secured sales led by the number of customers, mainly SC brands in November, thanks to the success of the timely introduction of middle clothing, one of the Group's strategies in the second half of the fiscal year.
- ◆ Although unit price declined YoY due to strengthening of our middle-clothing, domestic sales GP margin for 1-3Q remained high, thanks to the decrease of purchasing cost ratio and the continuance of company-wide proper sales strategy.
- ◆ Extraordinary loss ¥74 mil recorded due to the close of AZUL BY MOUSSY Shinjuku in October 2019.
(Net profit decreased YoY due to extraordinary gain from the change in our pension plan in November 2018)

Overseas Business

- ◆ China business has steadily remained strong, and profit steadily increased after March. However, China wholesales, which we incorporated into our consolidated financial statements, decreased due to the RMB depreciation through the year and China Retail Company's efforts to improve inventory efficiency from 3Q.
- ◆ USA Wholesales has continued to expand. On the other hand, stores in Hong Kong have been temporarily closed due to the anti-government demonstration.

Japan Business Overview

- ◆ High temperature, the direct impact of typhoons and the consumption tax hike significantly affected our business. However, we secured sales led by the number of customers, mainly SC brands in November, thanks to the success of the timely introduction of middle clothing, one of the Group's strategies in the second half of the fiscal year.
- ◆ Although unit price declined YoY due to strengthening of our middle-clothing, domestic sales GP rate for 1-3Q remained high, thanks to the decrease of purchasing cost ratio and the continuation of company-wide proper sales strategy.

Domestic Sales: ¥43.26 bil (Ref Result: ¥44.55 bil, -2.9% YoY)

- ◆ In September and October, high temperature, the direct impact of typhoons and the consumption tax hike significantly affected our business. However, we secured sales led by the number of customers, mainly SC brands in November, thanks to the success of the timely introduction of middle clothing, one of the Group's strategies in the second half of the fiscal year.
- ◆ While our Own EC has been in recovery trend, third-party EC is currently in transition process to strategic sales channel.

Domestic GP: ¥27.0 bil (Ref Result: ¥27.37 bil, -1.2% YoY)

- ◆ We have decreased purchasing cost ratio by the continuance of SCM reform and promoted strategy of company-wide proper sales of all brands. As a consequence, we secured profits under difficult business environment.
- ◆ 3Q domestic GP ratio became 62.5% significantly improved (+1.0pt YoY).

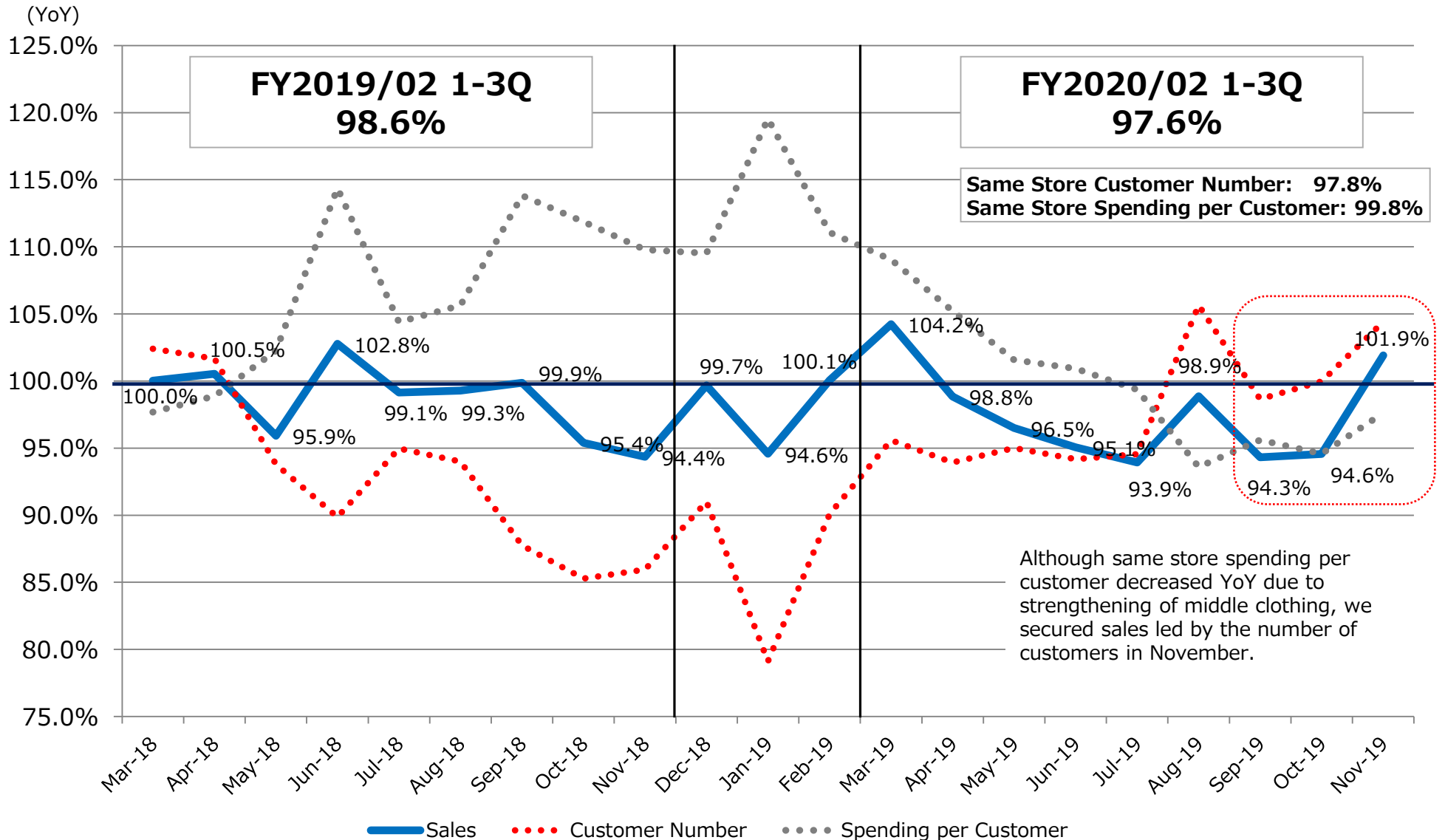
Domestic SG&A Expense: ¥23.66 bil (Ref Result: ¥23.83, -0.7% YoY)

- ◆ Although salaries and wages expense increased, SG&A expense decreased YoY on actual basis thanks to the decrease of sales outsourcing expense and store rent expense.

As a result, 1-3Q domestic OP ¥3.37 bil (Ref Result ¥3.54 bil, -4.7% YoY)

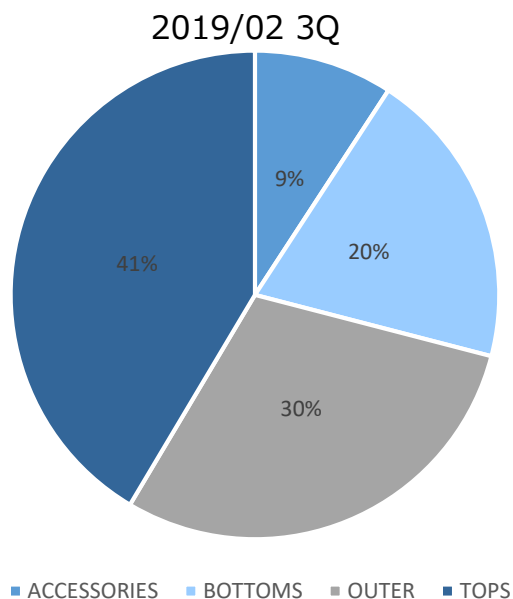
*vs Reference Actual

Japan Business Same Store Sales

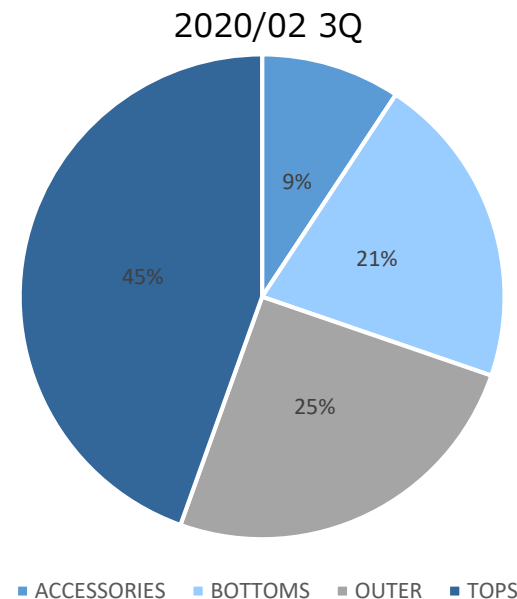


*Same Store: Stores and online stores operated fully through the previous year, excluding stores which closed more than 3 days in a month due to the renovation, natural disasters and other reason.

Sales Composition Ratio by Clothing Category (2019/02 3Q, 2020/02 3Q)



Increased TOPS composition ratio and timely introduced middle clothing suitable for climate while decreased OUTER composition ratio considering warm winter trend.



Top Sales Item for TOPS



Overseas Business Overview

- China business has steadily remained strong and steadily increased profit after March. However, China wholesales, which we incorporated into our consolidated financial statements, decreased due to the RMB depreciation through the year and the efforts to improve inventory efficiency from 3Q.
- USA Wholesales has continued to expand. On the other hand, stores in Hong Kong have been temporarily closed due to the anti-government demonstration.

China JV Sales ¥4.60 bil (Ref Actual: ¥4.65 bil, -1.0% YoY)

- ◆ China retail sales increased in 3Q (49% owned by the equity method) thanks to an increase in the sales mix of Japan-planned products and steady EC sales. (RMB-equivalent royalty in 3Q: 103.8% YoY)
- ◆ RMB depreciation affected sales of Yen denominated China Wholesales (51% consolidated), which we incorporated into our consolidated financial statements. (RMB basis: 105.1% YoY, Yen basis: 99.0% YoY)
- ◆ The number of stores became 267 stores at the end of 3Q, net increase of 18 stores. (Open: 37, Close: 19)

China JV Profit ¥0.39 bil (Ref Actual: 0.23 bil, +70.9% YoY)

- ◆ China JV profit increased by 70.9% YoY thanks to the significant excess of affiliate equity profit and steady profit of China Wholesale in 3Q.

Continued to expand USA business, mainly wholesales

- ◆ In the US, the global expansion of MOUSSY Vintage's wholesale business accelerated, in conjunction with the expansion of overseas wholesale sales business of Japan originated ENFOLD.

The anti-government demonstration in Hong Kong affected store openings

- ◆ Stores in Hong Kong have been temporarily closed due to the anti-government demonstration.

Consolidated Income Statement

- Consolidated Sales decreased by 3.2% YoY
- Consolidated GP Margin improved by 1.3pt YoY (58.3%→59.6%)
- Consolidated SG&A expense ratio increased by 0.8pt YoY (50.6%→51.4%) but decreased YoY on actual basis
- Extraordinary loss ¥74 mil recorded due to the close of AZUL BY MOUSSY, Shinjuku
(Net profit decreased YoY due to extraordinary gain from the change in our pension plan in November 2018)

(百万円/JPY mil)	2020年2月期3Q			2019年2月期3Q	
	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	48,292	100.0%	96.8%	49,897	100.0%
売上総利益/Gross Profit	28,765	59.6%	98.9%	29,078	58.3%
販管費及び一般管理費/SG&A	24,820	51.4%	98.4%	25,236	50.6%
営業利益/Operating Profit	3,944	8.2%	102.7%	3,842	7.7%
経常利益/Recurring Profit	3,903	8.1%	107.4%	3,635	7.3%
親会社株主に帰属する 四半期純利益/Net Profit	2,423	5.0%	97.1%	2,495	5.0%

※vs Reference Actual

Consolidated Sales Breakdown

- Dept brands have steadily remained strong. Although SC brands turned to a recovery trend, FB/SB brands struggled with the Autumn & Winter product sales.
- China wholesales, which we incorporated into our consolidated financial statements, decreased due to the RMB depreciation through the year and China Retail Company's efforts to improve inventory efficiency from 3Q.
- Early brands (in Others) contributed to sales increase.

(百万円/JPY mil)	2020年2月期3Q			2019年2月期3Q	
	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	48,292	100.0%	96.8%	49,897	100.0%
FB/SBブランド/FB/SB Brands	15,157	31.4%	93.6%	16,189	32.4%
SCブランド/SC Brands	21,736	45.0%	97.0%	22,405	44.9%
セレクトショップ・百貨店ブランド/ Select Shop・Dept Store Brands	4,358	9.0%	103.3%	4,220	8.5%
海外/Overseas	5,874	12.2%	98.5%	5,966	12.0%
その他/Others	1,165	2.4%	104.5%	1,115	2.2%

*vs Reference Actual

Consolidated SG&A Expense

- Consolidated SG&A Expense rate increased by 0.8pt (50.6%→51.4%) but decreased YoY on actual basis.
- Salaries and wages increased due to the increase of store staff adjusting to the promotion of work style reform.

(百万円/JPY mil)	2020年2月期3Q				2019年2月期3Q	
	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	48,292	100.0%	96.8%	-	49,897	100.0%
販売管理費/SG&A Expense	24,820	51.4%	98.4%	0.8pt	25,236	50.6%
広告費及び販売促進費/ Advertising and promotional cost	1,506	3.1%	99.9%	0.1pt	1,508	3.0%
給与手当/Salaries and wages	4,337	9.0%	105.4%	0.7pt	4,116	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	10,142	21.0%	95.8%	-0.2pt	10,584	21.2%
減価償却費/Depreciation	672	1.4%	104.9%	0.1pt	641	1.3%
その他/Others	8,161	16.9%	97.3%	0.1pt	8,386	16.8%

*vs Reference Actual

Consolidated Balance Sheet

- Inventories became 113.3%, compared to the end of November of the previous fiscal year (FY2019/02 ¥6,959 mil*)

(百万円/JPY mil)	2020年2月期 (2019/11/30)			2019年2月期 (2019/2/28)	
	金額	構成比	前期未比	金額	構成比
	Amount	Composition	% to previous year end	Amount	Composition
現預金/Cash	13,562	34.0%	73.3%	18,504	45.4%
売掛金/Accounts Receivable	8,684	21.8%	118.8%	7,311	18.0%
商品/Inventories	7,892	19.8%	145.1%	5,438	13.4%
その他流動資産/Other Current Asset	535	1.3%	117.6%	455	1.1%
固定資産/Non Current Asset	9,204	23.1%	102.2%	9,004	22.1%
総資産/Total Asset	39,879	100.0%	97.9%	40,715	100.0%
負債/Liabilities	19,119	47.9%	94.0%	20,349	50.0%
純資産/Equity	20,759	52.1%	101.9%	20,365	50.0%

*vs Reference Actual

Japan Business Income Statement

- Domestic sales became 97.1% YoY
- Domestic EC sales became 95.3% YoY and our Own EC sales became 98.6% YoY
3rd-party EC sales became 91.2% YoY due to restrained discount sales but contributed to improve OP
- Domestic GP Margin improved by 1.0pt YoY (61.5%→62.5%)

(百万円/JPY mil)	2020年 2月期3Q			2019年 2月期3Q	
	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	43,264	100.0%	97.1%	44,551	100.0%
(店舗売上/Store Sales)	34,906	80.7%	97.3%	35,862	80.5%
(通販売上/EC Sales)	5,498	12.7%	95.3%	5,767	12.9%
売上総利益/Gross Profit	27,040	62.5 %	98.8%	27,379	61.5%
販管費及び一般管理費/SG&A	23,663	54.7%	99.3%	23,835	53.5%
営業利益/Operating Profit	3,377	7.8%	95.3%	3,543	8.0%
経常利益/Recurring Profit	3,300	7.6%	97.7%	3,378	7.6%

*vs Reference Actual

China JV Sales and Profit

- China wholesales became 105.1% (RMB basis) YoY owing to the strong spring & summer product sales by China Retail
- China retail sales has been in a recovery trend since March (RMB-equivalent royalty of 103.8% YoY)
- China wholesales, which we incorporated into our consolidated financial statements, decreased due to the RMB depreciation and the efforts to improve inventory efficiency. However, China JV profit significantly improved YoY.

Japanese Yen

(百万円/JPY mil)	2020年2月期 3Q実績 Actual	2019年2月期 3Q 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	4,609	4,654	99.0%
ロイヤリティ/Royalty	340	347	97.8%
売上合計/Sales Total	4,949	5,001	99.0%
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	-9	-160	-
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	166	148	112.7%
ロイヤリティ税抜換算 Royalty after tax	238	243	97.8%
利益合計/Profit Total	395	231	170.9%

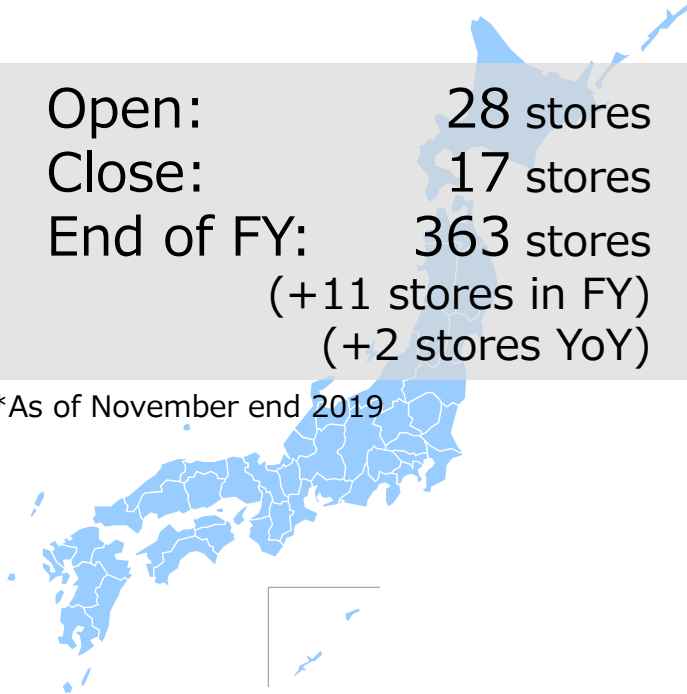
RMB

(単位:百万人民币)	2020年2月期 3Q実績 Actual	2019年2月期 3Q 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	290	276	105.1%
ロイヤリティ/Royalty	21	20	103.8%
売上合計/Sales Total	311	297	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	0	-9	-
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	10	8	125.0%
ロイヤリティ税抜換算 Royalty after tax	14	14	103.8%
利益合計/Profit Total	24	13	181.3%

JAPAN

Open: 28 stores
Close: 17 stores
End of FY: 363 stores
(+11 stores in FY)
(+2 stores YoY)

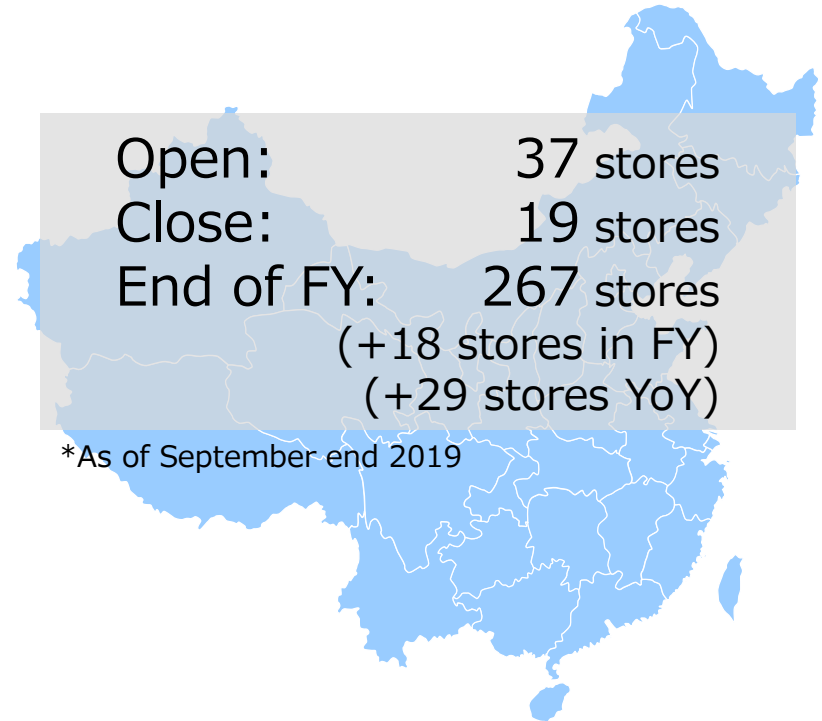
*As of November end 2019



CHINA

Open: 37 stores
Close: 19 stores
End of FY: 267 stores
(+18 stores in FY)
(+29 stores YoY)

*As of September end 2019



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- Our down jackets are eco-blended, containing recycle and new down.
- Recycling of feather raw material leads to reduction of CO2 emissions generated during the incineration of unnecessary futon and of water pollution from washing of raw materials.
- Amid a decrease of the feather supply, as an apparel company, we propose the solution to recycle resources. We also propose sustainable products with environmental considerations.



AZUL BY MOUSSY



RODEO CROWNS WIDE BOWL



rienda

Opened the First Store of ASCP AZUL BY MOUSSY at Kirarina Keio Kichijoji

Slide 17

- The concept of ASCP AZUL BY MOUSSY is not just a shopping store but a concept of a contemporary space where people gather and relax. The interior, which incorporates circles and curves with the warmth of wood, creates a feminine softness and calm atmosphere providing a sophisticated and comfortable space.





- Opened RIM.ARK store at Shibuya Scramble Square in November 1st.

- ENFÖLD proposes sophisticated relax & elegant style. någonstans proposes clothing which people want to travel to discover somewhere remote from daily life. The creative director Mizuki Ueda designed both brands.
- In November 22nd, opened the collaboration store of ENFÖLD and någonstans at Shibuya PARCO.



- Started the operation to enhance cross-sales between our Own EC “SHEL'TTER WEB STORE” and directly operated stores (MOUSSY, AZUL, SLY).
- Provides information of real store inventories through our Own EC, established automated link between inventories for stores & our Own EC, and enables EC inventories purchase at real store.



1 FY2020/02 Third Quarter Result Overview

2 Business Highlights

3 FY2020/02 Outlook

- **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.

(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)	

*vs Reference Actual

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

※Available for use of the coupon at our stores and our Own EC site

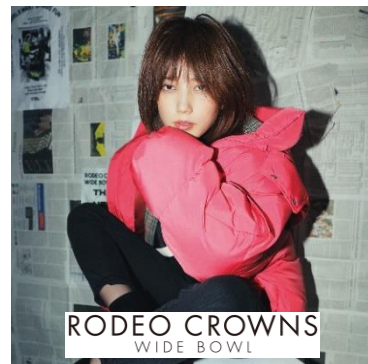
Appendix

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




- **363** stores in Japan, **267** 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.

**As of November 2019 for Japan, September 2019 for Overseas



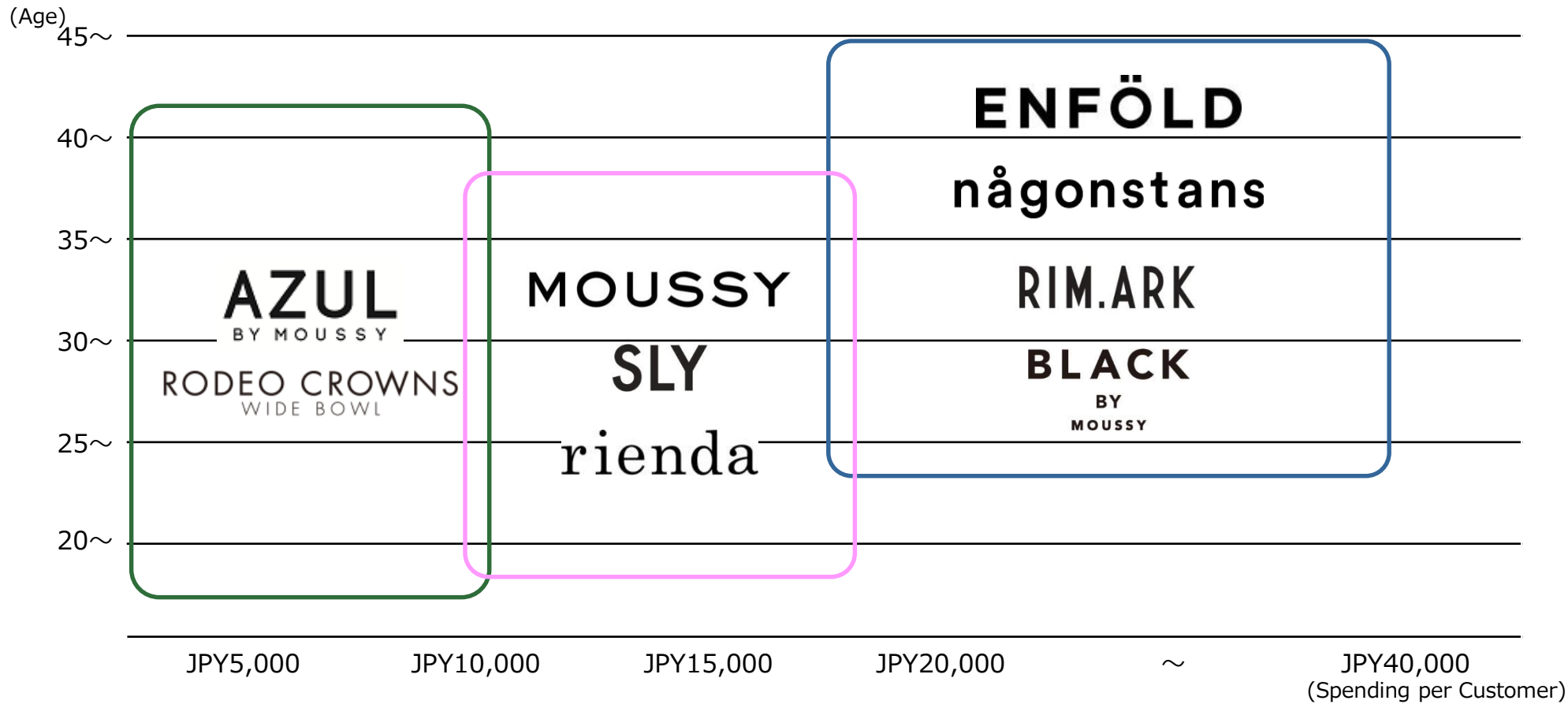
- Our philosophy “we make what we want” never changes, expanded globally supported by our loyal customers

Time	History	
2000	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> China business expert, Mr. Murai (current Chairman and CEO) joined the company 	
2007	<ul style="list-style-type: none"> MBO by CLSA and senior management 	
2008	<ul style="list-style-type: none"> [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	<ul style="list-style-type: none"> 1st MOUSSY store opened in China 	
2012	<ul style="list-style-type: none"> [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	<ul style="list-style-type: none"> CLSA sold all the shares to Belle and CDH Fund. China JV with Belle started 	
2016	<ul style="list-style-type: none"> [RIM.ARK] launched by a winner of an internal competition project. [MOUSSY][ENFÖLD] stores opened in Manhattan, NY 	

Time	History
2017	<ul style="list-style-type: none"> ● China JV reached 200 stores
2018	<ul style="list-style-type: none"> ● 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「nagonstans」, 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	<ul style="list-style-type: none"> ● Launched "y/m" for women in their late 30s and 40s who are highly fashion-sensitive, offering simple, but detailed, and ingredients-focused clothes














Balanced Brand Portfolio across Wide Range of Customers



% of sales	50%	40%	10%
Ave. Store Size	132㎡ ~ 496㎡	66㎡ ~ 165㎡	50㎡ ~ 66㎡
Global Comparison	TOPSHOP ZARA	ALLSAINTS rag & bone NEW YORK	STELLA/McCARTNEY MARNI

Ranking of Instagram Follower# for Japanese Fashion Brands

Domestic Ranking	Company	Logo	Follower#	Pose
8	UNIQLO		2,260,000	1,721
10	A Bathing Ape		2,130,000	7,661
12	MUJI無印良品		1,950,000	1,898
13	KENZO		1,910,000	63
22	GU		1,100,000	660
29	UNDERCOVER		880,000	1,757
32	sacai		830,000	1,986
39	Yoji Yamamoto		730,000	753
44	MOUSSY		660,000	8,073
66	LOWRYS FARM		550,000	2,192
101	SLY		442,000	8,249

Staff Instagrammer, YouTuber

aoi186

- Baroque japan limited visual staff
- Follower# 448,000
- YouTube登録者数28.6万人



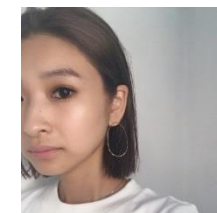
Koike weekend

- CEO Policy Secretary Office
- Follower# 88,400
- YouTube登録者数27.3万人



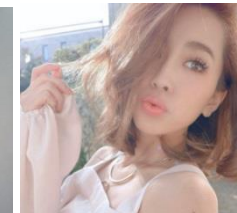
marinakamura

- RIM.ARK
- Follower# 136,000



Corina_718

- EBLÓA
- Follower# 94,100



wadaarisa

- la vie de Leory
- Follower#81,700



As of January 5th, 2020, Instagram, YouTube

- In FY2020/02, opened 37 stores, closed 19 stores, net addition 18 stores
- Planning to open stores aggressively to increase net stores opening

■ **Store number : 267 stores**

- 1st tier city: 4 city 113 stores
- 2nd tier city: 21 city 129 stores
- 3rd tier city: 10 city 25 stores

■ **Number of city: 35 city**

(As of end of September, 2019)

西南エリア/West (52)

成都/Chengdu	20
重慶/Chongqing	15
西安/Xian	9
昆明/Kunming	4
貴陽/Guiyang	2
西寧/Xining	1
綿陽/Mianyang	1

華南エリア/South (50)

深圳/Shenzhen	18
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	2
廈門/Xiamen	2
東莞/Dongguan	1

華北エリア/North (78)

北京/Beijing	39
天津/Tianjin	10
沈陽/Shenyang	8
太原/Taiyuan	5
石家荘/Shijiazhuang	4
長春/Changchun	3
哈爾濱/Harbin	3
大連/Dalian	4
唐山/Tangshan	1
秦皇島/Qinhuangdao	1

華東エリア/East (87)

上海/Shanghai	46
杭州/Hangzhou	16
南京/Nanjing	8
鄭州/Zhangzhou	3
合肥/Hefei	1
寧波/Ningbo	4
蘇州/Suzhou	6
無錫/Wuxi	3

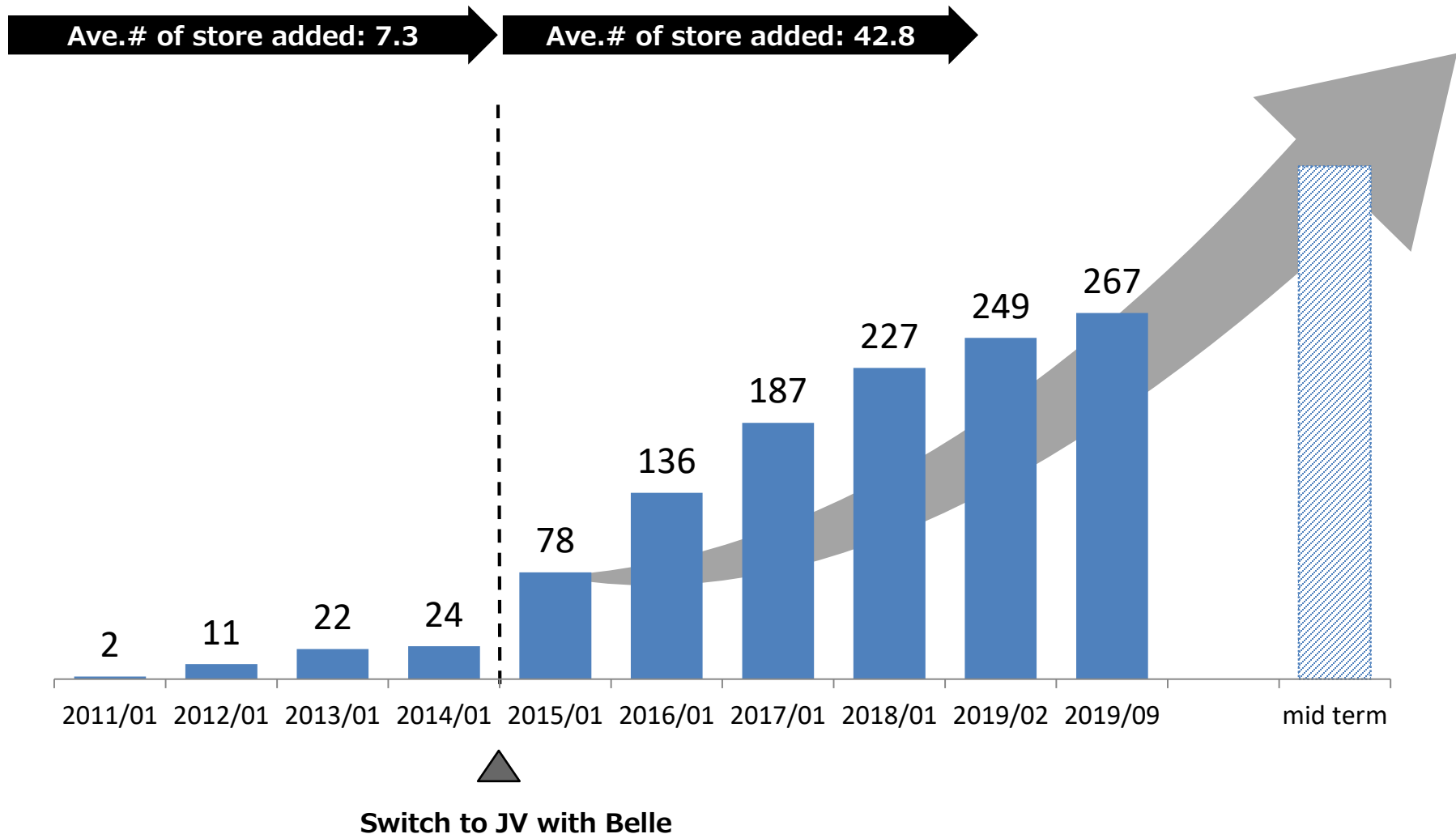
City Definition

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

- 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



High Inventory Turnover

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



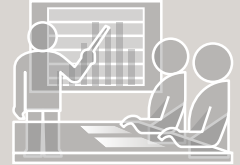
- Sold out or move to Outlet stores/warehouse after 2 to 3 weeks
- Highly skilled shop staff



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



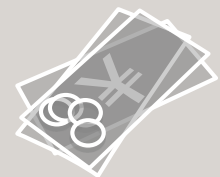
Logistic

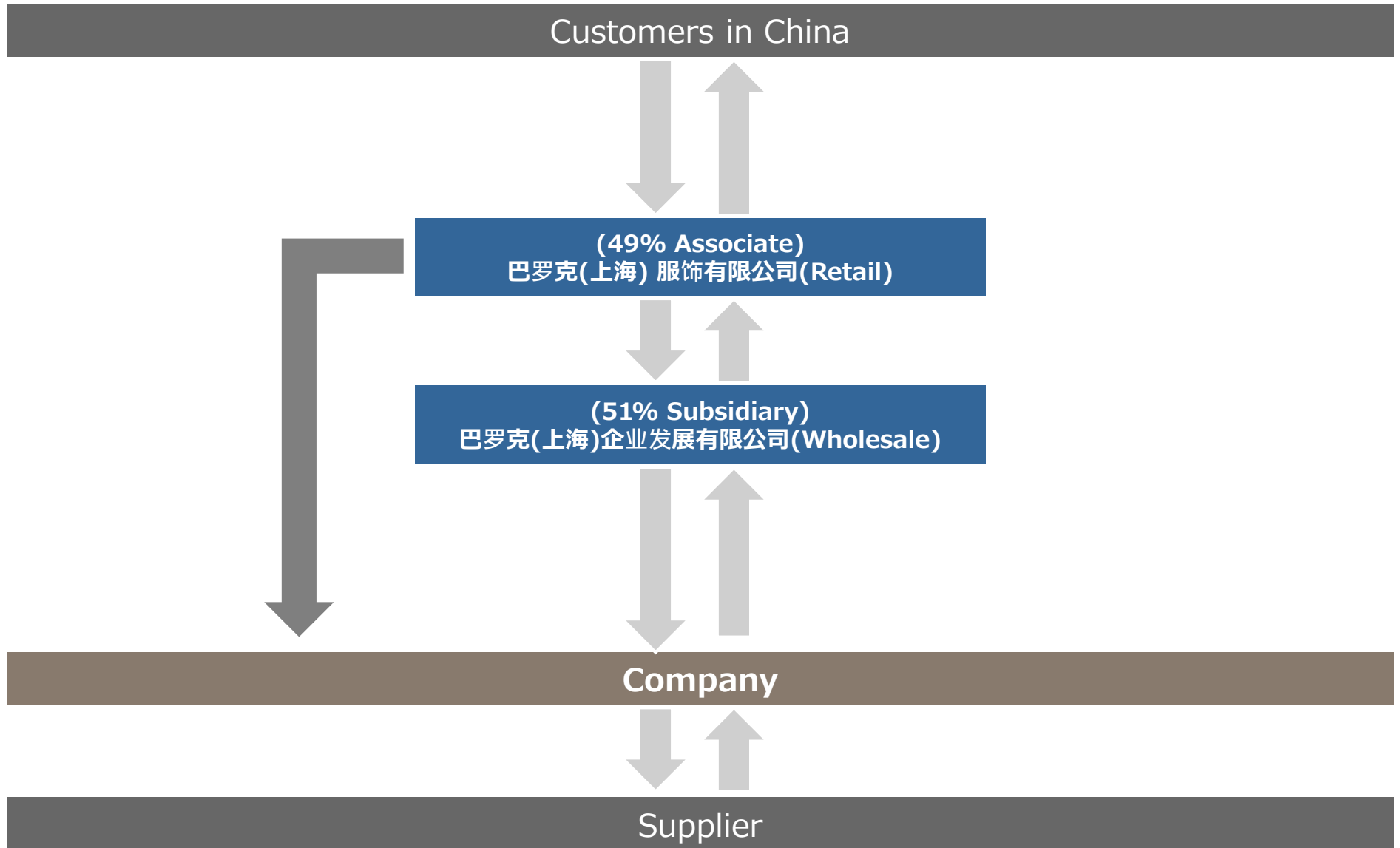
- Lower logistic and warehouse cost utilizing Belle's resource
- In-house inspection center



Sales

- Multiple training for shop staff
- Unique incentive scheme





↑ : Merchandise

↓ : Order

↩ : Royalty

- **This document contains forward-looking statements. All statements other than statements of historical fact included herein, including without limitation, those regarding our financial position, business strategy, management plans and objectives for future operations are forward-looking statements. Any such forward-looking statements are subject to risk and uncertainty and thus could differ materially from actual results.**
- **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.**