

BAROQUE JAPAN LIMITED

Midterm Strategy
Global Challenge – 2018/1-2021/1

March 16, 2017

Tokyo Stock Exchange 1st Section: 3548



「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。

(百万円/JPYmil)	2017年1月期実績 Jan 2017 Actual	2018年1月期 Jan 2018		2019年1月期 Jan 2019		2020年1月期 Jan 2020		2021年1月期 Jan 2021	
		目標/Target	前期比/yoy	目標/Target	前期比/yoy	目標/Target	前期比/yoy	目標/Target	前期比/yoy
売上高/Sales	69,493	76,209	109.7%	83,020	108.9%	91,575	110.3%	101,514	110.9%
国内/Japan	62,976	68,592	108.9%	72,297	105.4%	77,249	106.8%	82,812	107.2%
海外/Oversea	6,517	7,617	116.9%	10,723	140.8%	14,326	133.6%	18,702	130.5%
営業利益/ Operating Profit	5,368	6,313	117.6%	6,971	110.4%	8,481	121.7%	9,987	117.8%
経常利益/ Recurring Profit	5,385	6,646	123.4%	7,577	114.0%	9,350	123.4%	11,199	119.8%
親会社株主に帰属する四 半期（当期）純利益/ Net Profit	3,507	4,479	127.7%	5,210	116.3%	6,439	123.6%	7,742	120.2%

Sales target JPY100bil, Recurring Profit target JPY11bil by FY2021/01, which approximately **20% sales will come from oversea market**. *above 30% when convert China wholesale amount to retail sales amount.

The main driver for the improving profitability is the **continued innovation of the supply chain management** based on the production factories in China and ASEAN.

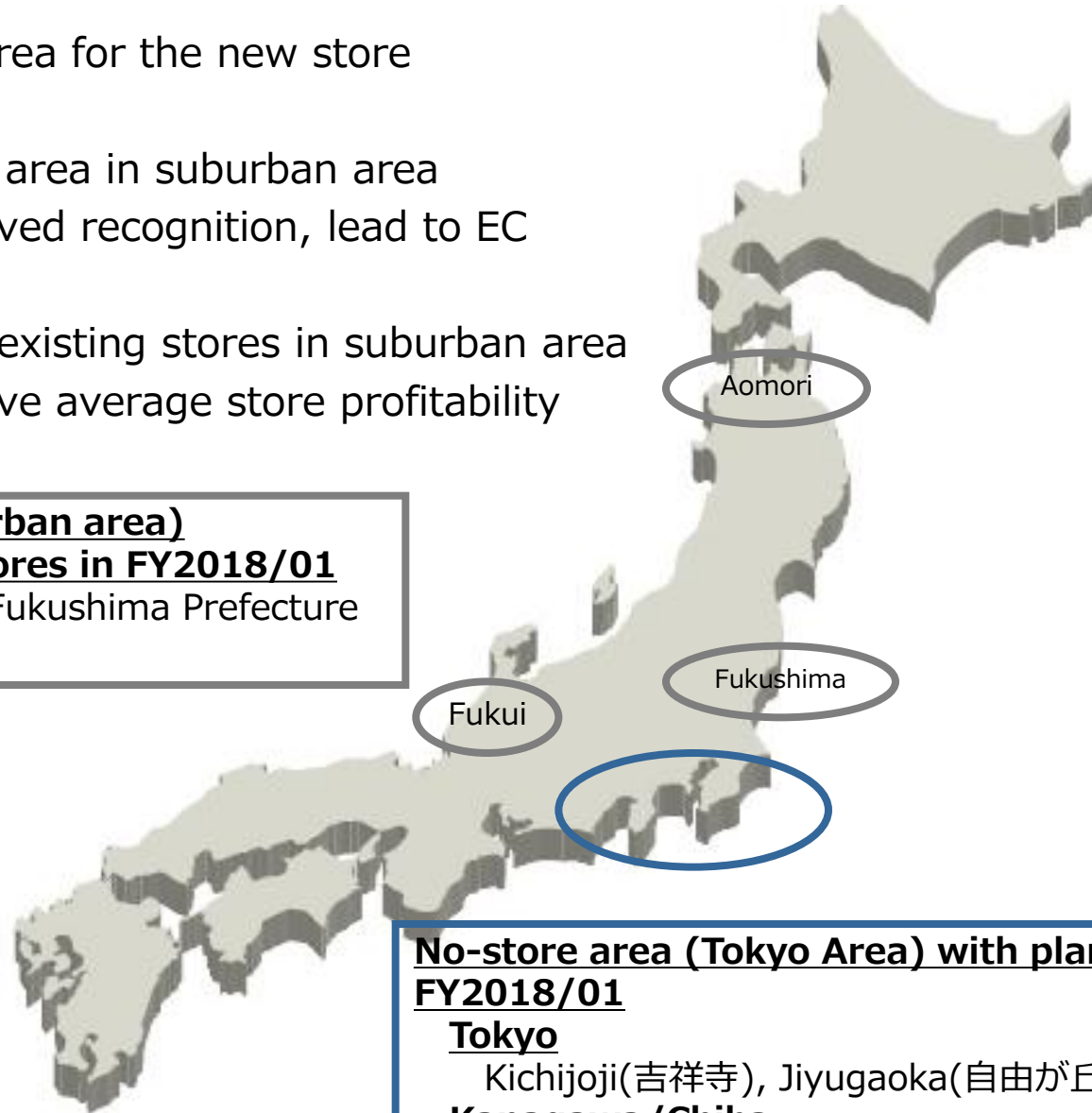
- 1 Strategy for Japan
- 2 Strategy for Oversea
- 3 Strategy for SCM (supply chain management)

Given the shrinking market, **the store expansion will be under strict control** whereas **E Commerce will be the main growth driver**, and the combination of both enable us to grow stably.

For E Commerce, **the renewed system engine** which functions **as a platform** of variety of **new EC sites and IT based business**, helps us to expand the EC business aggressively.

- Focus on Tokyo area for the new store
- Tap into no-store area in suburban area
→ Improved recognition, lead to EC
- Scrap & Build for existing stores in suburban area
→ Improve average store profitability

**No-store area(Suburban area)
with plan to open stores in FY2018/01**
Aomori Prefecture, Fukushima Prefecture
Fukui Prefecture



**No-store area (Tokyo Area) with plan to open stores in
FY2018/01**

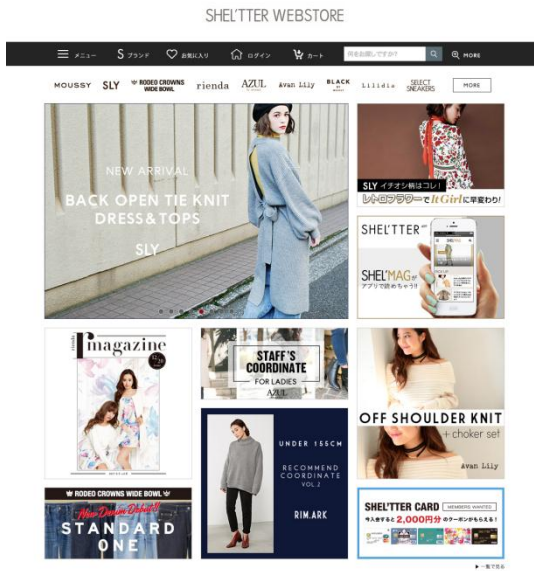
Tokyo

Kichijoji(吉祥寺), Jiyugaoka(自由が丘) etc

Kanagawa/Chiba

Yokosuka (横須賀), Shinurayasu(新浦安) etc

SHEL'TTER WEB (multi brand company owned EC)

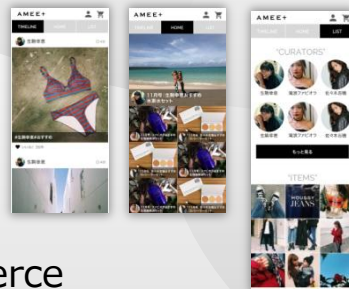


Platform Innovation

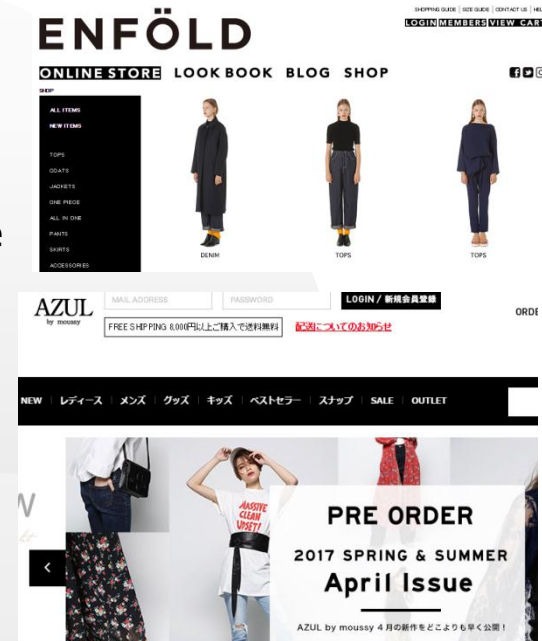
- Improve platform for company owned EC site
- Launch individual brand EC site
- Launch outlet EC site
- Company owned EC site to marketplace site

Business Model Innovation

- SNS Direct Commerce
- Real Time Movie Commerce
- Influencer Matching Business



Individual Brand EC



Marketing Innovation

- Introduce marketing automation
- Focused marketing for no store area

- Continue to strengthen brand equity by unique merchandise, collaborating with other brand etc

Examples of various projects MOUSSY has been working on



MOUSSY

- 「NEXT IS YOU」 : The audition style competition sponsored by Baroque to find an entrepreneur with exciting new business/new brand/new idea etc
- The Winner will be supported by Baroque to make their dream/idea/business come true

次の日本を代表する
次世代コンテンツ開発プロジェクト

NEXT IS YOU
BY BAROQUE JAPAN LIMITED

第1回 スター発掘コンテストグランプリ
RIM.ARK ディレクター 中村真里

- 1 Strategy for Japan
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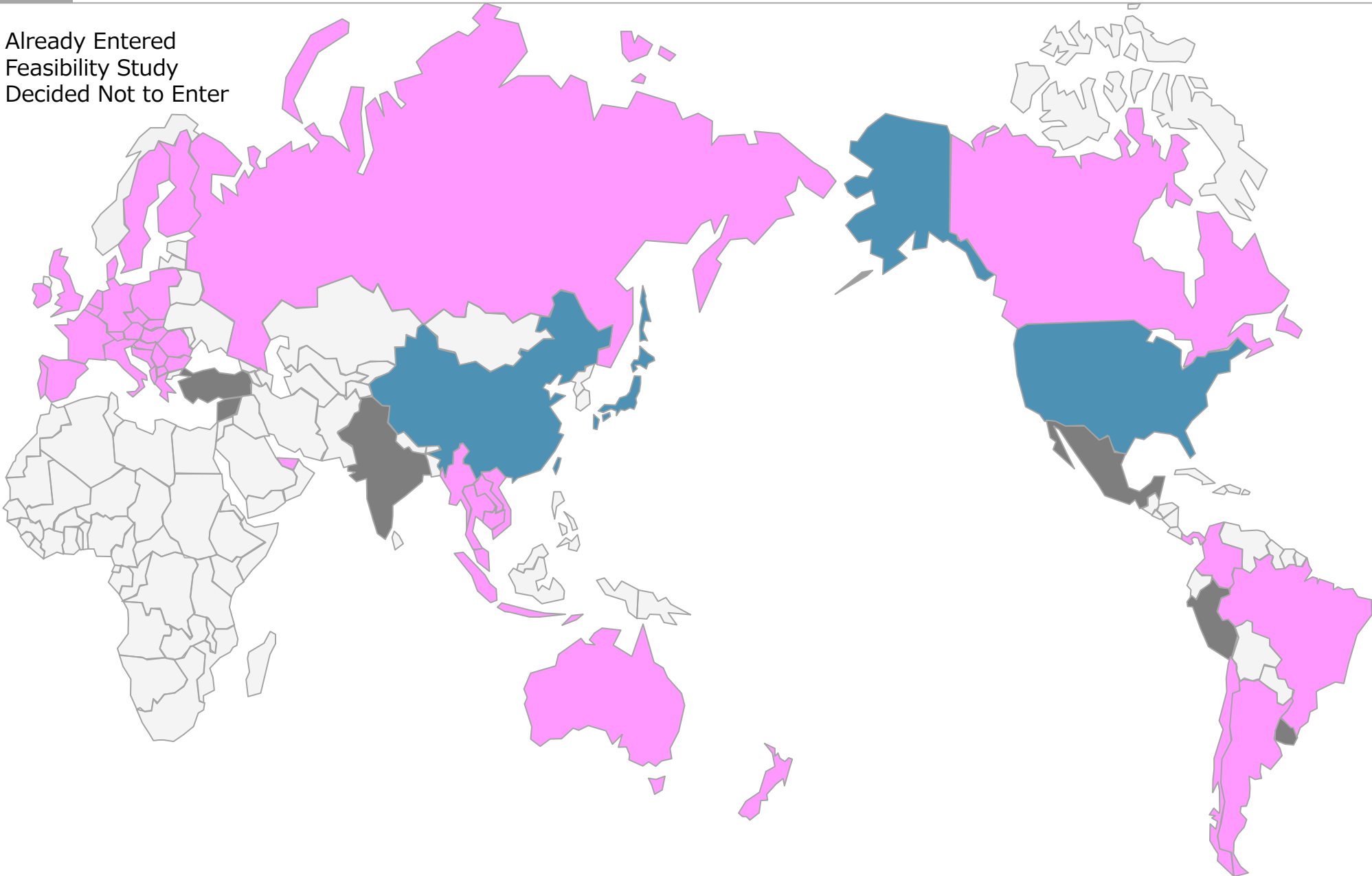
For **China, MOUSSY/SLY store expansion** will continue at around **60 stores per year.** New brands will be launched once the market is ready.

For **USA**, MOUSSY and ENFÖLD stores were opened in 2016 and working on **improving the brand recognition.** The feasibility study will be completed by 2019.

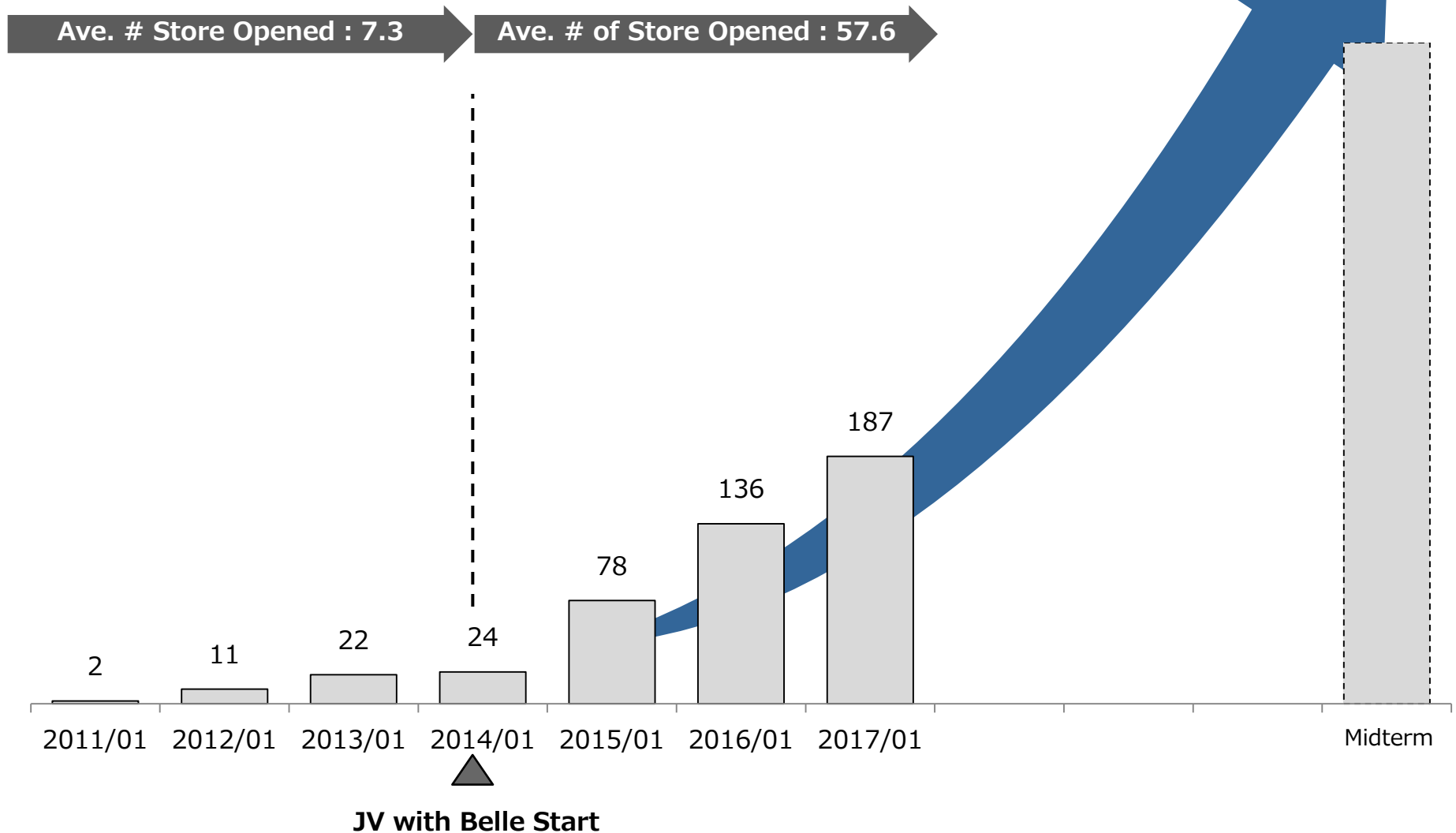
For **other areas**, the **global feasibility study** has been under way, identifying the potential market to enter.

100

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- Continued store expansion for MOUSSY/SLY. 50 to 60 stores per year
- Launching new brands
- EC business expansion is expected after FY2021/01



■ US

- 「MOUSSY」 (SOHO), 「ENFÖLD」 (West Village) Opened in September 2016



MOUSSY US Store



ENFÖLD US Store

- Feasibility study till 2019. Plan to establish appropriate business model.
- EC and wholesale will be the main business for US. Target JPY4bil sales by FY2021/01.

US Media Coverage

Moussy

Moussy isn't exactly a new brand—it was founded in Japan in 2000—but it's opening shop in the U.S. for the first time this fall. Many of the women's jeans are based on classic men's styles, so you won't find any stretchy leggings or low-rise styles here. We have our eye on the patchwork jeans, ripped-up skinnies, and seamed cropped flares.



Who has seen it's fair share of denim stores — from Atrium, which carried the best denim in the mid-2000s and recently closed its doors to allow for the ever-expanding Kith, to the plethora of stand-alone denim shops around right now — 3x1, J Brand, Acne, AG, APC, multiple Rag & Bone shops, Paige, 7 for All Mankind, the list goes on. Why then, would a new brand, absolutely unknown to the U.S., decide to open up shop?

The answer is in the product, and the fact that Soho is still seen as the shopping mecca of Manhattan. Moussy founders wanted to be in a place where their existing Asian fans would be sure to find them, but they also knew that once the American market got a taste of their premium Japanese denim, they would be instant converts. The offering at Moussy is not just the stiff, dark wash jeans that many ascribe to Japanese denim. Instead, the jeans offered come in a variety of thoughtful washes, and yes, include a slight amount of stretch, no break-in period necessary.

Moussy first launched in Japan in 2000, and since that point, the denim brand has opened hundreds of stores across Asia. At last, Moussy has opened the doors to its U.S. flagship in hopes of introducing American girls to what might soon become their go-to jean brand of choice.

MINIMALIST, COOL-GIRL JAPANESE LABEL ENFÖLD ARRIVES STATESIDE

Tokyo-based designer Mizuki Ueda is bringing her unique brand of "casual elegance" to the U.S.



A look from Enföld's spring 2017 collection. Photo: Enföld

It's pretty inspiring — and rare — to see sales floor staff climb the ranks to end up on the design end of the fashion industry, but Mizuki Ueda achieved just that, and without a formal education. As the creative director of *Enföld*, a Tokyo-based contemporary womenswear line launched in 2012, Ueda sought to offer a wardrobe of easy-to-wear, conceptual basics for busy women who wanted to look polished and refined. (The brand refers to this as "casual elegance.")

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Further innovation for SCM, the core competence of SPA business model.

The **infrastructure** which enables Baroque to continuously develop **unique and attractive merchandises** is one of the **biggest assets** Baroque has.

- Production
 - Increase direct-to-factory order to lower the production cost
 - Distribution of the cost saved will depend on each brand's strategy and market environment
 - ✓ Lower the price, Improve the quality, Invest in the marketing etc

- Logistic
 - Consolidation and optimization of logistic in Japan is nearly completed
 - Working on the logistic infrastructure in China
 - ✓ Currently inspection centers and some of the warehouses are outsourced
 - ✓ Planning to establish own facilities

Design/Development		Production		Logistic		Sales	
Area Of Improvement	<ul style="list-style-type: none">■ Difficult to develop and source an exclusive fabric	<ul style="list-style-type: none">■ High cost due to using trading company	<ul style="list-style-type: none">■ No-so-efficient logistic system	<ul style="list-style-type: none">■ Not enough training for shop staff■ Flat EC growth			
Solution	<p><u>Improved Merchandise Value</u></p> <ul style="list-style-type: none">■ Exclusive fabric development and sourcing by R&D department	<p><u>Lower Production Cost</u></p> <ul style="list-style-type: none">■ Direct purchase from factories■ Developing new factory network utilizing China JV's production team's relationship with local suppliers	<p><u>Lower Logistic Cost</u></p> <ul style="list-style-type: none">■ Lower logistic and warehouse cost utilizing Belle's resources■ Consolidate shipment to minimize the transportation cost	<p><u>Improving Sales Skill</u></p> <ul style="list-style-type: none">■ Offer multiple training for the shop staff on various skills■ Organize an annual competition for shop staff on their customer service skill■ Renewing EC engine			

- 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.
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