

# BAROQUE JAPAN LIMITED

## 3<sup>rd</sup> Quarter January 2017 Result Announcement

**December 16, 2016**

Tokyo Stock Exchange 1<sup>st</sup> Section: 3548

**1** 3<sup>rd</sup> Quarter January 2017 result

2 January 2017 full-year outlook

3 Company overview and future strategy

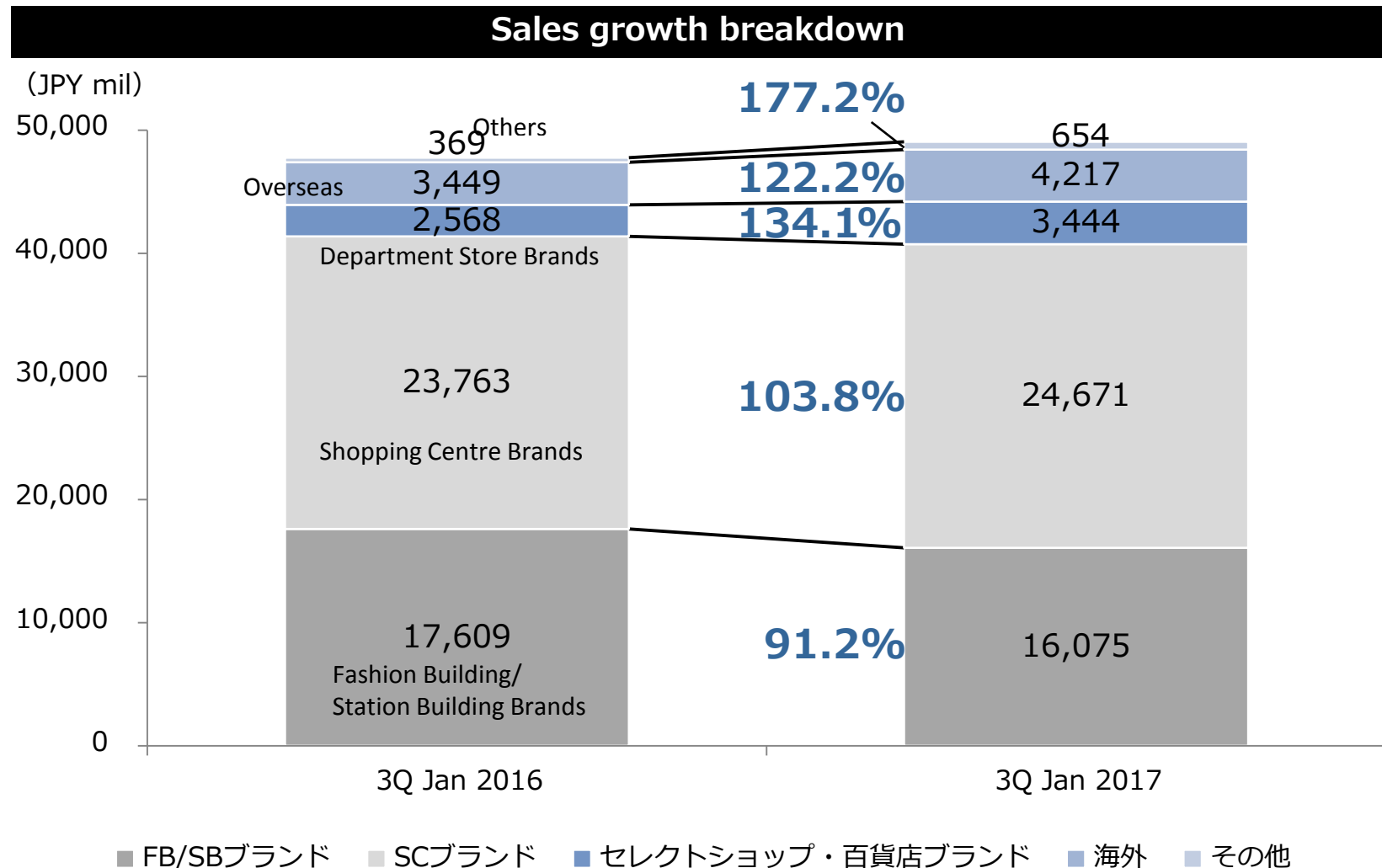
4 Return to shareholders






Appendix

- Sales is 102.7% of prior period, mainly due to the store expansion in Japan and overseas
- Operating profit is 87.3% of prior period. Strong China business offset by the challenging environment in Japan and the mark-to-market loss from RMB assets

(JPY mil)	2017年1月期3Q累計実績 Actual	対売上 % of Sales	前年同期比 YoY
売上高 Sales	49,059	100.0%	102.7%
売上総利益 Gross Profit	28,085	57.2%	100.4%
販管費及び一般管理費 SG&A	24,449	49.8%	102.6%
営業利益 Operating Profit	3,636	7.4%	87.3%
経常利益 Recurring Profit	3,432	7.0%	80.5%
親会社株主に帰属する四半期（当期）純利益 Net Profit	2,221	4.5%	83.6%

- Overseas, department store brands showed strong growth of 122.2% and 134.1% of prior period
- Shopping centre brands performing on track at 103.8% of prior period
- Fashion building/station building brands at 91.2% of prior period, focusing on improving the profitability



科目 Item	アクション Action		結果 Result	2017年1月期 3Q累計実績 Actual	前年同期比 YoY
売上高 Sales	New stores in Japan, overseas, EC performed well		Increase in sales	49,059	102.7%
売上総利益 Gross Profit	Inventory control by sales promotion at outlet stores and third party EC platform		GP% deceased by 1.4pt	28,085	100.4%
販管費及び一般管理費 SG&A	Listing fee, increased expenses for supporting overseas business		Well controlled, in-line with increase in sales	24,449	102.6%
営業利益 Operating Profit	Negative impact from lower gross profit		Decrease in operating profit	3,636	87.3%
経常利益 Recurring Profit	Mark-to-market loss from RMB assets		Negative impact due to stronger JPY	3,432	80.5%

- Cash 197.8%, Equity 261.1% compared to the beginning of the financial year due to IPO.
- Inventory 101.1% of prior period

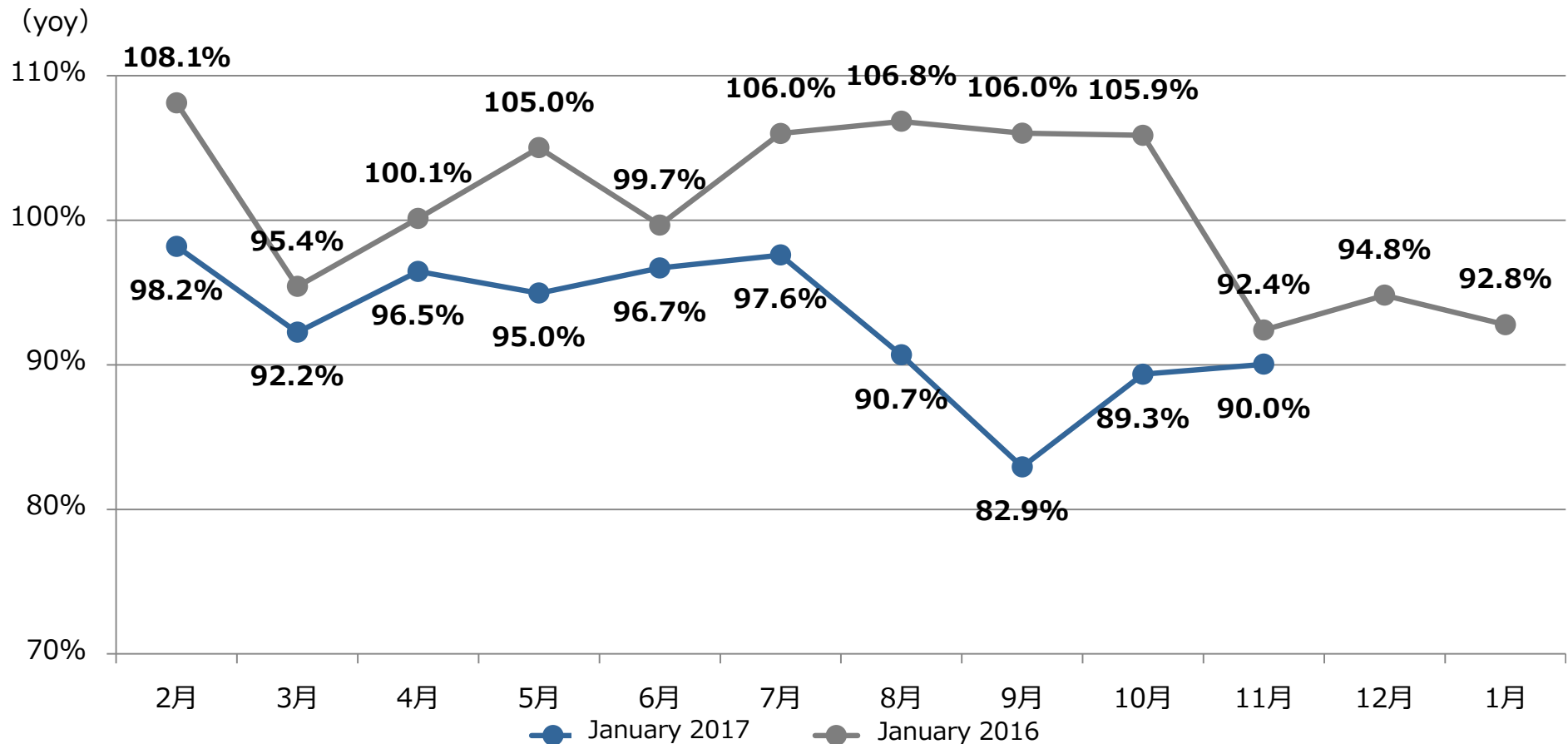
(JPY mil)	Oct 2015		Jan 2016		Oct 2016			
	金額 Amount	構成比 %	金額 Amount	構成比 %	金額 Amount	構成比 %	前年同期末比 YoY	前連結期末比 % to previous year end
現預金 Cash	6,475	22.0%	7,845	27.7%	15,514	40.1%	239.6%	197.8%
売掛金 Accounts Receivable	6,683	22.7%	6,145	21.7%	6,094	15.7%	91.2%	99.2%
商品 Inventories	7,226	24.5%	5,348	18.9%	7,362	19.0%	101.9%	137.7%
その他流動資産 Other Current Asset	1,416	4.8%	1,152	4.1%	1,710	4.4%	120.8%	148.4%
固定資産 Non Current Asset	7,684	26.1%	7,808	27.6%	8,039	20.8%	104.6%	103.0%
総資産 Total Asset	29,485	100.0%	28,298	100.0%	38,728	100.0%	131.3%	136.9%
負債 Liabilities	25,181	85.4%	22,445	79.3%	23,446	60.5%	93.1%	104.5%
純資産 Equity	4,304	14.6%	5,853	20.7%	15,281	39.5%	355.0%	261.1%

- 1Q and 2Q were on track. 3Q was challenging due to unpredicted weather
- Reasonable priced item aiming to increase customer number, resulting in decreased store sales as the increased customer number did not offset the decrease in spending per customer
- EC very strong at 117.5% of prior period
- Gross profit is 99.6% of prior period, reflecting the earlier-than-scheduled inventory control (sales promotion at outlet stores and third party EC offering discount)

(JPY mil)	2017年1月期3Q累計実績 Actual	対売上 % of Sales	前年同期比 YoY
売上高 Sales	44,843	100.0%	101.2%
店舗売上/Store Sales	36,563	81.5%	98.2%
EC売上/EC Sales	5,212	11.6%	117.5%
売上総利益 Gross Profit	26,601	59.3%	99.6%
販管費及び一般管理費 SG&A	23,219	51.8%	103.0%
営業利益 Operating Profit	3,382	7.5%	80.9%
経常利益 Recurring Profit	3,137	7.0%	72.4%

- 100.3% in FY2016/01 with very strong 3<sup>rd</sup> Quarter
- Challenging FY2017/01 due to higher base but showing improved performance in December

## SSS 2016 January and 2017 January



※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.



- Strong growth in wholesale and royalty due to store expansion
- Total profit from China business (① + ② + ③) 106.9%(in JPY), 125.4%(in RMB) of prior period

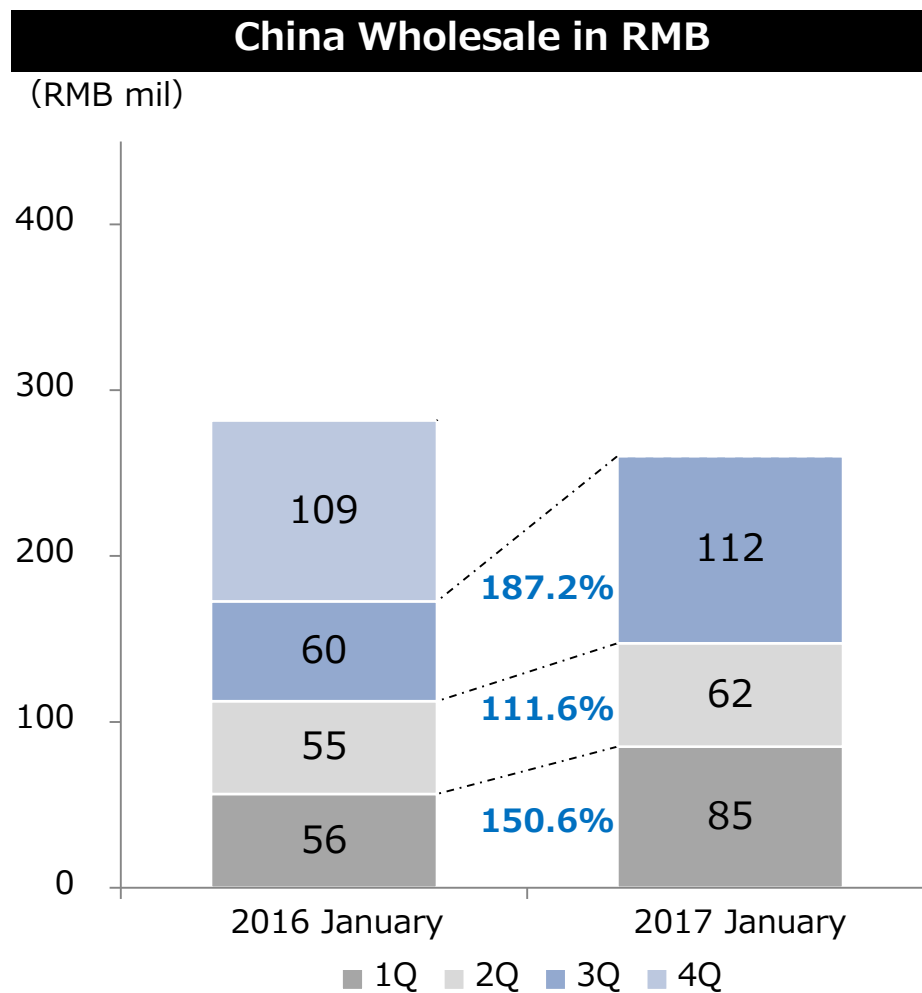
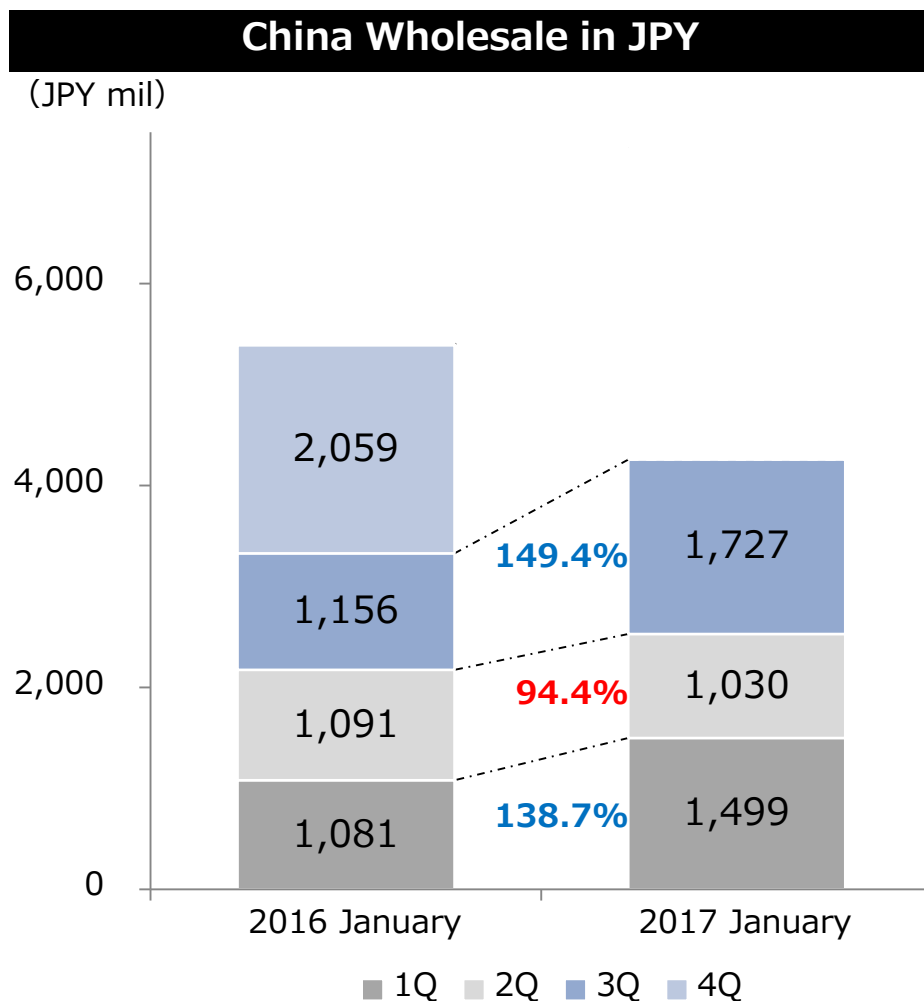
## In JPY

(JPY mil)	今期3Q累計 Actual	前期3Q累計 Previous Year	前年同期比 YoY
中国合併事業からの売上 Sales from China JV			
卸売 Wholesale	4,094	2,952	138.7%
ロイヤリティ Royalty	232	165	140.6%
中国合併事業からの利益 Profit from China JV			
① 持分法投資利益 Equity method investment gain	88	178	49.6%
② 少数株主持分の51%相当 51% of JV subsidiary	100	34	292.9%
③ ロイヤリティ税抜換算 Royalty after tax	162	116	140.6%
① + ② + ③	351	328	106.9%

## In RMB

(RMB mil)	今期3Q累計 Actual	前期3Q累計 Previous Year	前年同期比 YoY
中国合併事業からの売上 Sales from China JV			
卸売 Wholesale	248	153	162.7%
ロイヤリティ Royalty	14	9	164.9%
中国合併事業からの利益 Profit from China JV			
① 持分法投資利益 Equity method investment gain	5	9	58.2%
② 少数株主持分の51%相当 51% of JV subsidiary	6	2	343.5%
③ ロイヤリティ税抜換算 Royalty after tax	10	6	164.9%
① + ② + ③	21	17	125.4%

- 3Q cumulative wholesales is 130.8% (in JPY), 154.8%(in RMB) of prior period



# MOUSSY/ENFÖLD store opened in New York

Slide 11

- MOUSSY/ENFÖLD store opened in Manhattan, NY in September 2016
- Many inquiries from prestigious department stores/select shops about wholesale opportunity, especially for MOUSSY jeans
- Main customers are Asians, especially Chinese people living in NY and tourists from China
- Fashion trend information gathering and global marketing for the group



January 2017 Full Year Outlook

## MOUSSY

In NY

## ENFÖLD

In NY



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**4** Return to shareholders

Appendix

- Improved performance in December. Outerwear sales picking up
- Plan to facilitate profit/inventory controlled during year-end/new year sales

(JPY mil)	2017 January			3Q		2016 January	
	見通し Forecast	対売上 % to Sales	前年同期比 YoY	実績 Actual	対売上 % to Sales	実績 Actual	対売上 % to Sales
売上高 Sales	72,843	100.0%	5.9%	49,059	100.0%	68,769	100.0%
営業利益 Operating Profit	6,146	8.4%	2.5%	3,636	7.4%	5,996	8.7%
経常利益 Recurring Profit	6,386	8.8%	4.0%	3,432	7.0%	6,141	8.9%
親会社株主に帰属する 当期（四半期）純利益/Net Profit	4,424	6.1%	4.8%	2,221	4.5%	4,221	6.1%
1株当たり当期（四半期）純利益 EPS	136円75銭			70円93銭		134円85銭	

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Appendix

<b>Name</b>	Baroque Japan Limited
<b>Established/ Incorporated</b>	March 2000/August 2003
<b>Business</b>	Specialty retailer of private label apparels, designing and selling of women's fashion apparel and accessories
<b>Capital</b>	JPY7.9 billion
<b>Representative</b>	Chairman & CEO, Hiroyuki Murai
<b>Office address</b>	Meguro, Tokyo
<b># of Employee</b>	1,679 (temporary staff 142)
<b>Sales</b>	JPY68,769mil (January 2016)
<b># of Brans</b>	Apparel 13, Shoes 1, Private Brand Select Store Brand (Store and EC)
<b>Store #</b>	Japan 360, China 176, HK・Macau 8, US 2

- ※ Employee Number is as of August 2016
- ※ Store Number is as of October 2016. Store Number for China is as of September 2016
- ※ Stores in China are operated by JV with Belle International Holdings Limited

- Our philosophy “we make what we want” never change
- Started from a 350 sqf store in Shibuya 109, expanded globally supported by our loyal customers

Time	History	
2000年	<ul style="list-style-type: none"> <li>● 6 founders started [MOUSSY] from Shibuya 109. “we make what we want (because there is none in the market!)”</li> <li>● Designed to accentuate the sexiness of women, MOUSSY jean sold out everywhere</li> <li>➢ MOUSSY achieved a scale of JPY10bil turnover in just 4 years</li> </ul>	
2006年	<ul style="list-style-type: none"> <li>● China business expert, Mr. Murai (current Chairman and CEO) on board</li> </ul>	
2007年	<ul style="list-style-type: none"> <li>● MBO by CLSA and senior management</li> </ul>	
2008年	<ul style="list-style-type: none"> <li>● [AZUL by moussy] launched to target customers at shopping centers (reasonably priced item, offering women, men, and kids item), still offering MOUSSY-style shopping experience and store atmosphere</li> </ul>	
2010年	<ul style="list-style-type: none"> <li>● 1<sup>st</sup> MOUSSY store opened in China</li> </ul>	
2012年	<ul style="list-style-type: none"> <li>● 「ENFÖLD」 launched to target sophisticated women in 30s and 40s</li> <li>➢ Established “Domestic Contemporary market*” *more mode/edgy than domestic office wear brands, and yet cheaper than imported contemporary brands</li> </ul>	
2013年	<ul style="list-style-type: none"> <li>● CLSA sold all the shares to Belle and CDH Fund. China JV with Belle started</li> </ul>	
2016年	<ul style="list-style-type: none"> <li>● [RIM.ARK] launched, positioned as “Norm Mode” brand, enjoying simple and easy style.</li> <li>● Started as an EC exclusive brand (later with actual stores opened)</li> <li>● 「MOUSSY」 「ENFÖLD」 stores opened in Manhattan, NY</li> </ul>	





## 「挑戦」BAROQUE発 世界へ

「BAROQUE発のファッションブランドを日本の代表的なファッションブランドとして世界へ飛躍させる」

私たちは、この企業理念の実現に向けて、スタッフ一人ひとりが国籍の違いを超えて  
自由に活躍し、世界中のお客さまから支持されるグローバル企業を目指して参ります。

Company Philosophy : 「CHALLENGE」 From BAROQUE to the WORLD

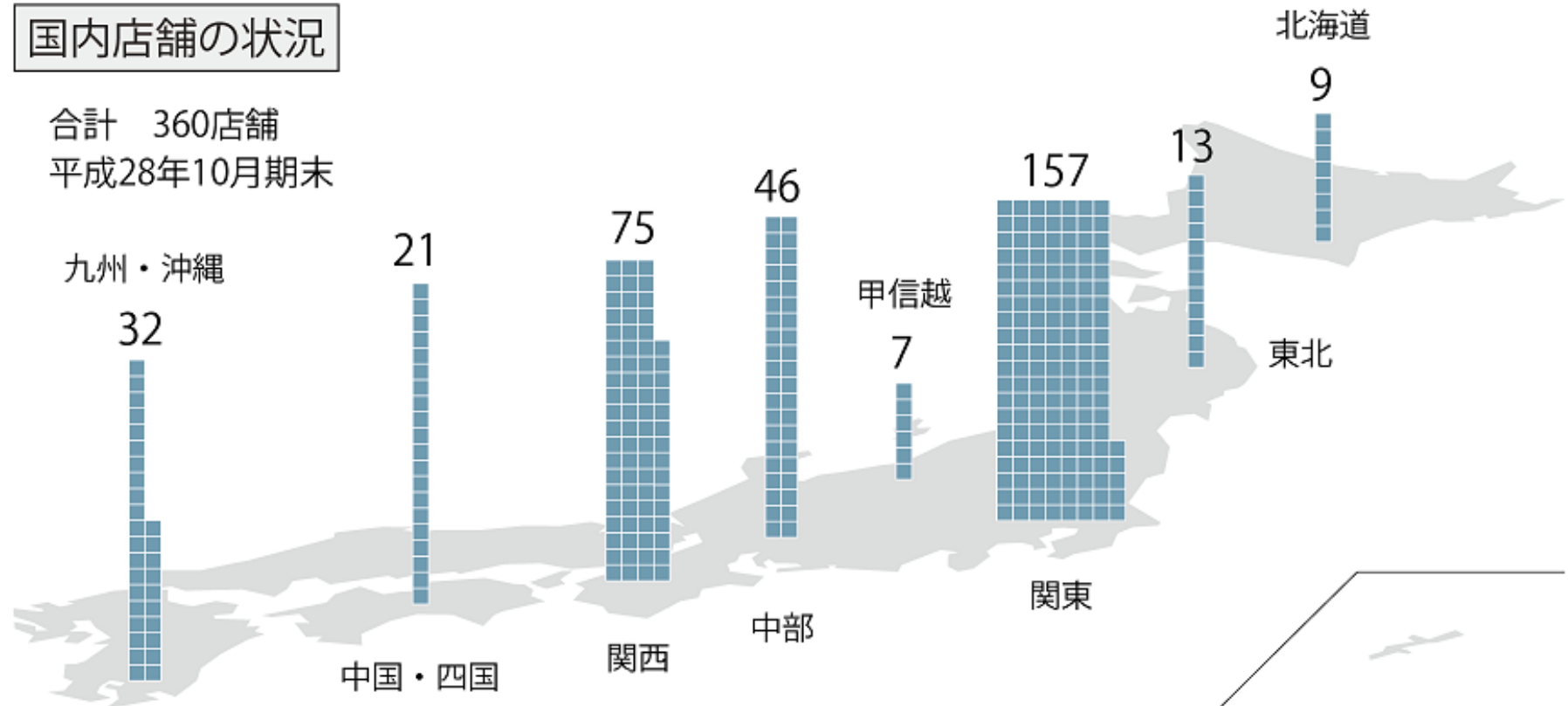
## **【Our 3 Strategies for future growth】**

- ①Japan: Continued store network expansion and improving profitability by scrap and build**
- ②EC: Further expansion supported by our renewed EC platform**
- ③China: Accelerated sales growth by JV with Belle**

- 47 store opened and 23 store closed by 3Q, net addition of 24 stores
- Focus on opening in Tokyo area, improving profitability by scrap and build in other areas
- Forecasting an average of 20 stores net addition per year

## 国内店舗の状況

合計 360店舗  
平成28年10月期末



- First mover in Store-EC-Magazine platform “SHEL'TTER” (started in 2007)
- EC sales breakdown: 65% from SHEL'TTER (our own EC site), 35% from third party EC site (zozotown etc)
- Renewed EC platform can manage customer data from all channels (store, EC, Web magazine), enable highly curated direct marketing
- Target to increase EC sales from 9.6% of total sales (January 2016) to 20%

### Future Platform

#### BAROQUE Platform

Customers



### Action Plan

#### ◆ User Friendly System

New EC platform manage data from all customer facing points

- ✓ New CRM system manages all data, analyzing the purchase pattern of customers and make accurate recommendation
- ✓ Combine the customer database from store and EC, offering customers 24/7 access to shop
- ✓ Minimize the loss of selling opportunity by linking inventory info between stores and EC

#### ◆ Global EC to reach customers oversea

- ✓ Multiple language/currency setting at SHEL'TTER website
- ✓ Selling via overseas EC site

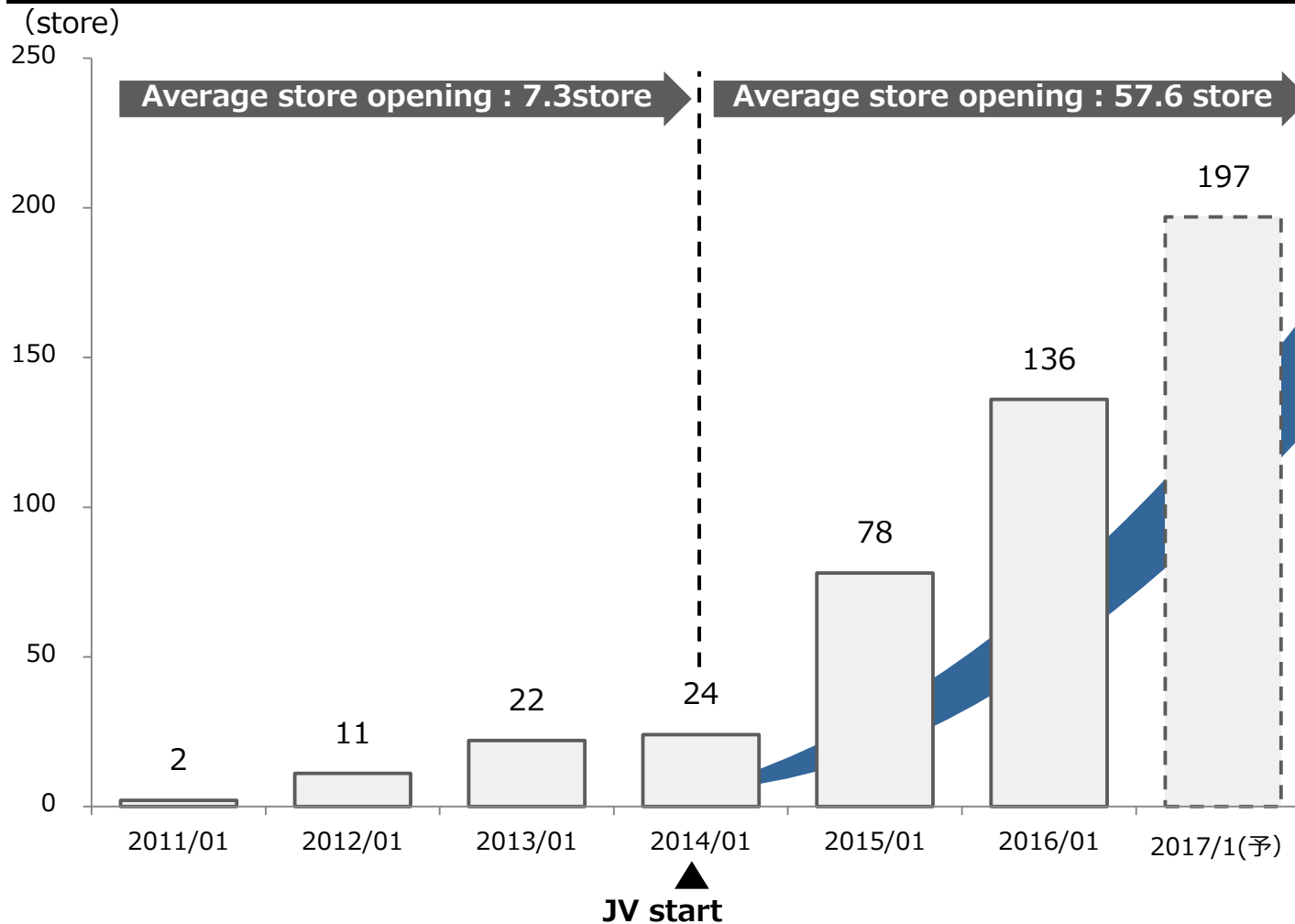
\*CRM : "Customer Relationship Management"

Database Management

Database

- JV with Belle accelerated business growth in China
- Continued aggressive store network expansion while keeping MOUSSY/SLY's brand image and value

## Store Network Expansion in China



### Why MOUSSY/SLY are popular in China?

- **Recognized as [brands for fashionable people]**
  - ✓ Positioned as cool and unique brand
  - ✓ Same shopping experience as Japan
  - ✓ Make-up for shop staff, styling skill fully supported by Japan
- **Copying the success model in Japan**
  - ✓ Charisma shop staff contest

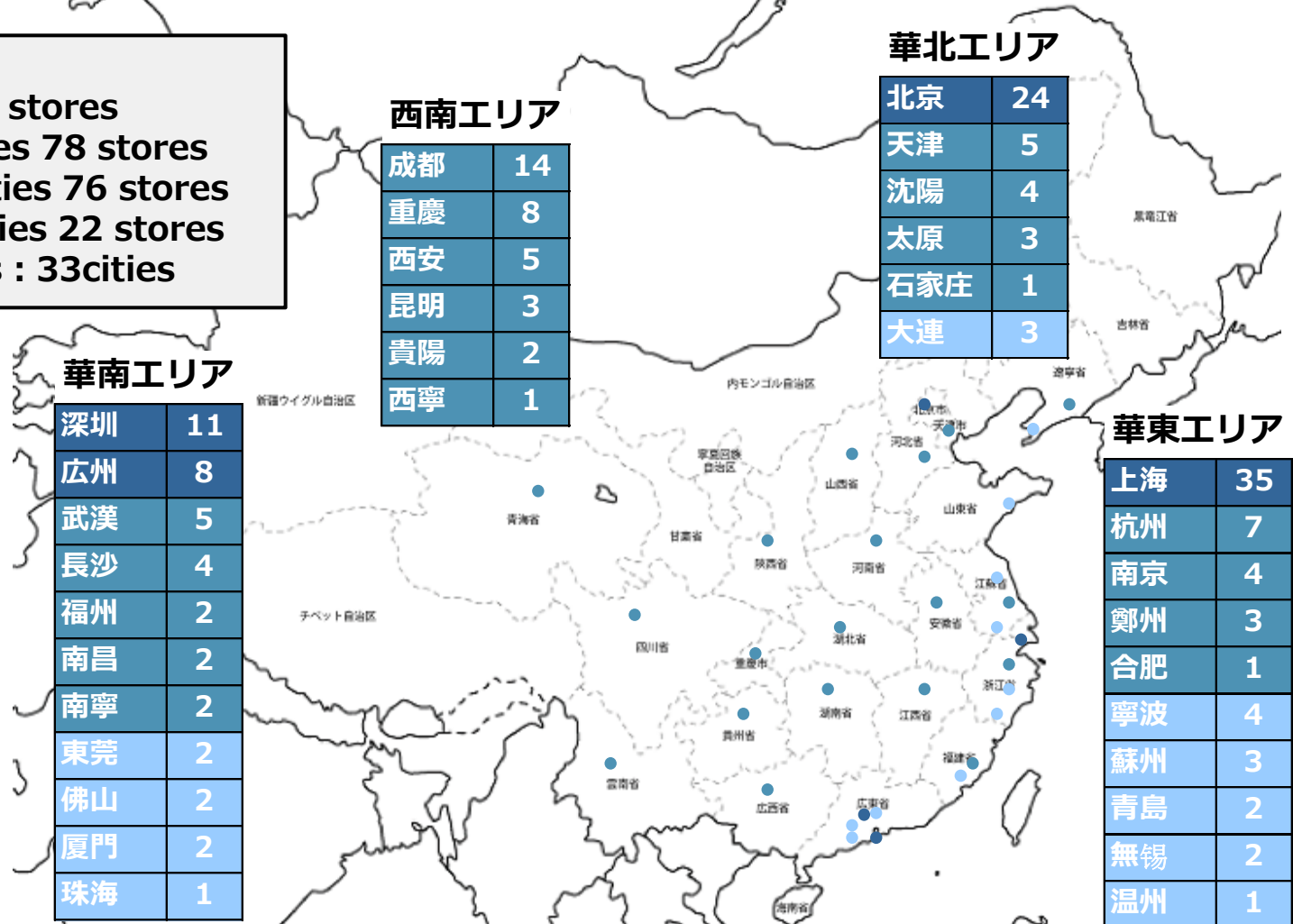
- Fully utilizing Belle's infrastructure/logistic network and the sales/demographic database of 20,000 stores operated by Belle in China
- Aggressively opening stores in 3<sup>rd</sup> tier cities where the fashion apparel market is ready to develop

(3Q January 2017)

■ Store Number : 176 stores

- 1<sup>st</sup> tier city : 4 cities 78 stores
- 2<sup>nd</sup> tier city : 19 cities 76 stores
- 3<sup>rd</sup> tier city : 10 cities 22 stores

■ # of city with stores : 33 cities



## Definition

1<sup>st</sup> tier (4都市) : 上海・北京・広州・深セン

2<sup>nd</sup> tier (27都市) : ハルビン・沈陽・長春・フフホト・石家荘・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<sup>rd</sup> tier : その他の都市

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## Dividend

- 10 yen per share as a special dividend to celebrate the new listing for FY2017/01
- 30%-40% payout ratio from FY2018/01 onward

## Shareholder Incentives

### ①who is entitled

- Shareholders on record as of January 31<sup>st</sup> and July 31<sup>st</sup> with 100 shares and more

### ②when to receive

- Schedule to distribute by late April and late October

### ③what are incentives

- As followed

who	incentive
Shareholders with more than 100 shares	2,000 yen coupon to be used at stores and company EC site



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**Appendix**

Brand	Customer Base	Concept	Items
<p>MOUSSY</p> 	<p><u>ヤングアダルト</u> <u>トランスアダルト</u></p> <p>ワーキングガール (ワークモードキャラクター)</p>	<ul style="list-style-type: none"> <li>■ 「DENIM」「STANDARD」「VINTAGE」「BLACK」という4つのキーワードを掲げ、Work、Weekend、Luxuryなど、あらゆるシーンのTrend Styleを提案</li> <li>■ MOUSSYの代名詞であるDenimと上質なベーシックアイテムを中心に魅せるスタイリングは、内面の強さと美しさを引き出し、魅力的な女性像を造り上げる</li> <li>■ 常に流行を意識し、自分自身を表現し、追求し続けるすべての女性たちへ向けたカジュアルブランド</li> </ul>	
<p>SLY</p> 	<p><u>ヤングアダルト</u> <u>トランスアダルト</u></p> <p>ワーキングガール (ワークモードキャラクター)</p>	<ul style="list-style-type: none"> <li>■ 「NEW SEXY」をキーワードに、見せる所は見せ、隠す所は隠す、品のあるセクシーなスタイルで魅了する新たな女性像を提案</li> <li>■ 異性だけでなく同性からも支持される、自分らしい考え方と生き方を持ち、知的さも兼ね備えた女性像を演出</li> </ul>	
<p>rienda</p> 	<p><u>ヤングアダルト</u></p> <p>ワーキングガール (セクシーエレガンスキャラクター)</p>	<ul style="list-style-type: none"> <li>■ エイジレスでアイデンティティを失わない女性のために、女性らしい魅力を思う存分引き出してくれるスタイルを提案</li> <li>■ 繊細なレースを使用した魅惑的なランジェリー、女性らしい魅力を強調するスイムウェアも展開</li> </ul>	
<p>Lilidia</p> 	<p><u>トランスアダルト</u></p> <p>ワーキングガール (フェミニンモードミックスキャラクター)</p>	<ul style="list-style-type: none"> <li>■ いくつになっても常に向上心を持って少しでも綺麗で可愛く愛されたい女性に向けて、女性が持っているたくさんの秘めた魅力を引き出すライフスタイルを提案</li> </ul>	

## Brand

## Customer Base

## Concept

## Items

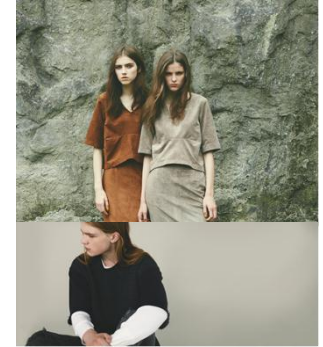
**AZUL**  
by moussy



ヤング  
ヤングアダルト  
トランスアダルト

SC展開  
(モードカジュアル系カップル  
・ファミリーSPA)

- ジーンズを軸にした着こなしを提案
- ウエアやファッション雑貨のみならず、音楽&アート等カルチャー発信まで行うライフスタイルストア



**RODEO CROWNS**



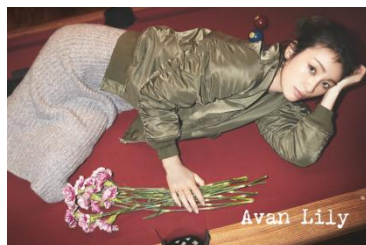
ヤング  
ヤングアダルト  
トランスアダルト

セクシーガール  
(アメカジ・キャラクター)  
SC展開  
(ギャル系母子キャラクター)

- メンズアイテムにアレンジを加え、女性でも着こなせるスタイルにドレスアップして提案
- ファッションに欠かせないフェス（フェスティバルの略。野外音楽の祭典）等の音楽シーンでも引き立つ要素を取り込んだオリジナリティあふれるブランド



**Avan Lily**



ヤング  
ヤングアダルト

セクシーガール  
(トレンドキャラクター)

- プロデューサーに木下優樹菜を迎え、今どきなトレンドアイテムをキャッチする敏感さと、自分に必要なファッションを見抜く審美眼を持つ女性に、型にはまらず、自由にリラックスできるミックススタイルを提案



## Brand

## Customer Base

## Concept

## Items

# ENFÖLD



トランスアダルト  
アダルト

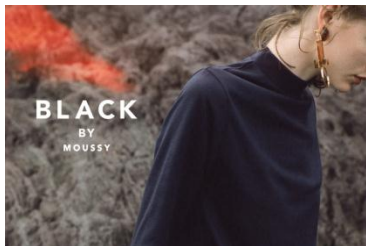
トランスキャリア  
(コンテンポラリーモード  
キャラクター)

- 「HIDDEN BEAUTY」(隠された美)をキーワードに、誰かのために無理をして装うのではなく、服を纏う者が華やかな気持ちになれる服をスタイルで提案



# BLACK

BY  
MOUSSY



トランスアダルト  
アダルト

トランスキャリア  
(ワークモードキャラクター)

- 自分らしく生きることの美しさを知っている女性たちに向けて、「BLACKコーヒーが似合う女性」「BASICなアイテム」「徹底的に着心地にこだわった素材選び」「人間工学に基づいた美しいシルエット」をコンセプトにした洋服を提案



# PEGGY LANA



トランスアダルト  
アダルト

ワーキングガール  
(ナチュラルモード系パーツ)

- 「Fe MODE」(「フォルムが美しいモード」と「上質な色気を感じる女性らしさ」を融合させた、きちんとしていながらリラックス感のあるスタイル)
- フォルムにこだわり大人の女性の魅力を伝えるワンピース、ALL IN ONEのようなスタイル、セパレートでの着まわしができるパンツセットアップ、独自のパターンによる立体的なブラウス等、細部にまでこだわりぬいたフォルム、ディテールで「褒められる服」を提案



## Wholesale Brand

House\_\_Commune



# AEVES

- ファッションだけでなく ライフスタイル全てに美しさを求める人のブランド
- 決して華美ではないけれど、存在感を発揮し人を引きつけるような 魅力をもったウェアラブルな商品を提案

- クリエイティブディレクター古舘郁が体現する女性像をもとに、Parisのリアルなライフスタイルを通じて「ありのまま」「知的」「美しく」ありたいと願う大人の女性に向けたエッセンシャルなワードローブを提案  
【2016 Spring Summerデビュー】

## EC Brand

# RIM.ARK



- 『NORM MODE』無駄なものが削ぎ落とされたNORM COREなスタイルでRELAXさを表現
- デザイン、カラー、スタイリングで最新の流行・スタイルを取り入れたカジュアルウェアを提案  
【2016 Spring Summerデビュー】

## Shoes

# STACCATO



- Belle International Holdingsの事業子会社が展開する靴ブランド
- スタイリッシュで洗練された高感度、高品質なレザーシューズを、毎日活躍するカジュアルから特別な日のおしゃれラインまで幅広く取りそろえる
- デザインはもちろん、履き心地にもこだわったシューズを提案

## Company's Brand Select Shop/Online Store

# SHEL'TTER









- 「MOUSSY」をはじめ「SLY」「RODEO CROWNS」「rienda」等の自社ブランド商品とインポート商品等がMIXされた洋服いっぱいのクローゼット
- 自分らしい、他人と差がつくコーディネートを提案
- セレクト・ショップ型の実店舗とオンラインストアを展開



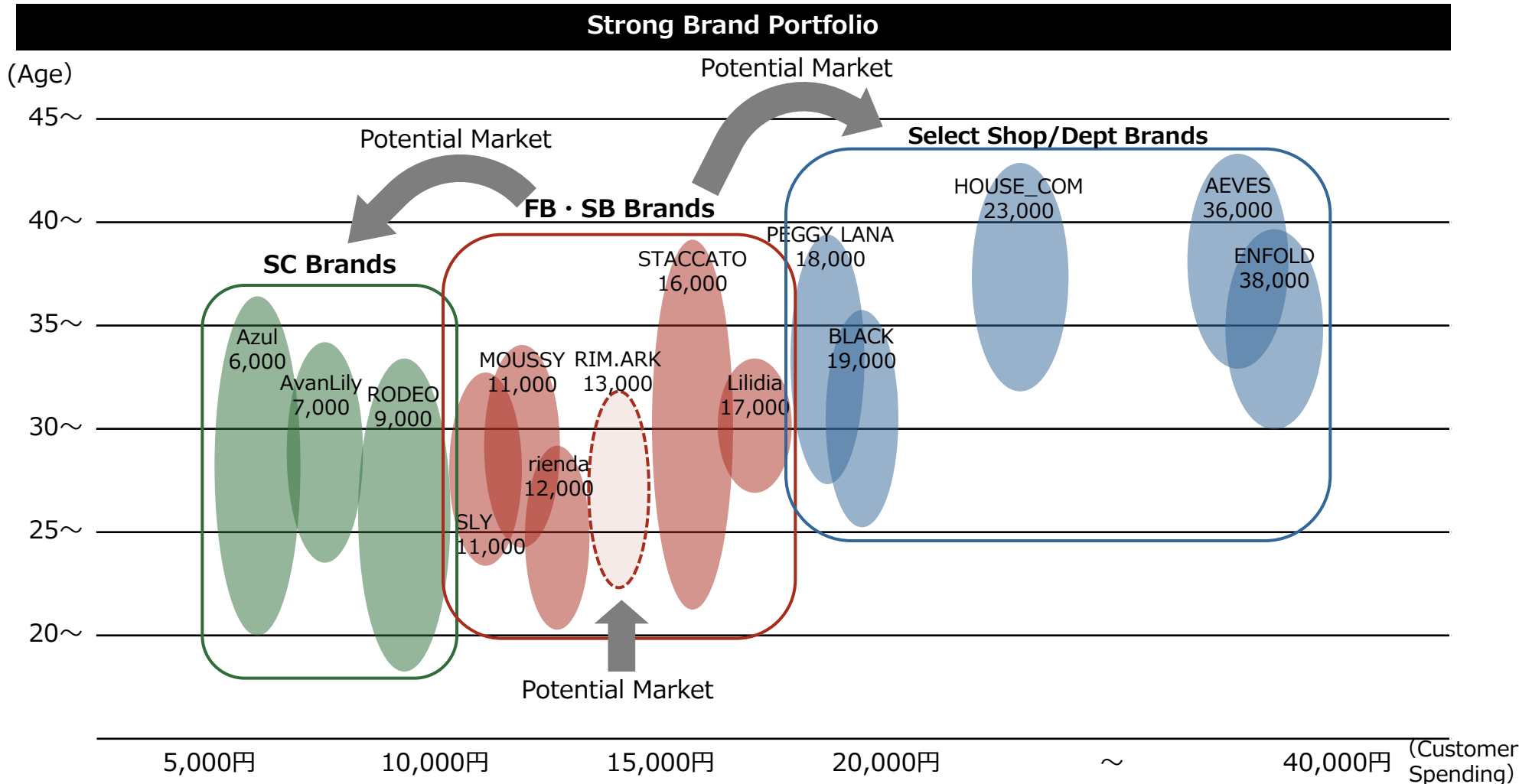
- MOUSSY/SLY positioned within top 10 among Japanese apparel brand Instagram follower ranking

## Japan Fashion Apparel Brand Instagram Follower Ranking

Rank		Name	Logo	# of follower	# of post
Japan	com pany				
21	1	KENZO		1,402,814	1,529
69	8	Comme des Garcons	COMME des GARÇONS*	807,349	108
86	9	A Bathing Ape		666,225	5,324
136	19	MUJI無印良品計画		464,726	417
<b>143</b>	<b>21</b>	<b>MOUSSY</b>	<b>MOUSSY</b>	<b>441,977</b>	<b>4,385</b>
151	23	UNIQLO		427,149	701
205	36	EMODA	EMODA	332,678	4,157
<b>206</b>	<b>37</b>	<b>SLY</b>	<b>SLY</b>	<b>332,206</b>	<b>5,734</b>
218	39	GU		317,997	993
287	50	WEGO		244,978	1,848

出所：2016年12月1日時点 User Local “Instagram 人気ランキング”

- Started from FB/SB brand, continued to launch new brands covering potential market, resulting a strong brand portfolio covering wide range of customers
- Stable income and profitability



- SNS by shop staff is one of the most effective way to reach to the customers
- Shop staffs not only promote the brand merchandise, but also their lifestyle, gaining the loyal customer base

## Multiple role by shop staff

### SHOP STAFF

➤ Not only at the store!



Design development



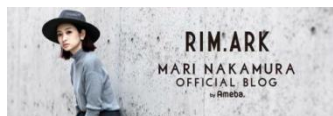
styling



SNS/Blogs



designer



Brand producer



PR

## Top Staff Instagrammer

和田 有沙 wadarisa

- rienda  
SHIBUYA109店
- Follower # 75,700



林田 真梨絵 marie\_0905

- MOUSSY  
キャナルシティオーパ店
- フォロワー数 55,800



小嶋 梨奈 corina\_718

- Rienda  
心斎橋オーパ店
- フォロワー数 61,5000



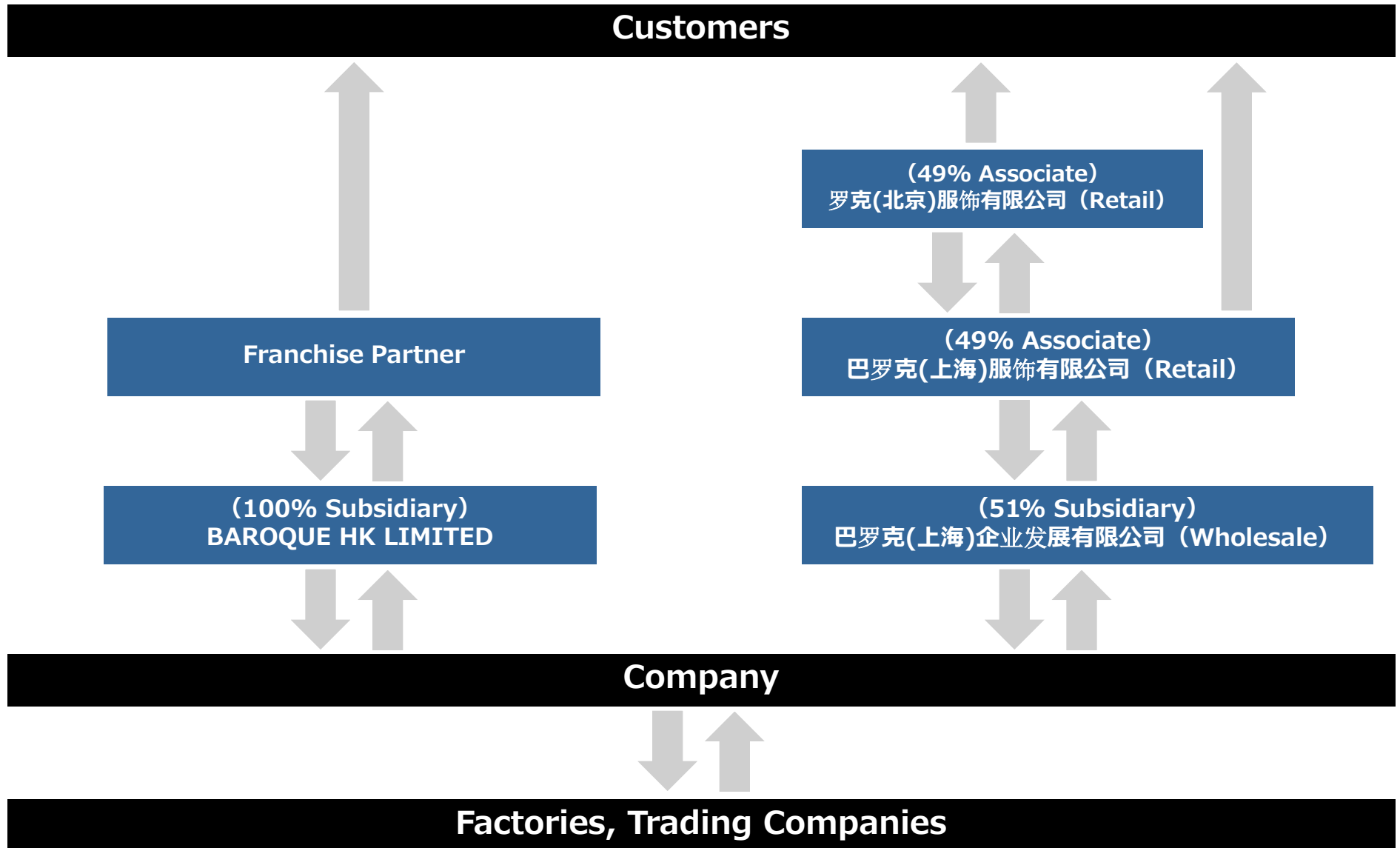
中村 真里 \_marinakamura\_

- RIM:ARK  
ディレクター
- フォロワー数 51,200



\*Follower # as of Dec 1, 2016





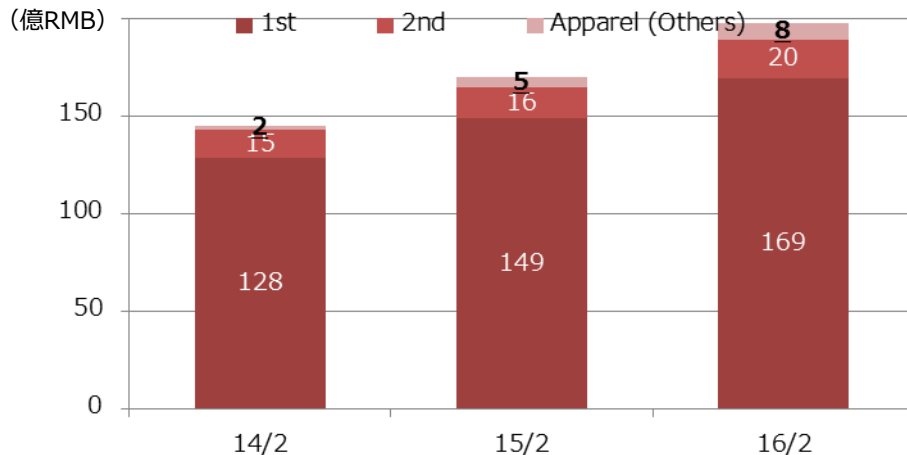
↑ : Merchandise    ↓ : Order

- Shoes Manufacturer and Retailer, operating in China, HK, Macau and US

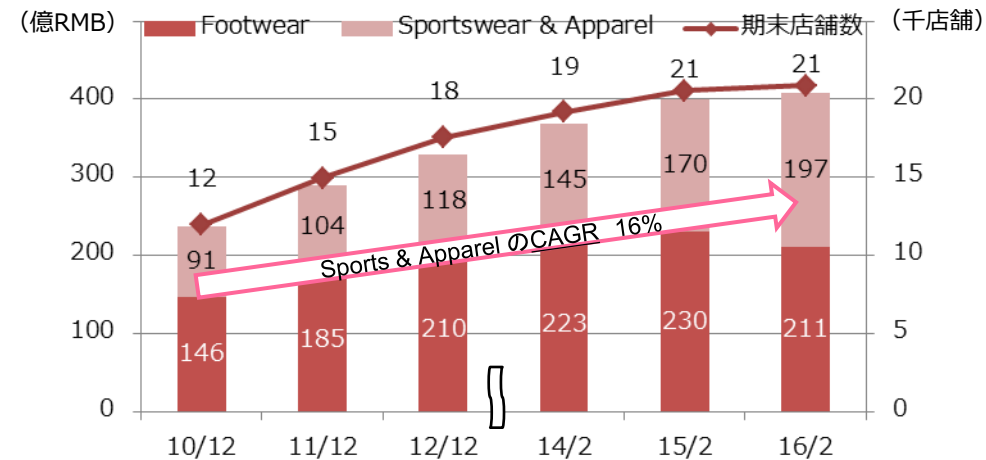
## Company Overview

- Established in Shenzhen China in 1991, Listed in HK in 2007
- One of the biggest Shoes retailer in China. Two business segment, Shoes/Sports wear and Apparel
- 20,873 stores (Feb 2016)
- 13,726 stores (shoes), 7,111 stores (sports wear & apparel)
- Financial year Feb 2016 Result ※ 1RMB = 19.07JPY  
Sales: 40,790mil RMB (JPY778,262mil)  
OP Income: 4,202mil RMB (JPY80,163mil)  
Net income: 2,934mil RMB (JPY55,982mil)

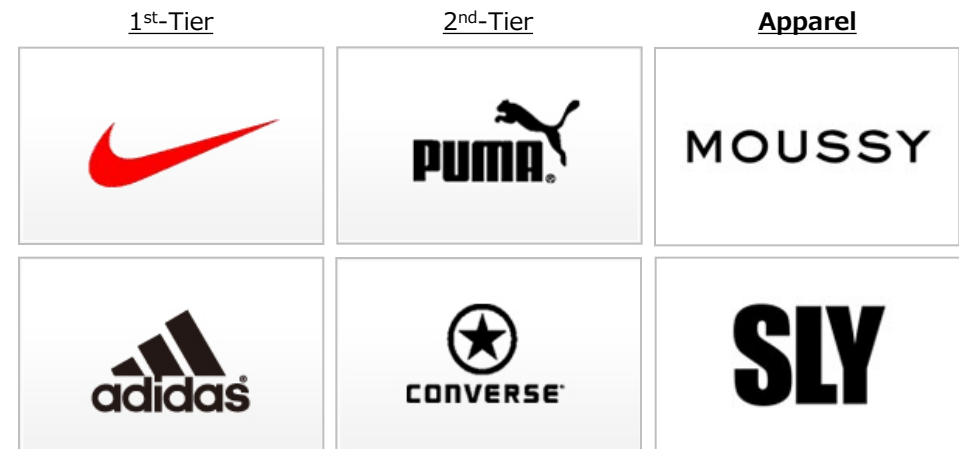
## Sales Breakdown for Sportswear & Apparel



## Sales and Store Number



## Sportswear & Apparel Brand Portfolio



- **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.**