

BAROQUE JAPAN LIMITED

FY2019/02 First Quarter Result Announcement

June 14, 2018

Tokyo Stock Exchange First Section: 3548

1 FY2019/02 First Quarter Result Overview

2 FY2019/02 Outlook

<u>Sales :</u>	<u>JPY15.1bln</u>	<u>yoy + 1.9%</u>	<u>+0.28bln</u>
<u>Operating profit :</u>	<u>JPY0.6bln</u>	<u>yoy + 59.6%</u>	<u>+0.23bln</u>
<u>Net profit :</u>	<u>JPY0.09bln</u>		<u>+0.19bln</u>

**Domestic business recorded increase in
both sales and net profit**
Overseas business continued to perform well
Sales growth and improvement in SG&A
Aim to further improve sales and profit

Japan Business Overview

- **Same store sales rebound for March and April from increase in number of customers**
 - **Improved profitability from supply chain management**

Same store sales growth in March and April (including e-commerce sales)

- ◆ February SSS was 93.7%, but March and April SSS were 100.0% and 100.5%
- ◆ Cumulative SSS for the First Quarter was 98.5%
- ◆ Same store customer number for March and April were 102.4% and 101.7%
- ◆ Mainly due to strong product content and product mix ⇒ Reduced opportunity loss
- ◆ Utilized the point membership app “SHEL'TTER PASS” for marketing purpose

Improved profitability from supply chain management

- ◆ Strengthened core products, refined quantity order, improved product cost
- ◆ Better utilized factory idle period for low cost production
- ◆ Implementation of RFID for more efficient logistics

Efficiency from SG&A expenses

- ◆ Improved efficiency in inventory movement for lower logistics cost
- ◆ Digital marketing for lower marketing cost

Overseas Business Overview

Overseas business performed in line with plan

- ◆ China business continued to perform. First Quarter period end 227 stores. Store expansion to speed up in the second half.
- ◆ China JV has 2 companies. The retail JV (49% associate) recorded a loss due to seasonal factor caused by inventory provision made in the first quarter. We expect a majority of the profit will come from the second half.
- ◆ US business continued to record increase in customer number and improved brand recognition. Wholesale business doing very well.

- Sales recorded 101.9% yoy
- Gross profit margin improved by 1.3pt (57.9%→59.2%)
- SG&A expenses improved by 0.3pt (55.4%→55.1 %)
- Operating profit 159.6% yoy. Recurring profit 200.5% yoy.

(JPY mil)	2019年2月期1Q実績 Actual	対売上 % of Sales	前年比 YoY
売上高/Sales	15,084	100.0%	101.9%
売上総利益/Gross Profit	8,922	59.2%	104.1%
販管費及び一般管理費/SG&A	8,316	55.1%	101.5%
営業利益/Operating Profit	606	4.0%	159.6%
経常利益/Recurring Profit	299	2.0%	200.5%
親会社株主に帰属する四半期 純利益/Net Profit	93	0.6%	-

- For our domestic business, MOUSSY and RIM.ARK (FB/SB brands) and ENFÖLD (Select Shop・Dept Store brands) performed well
- For SC brands, RCWB performed well, AZUL BY MOUSSY improved its product content and its SSS saw sign of recovery
- For our overseas business, including China, recorded 107.7% yoy

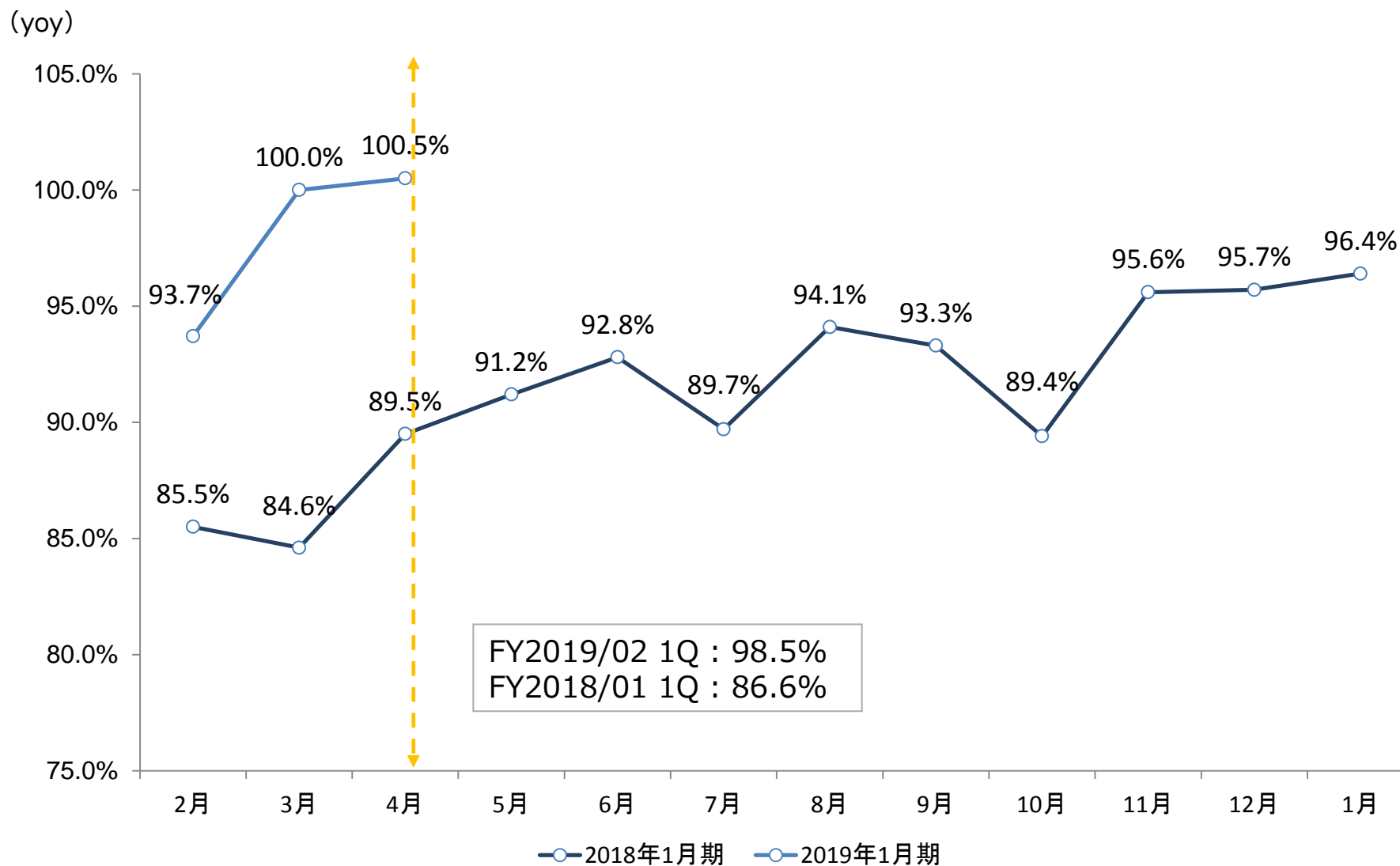
(単位:百万円)	2019年 2 月期1Q実績 Actual	2018年 1 月期1Q Previous Year	前年比 YoY
FB/SBブランド FB/SB Brands	4,977	4,894	101.7%
SCブランド SC Brands	6,605	6,780	97.4%
セレクトショップ・百貨店ブランド Select Shop・Dept Store Brands	1,313	1,062	123.6%
海外 Overseas	1,983	1,842	107.7%
その他 Others	206	222	92.8%

(単位:百万円)	2019年2月期1Q末				2018年1月期末	
	金額 Amount	構成比 %	前期末比 % to previous year end	前年比 YoY	金額 Amount	構成比 %
現預金 Cash	15,191	38.6%	81.1%	106.0%	18,743	45.4%
売掛金 Accounts Receivable	7,759	19.7%	99.4%	124.1%	7,804	18.9%
商品 Inventories	6,009	15.2%	133.1%	84.0%	4,514	10.9%
その他流動資産 Other Current Asset	1,763	4.5%	100.6%	107.9%	1,752	4.2%
固定資産 Non Current Asset	8,682	22.0%	102.1%	102.9%	8,502	20.6%
総資産 Total Asset	39,404	100.0%	95.4%	104.2%	41,317	100.0%
負債 Liabilities	22,272	56.5%	97.5%	105.4%	22,851	55.3%
純資産 Equity	17,132	43.5%	92.8%	102.7%	18,466	44.7%

- Sales from Japan recorded 101.1% yoy, benefited from strengthened core products, refined quantity order, and SHEL'TTER PASS digital marketing
- EC sales recorded 101.6% yoy
- Better utilized factory idle period and gross profit margin improved by 1.3pt (60.9%→62.4%)
- Operating profit for Q1 was 325.8% yoy, recurring profit was 258.2% yoy, benefited from improved supply chain management and SG&A improvements

(単位:百万円)	2019年 2 月期1Q実績 Actual	対売上 % of Sales	前年同期比 YoY
売上高/Sales	13,101	100.0%	101.1%
店舗売上/Store Sales	10,437	79.7%	101.5%
通販売上/EC Sales	1,749	13.4%	101.6%
売上総利益/Gross Profit	8,175	62.4%	103.6%
販管費及び一般管理費/SG&A	7,746	59.1%	99.9%
営業利益/Operating Profit	428	3.3%	325.8%
経常利益/Recurring Profit	301	2.3%	258.2%

SSS FY2019/02 and FY2018/01



※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.

- China business within our expectation
- The retail JV (49% associate) recorded a loss due to seasonal factor caused by inventory provision made in the first quarter. We expect a majority of the profit will come from the second half.

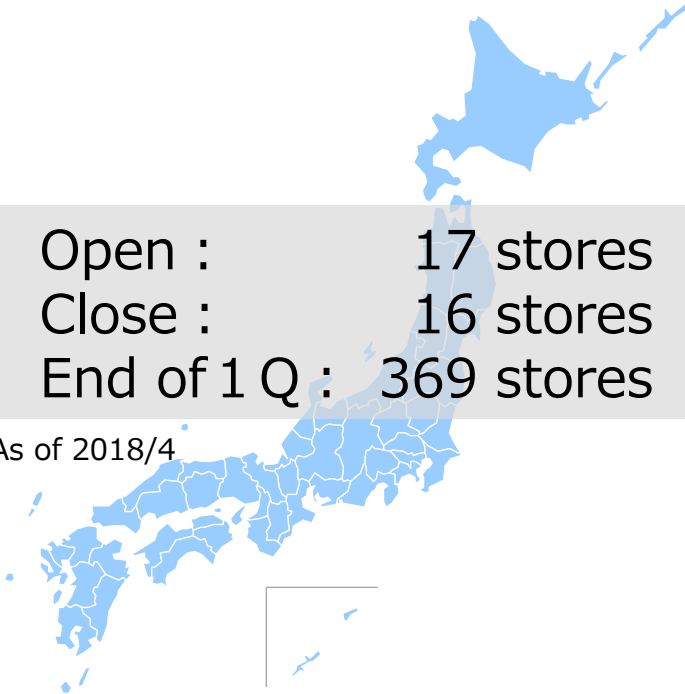
(単位:百万円)	2019年2月期 1Q実績 Actual	2018年1月期 1Q Previous Year	前年同期比 YoY
中国合併事業からの売上 Sales from China JV			
卸売/Wholesale	1,630	1,613	101.1%
ロイヤリティ/Royalty	131	104	125.1%
売上合計/Sales Total	1,761	1,717	102.5%
当期純利益に対する 中国合併事業による利益 Profit from China JV			
小売事業からの利益/Profit from Retail company (持分法投資利益) Equity method investment gain	△191	△129	-
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	58	111	52.0%
ロイヤリティ税抜換算 Royalty after tax	91	73	124.5%
利益合計/Profit Total	△42	55	-

(単位:百万人民元)	2019年2月期 1Q実績 Actual	2018年1月期 1Q 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	96	97	98.2%
ロイヤリティ/Royalty	8	6	121.5%
売上合計/Sales Total	103	104	99.6%
当期純利益に対する 中国合併事業による利益 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	△ 11	△8	-
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	3	7	50.5%
ロイヤリティ税抜換算 Royalty after tax	5	4	121.0%
利益合計/Profit Total	△2	3	-

JAPAN

Open : 17 stores
Close : 16 stores
End of 1 Q : 369 stores

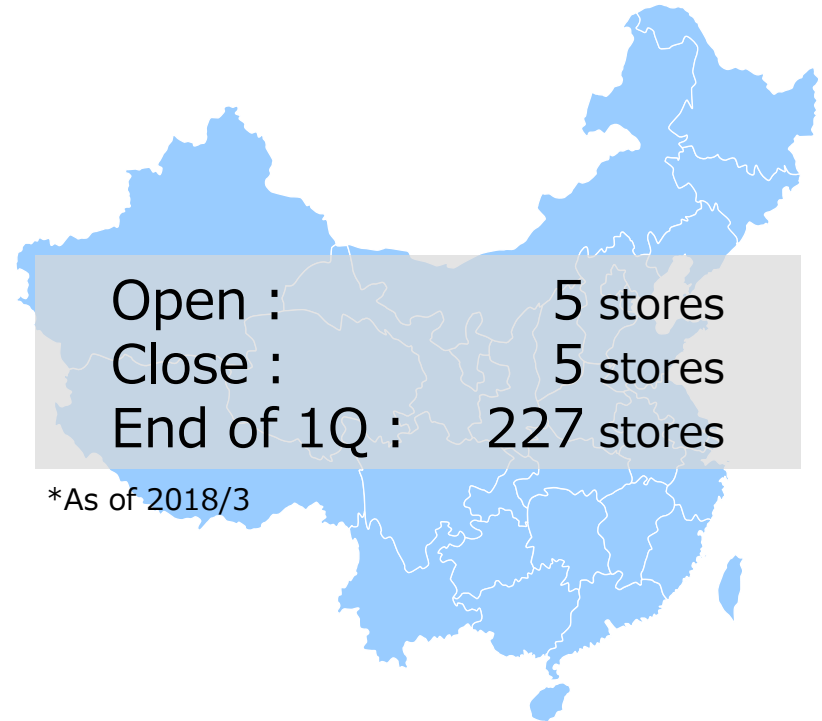
*As of 2018/4



CHINA

Open : 5 stores
Close : 5 stores
End of 1 Q : 227 stores

*As of 2018/3



TOPICS 1 : Launched 4 brands to obtain new customers

- ◆「**nāgonstans**」 : Resort line by ENFÖLD creative director, started in Shinjuku Isetan, Mitsukoshi Ginza and Nagoya Takashimaya
- ◆「**Leory x EBLÓA**」 : E-commerce business by top Instagramers from former Shibuya style girls
- ◆「**R4G**」 : E-commerce business integrating Shibuya fashion with Akihabara anime
- ◆「**STYLEMIXER**」 : EC site by a famous creator who has over 500k Instagram followers



TOPICS 2 : MOUSSY launched a special collection “Disney SERIES CREATED by MOUSSY”

- ◆ MOUSSY launched a special collection called “Disney SERIES CREATED by MOUSSY” for the 90th anniversary of MICKEY MOUSE screen debut
- ◆ Offering ladies, unisex and kids sizes



TOPIC 3 : ENFÖLD received 2017 “Ladies Best Seller” prize

- ◆ Received 2017 “Department Store Ladies Best Seller” prize by Senken News
- ◆ ENFÖLD well received by department store buyers



TOPIC 4 : Desire lab wear・JOSAI×MOUSSY

- ◆ Lab wear designed by MOUSSY for Josai University students and staff
- ◆ Limited edition original lab wear, selling in Josai University from mid-May



MOUSSY企画デザイナー山岡奈津実 / 写真中央・右)城西大学 薬学研究科大学院生

- 1 FY2019/02 First Quarter Result Overview
- 2 FY2019/02 Outlook

- No change from last announcement on March 15, 2018

(Note) With the approval from the annual general meeting on April 25, 2018, our financial year will change to February end. The revised outlook for the 13 months ending February 2019 will be announced later

(単位:百万円)	2019年1月期計画 FY2019/01 Outlook			2018年1月期 FY2018/01	
	見通し Forecast	対売上 % to Sales	前年比 YoY	実績 Actual	対売上 % to Sales
売上高/Sales	71,306	100.0%	104.9%	67,952	100.0%
売上総利益/Gross Profit	39,788	55.8%	109.3%	36,396	53.6%
販管費/SG&A	35,554	49.9%	105.1%	33,840	49.8%
営業利益/Operating Profit	4,233	5.9%	165.6%	2,556	3.8%
経常利益/Recurring Profit	4,780	6.7%	187.0%	2,556	3.8%
親会社株主に帰属する当期純利益 Net Profit	3,287	4.6%	265.9%	1,236	1.8%
1株当たり当期純利益/EPS	90.71			34.51	

* EPS for FY2019/01 outlook is calculated based on the shares outstanding by the end of FY2018/01(36,240,600 shares)

Dividend

- ◆ Dividend outlook for FY2019/02: JPY38/share. 42% payout ratio
- ◆ 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

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

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

【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

※当社商品券は、店舗及び自社通販サイトで使用可能

Appendix

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




- **369** stores in Japan, **227** stores in China, 8 stores in HK/Macau, 1 stores 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 March 2018 for Japan

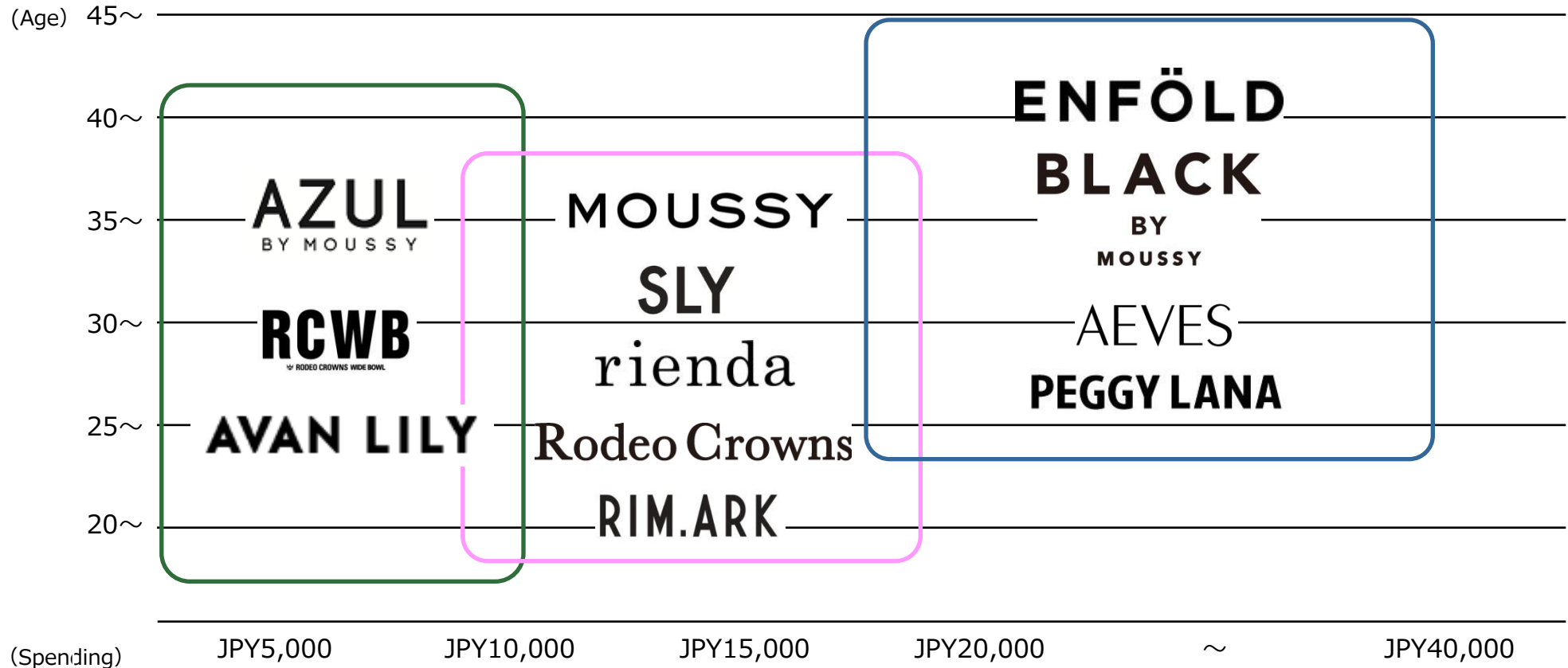


- Our philosophy “we make what we want” never changes, expanded globally supported by our loyal customers

Time	History	
2000年	<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年	<ul style="list-style-type: none"> China business expert, Mr. Murai (current Chairman and CEO) joined the company 	
2007年	<ul style="list-style-type: none"> MBO by CLSA and senior management 	
2008年	<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年	<ul style="list-style-type: none"> 1st MOUSSY store opened in China 	
2012年	<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年	<ul style="list-style-type: none"> CLSA sold all the shares to Belle and CDH Fund. China JV with Belle started 	
2016年	<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年	<ul style="list-style-type: none"> ● China JV reached 200 stores 	
	<ul style="list-style-type: none"> ● Launched 「adidas xMOUSSY」 together with Adidas Japan 	
	<ul style="list-style-type: none"> ● Launched the point membership app 「SHEL'TTER PASS」, which can be used in both actual stores and ec site 	
	<ul style="list-style-type: none"> ● MOUSSY launched 「MOUSSY GLOBAL EC」 site for US and other overseas customers 	
2018年	<ul style="list-style-type: none"> ● Launched the resort wear line「nagonstans」, targeting customers at 30s and 40s 	
	<ul style="list-style-type: none"> ● Two popular Instagramers from “rienda girls”, @corina_718 and @wadaarisa, launched two brands 「Leory x EBLÓA」 for Shibuya style ladies 	
	<ul style="list-style-type: none"> ● Winner for 「Business Plan」 division, Mr Hiroyuki Maruya, launched a new brand 「R4G」(Respect For Geeks), integrating the cultures for both Shibuya and Akihabara 	
	<ul style="list-style-type: none"> ● Launched 「STYLEMIXER」 official site, created by influential Instagramers 	

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

Ranking of Instagram Follower# for Japanese Fashion Brands

Company Ranking	Name	Logo	Follower	Pose
4	Comme des Garçons	COMME des GARÇONS	1,862,636	2,100
5	KENZO	KENZO PARIS	1,712,375	2,100
9	UNIQLO	UNI QLO	1,573,650	1,185
10	A Bathing Ape	A BATHING APE®	1,326,915	6,950
15	MUJI無印良品	MUJI 無印良品	1,004,045	617
21	GU	GU	804,349	345
31	Yoji Yamamoto	Yoji Yamamoto	593,464	562
32	UNDERCOVER	UNDERCOVER	572,987	1,339
35	MOUSSY	MOUSSY	563,412	6,307
54	sacai	sacai	421,622	1,551
57	SLY	SLY	398,749	6,832
59	LOWRYS FARM	LOWRYS FARM	383,126	4,963

Staff Instagrammer

corina_718

- EBLÓA
- Follower #98,200



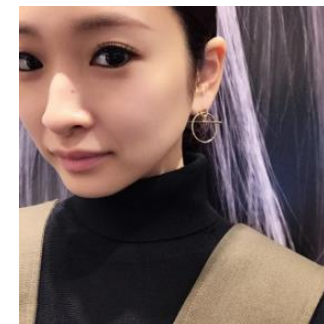
wadarisa

- la vie de Leory
- Follower #86,700



marinakamura

- RIM.ARK
- Follower #79,800



aoi186

- Rodeo Crowns
- Follower #165,000



As of June 2018, Instagram

- In FY2018/01, opened 53 stores, closed 13 stores, net addition 40 stores
- Plan to open around 40-50 stores per year

■ Store number: 227 store

- 1st tier city: 4 city 94 store
- 2nd tier city: 21 city 108 store
- 3rd tier city: 11 city 25 store

■ Number of city: 36 city

(As of March 2018)

西南エリア/West

成都/Chengdu	16
重慶/Chongqing	11
西安/Xian	7
昆明/Kunming	4
貴陽/Guiyang	2
西寧/Xining	1

華南エリア/South

深圳/Shenzhen	14
広州/Guangzhou	8
武漢/Wuhan	7
長沙/Changsha	4
福州/Fuzhou	2
南昌/Nanchang	2
南寧/Nanning	2
東莞/Dongguan	2
佛山/Fushan	2
廈門/Xiamen	3
珠海/Zhuhai	1

華北エリア/North

北京/Beijing	33
天津/Tianjin	9
沈陽/Shenyang	7
太原/Taiyuan	3
石家荘/Shijazhuang	2
長春/Changchun	3
哈爾濱/Harbin	1
大連/Dairen	2
唐山/Tangshang	1

華東エリア/East

上海/Shanghai	39
杭州/Hangzhou	13
南京/Nanjing	6
鄭州/Zhengzhou	5
合肥/Hefei	1
寧波/Ningbo	4
蘇州/Suzhou	6
青島/Qingdao	1
無錫/Wuxi	2
溫州/Wenzhou	1

当社グループ定義

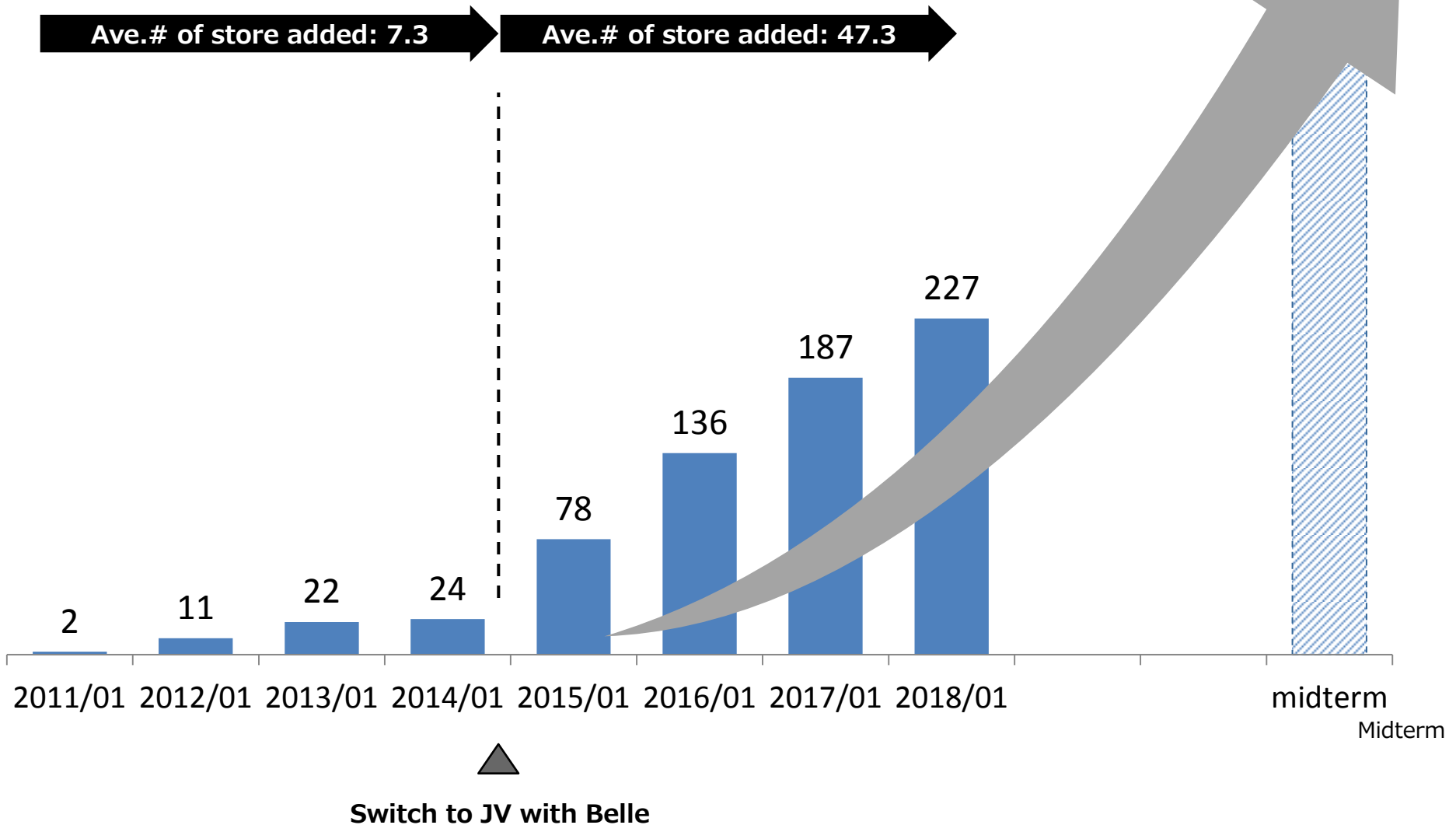
1級都市（4都市）：上海・北京・広州・深セン

2級都市（27都市）：ハルビン・沈陽・長春・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級都市：その他の都市

- 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



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 Gross Profit 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



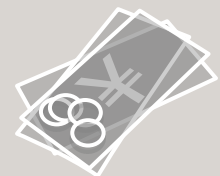
Logistic

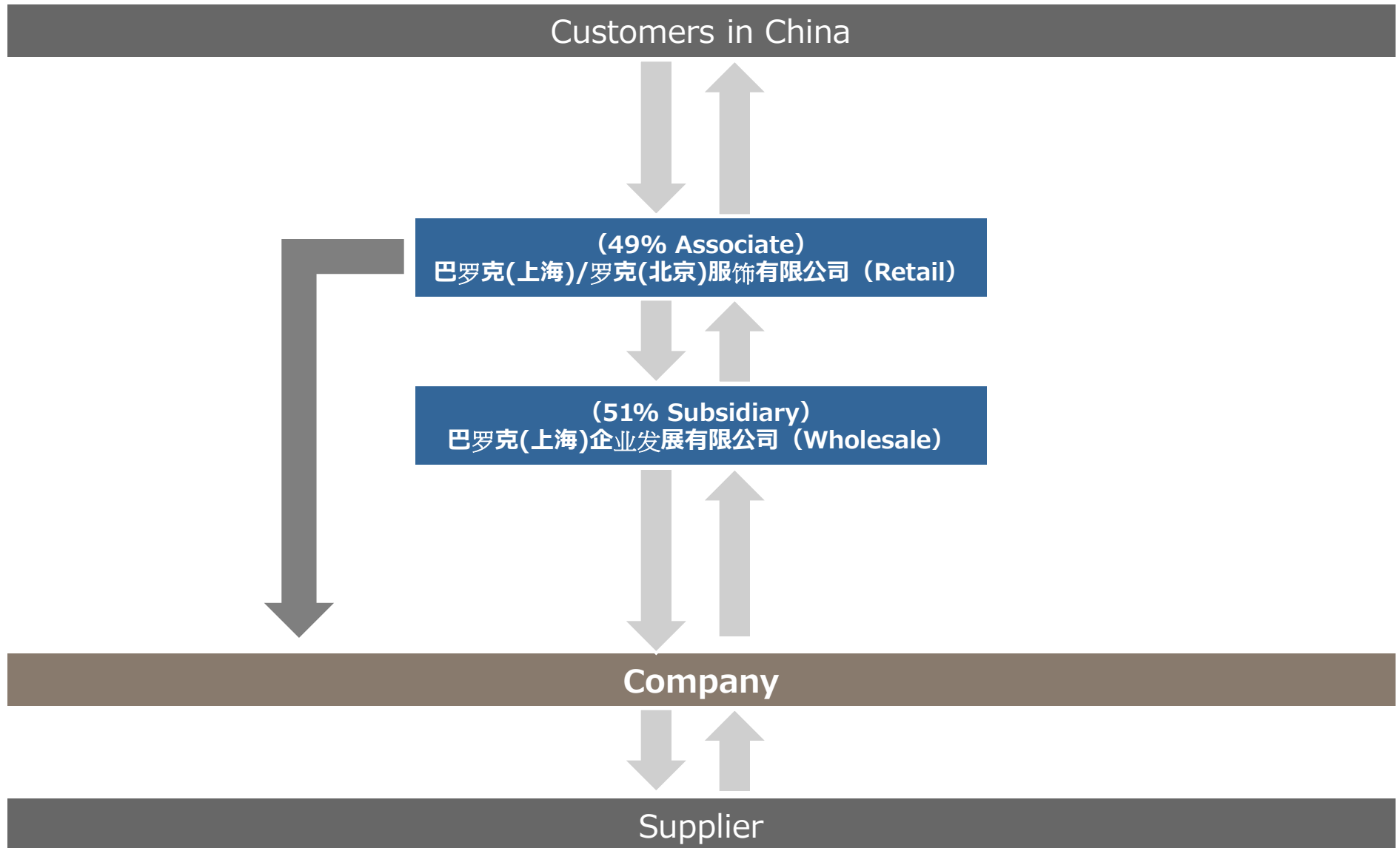
- Lower logistic and warehouse cost utilizing Belle's resource
- In-house inspection center



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.**