

BAROQUE JAPAN LIMITED

FY2022/02 Second Quarter Financial  
Results and Supplementary Information

**October 15, 2021**

Tokyo Stock Exchange First  
Section: 3548

1 FY2022/02 Second Quarter Result Overview

2 Business Highlights

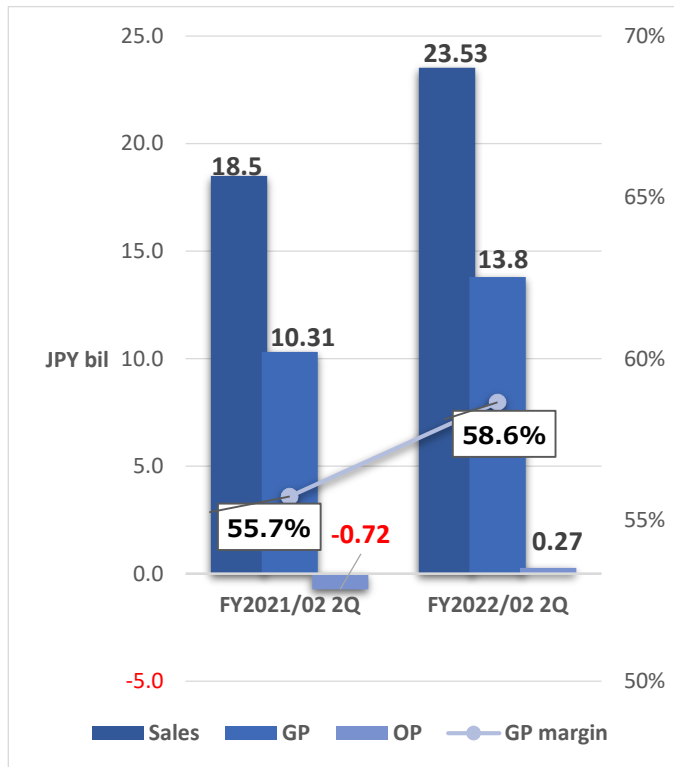
3 FY2022/02 Outlook

- **Consolidated Sales increased by 126.9% YoY, with OP and the following below also having increased.**
- **Despite the impacts of the State of Emergency and other factors on Domestic Sales, the second quarter realized a net surplus.**
- **Overseas business operations, mainly in China and the U.S, contributed greatly to these consolidated results with their significant increases in Sales and Profit.**

Item	FY2022/02	FY2021/02	YoY	Movement	Multi-Year YoY
<b><u>Consolidated Sales:</u></b>	<b>¥ 26.56 bil</b>	¥ 20.92 bil	126.9%	¥ 5.63 bil	85.0%
<b><u>Consolidated Operating Profit:</u></b>	<b>¥ 0.52 bil</b>	¥ 0.44 bil	—	¥ 0.97 bil	25.6%
<b><u>Consolidated Recurring Profit:</u></b>	<b>¥ 0.75 bil</b>	¥ -0.85 bil	—	¥ 1.61 bil	36.4%
<b><u>Consolidated Net Profit:</u></b>	<b>¥ 0.29 bil</b>	¥ -0.91 bil	—	¥ 1.21 bil	24.3%

## Japan Business Overview

- EC sales grew significantly, realizing at 114.1% YoY. In-house EC sales rose to 106.2% YoY, as well as 3<sup>rd</sup>-party EC sales at 125.4% YoY. Although in-store sales decreased through August due to the impact of the 5<sup>th</sup> wave of the Covid-19 pandemic, strong EC sales compensated for those deficiencies. Domestic Sales increased 127.2% YoY, and GP and OP also increased.



**Domestic Sales: ¥ 23.53 bil (Previous Year ¥ 18.50 bil 127.2% YoY)**

- ◆ Proactive promotion of OMO strategies in marketing, across SNS platforms, and other channels contributed to successes across the Covid-19 pandemic period.

**Domestic GP: ¥ 13.80 bil (Previous Year ¥ 10.31 bil 133.8% YoY)**

- ◆ As a result of curtailing discount sales promotion, Q1 saw steady sales achievement and despite the impact of Covid-19 witnessed in Q2, overall sales improved YoY.

**Domestic SG&A: ¥ 13.52 bil (Previous Year ¥ 11.04 bil 122.5% YoY)**

- ◆ Contributed to company-wide cost reduction efforts, Domestic SG&A-to-Sales saw improvement by 2.2 pts YoY.

**As a result, Domestic OP was ¥ 0.27 bil (previous year ¥ -0.72 bil ¥ +1.00 bil YoY)**

## Overseas Business Overview

- Amidst continued strong consumer spending patterns in China, Chinese business operations saw significant YoY growth, contributing significantly to corporate consolidated results.
- With recovering across the U.S. apparel retail sector continuing, U.S. business operations have remained strong.

### **China JV Sales ¥3.13 bil (Previous Year ¥2.27 bil 137.6% YoY)**

- ◆ Chinese EC Sales increased 121.9% YoY.
- ◆ Royalties from Chinese retailers has increased significantly by 141.6% YoY.
- ◆ Currently, the total number of stores at the end of June became 304 stores, a net increase of 5 since the end of the previous fiscal year (Opened: 25, Closed: 20). While optimizing OMO strategies, current projections aim for a net increase of 20 stores per year.

### **China JV Profit ¥ 0.37 bil (Previous Year ¥ -0.17 bil ¥ +0.54 bill YoY)**

- ◆ Although impacted by the Covid-19 pandemic in the previous year, China JV profits recovered in the current fiscal year and contributed to consolidated results.

### **Other Overseas Business Operations (U.S. Business, Hong Kong Business, etc.)**

- ◆ In regards to U.S. Business, demand for high-end Japanese denim driving business abroad continued to grow. As such, the current period saw similar contributions to consolidated results following the previous fiscal year.
- ◆ In regards to Hong Kong business, restrictions on travel from China Mainland and other factors continued to impact operations.

- Consolidated Sales increased significantly by +26.9 pts. YoY.
- Consolidated GP Margin increased by +1.7 pts. YoY (53.8%→55.5%).
- Consolidated OP saw positive results, compared to a deficit of ¥ -0.44 bil in the previous year, realizing a net surplus of ¥ 0.52 bil in this term.

(百万円/JPY mil)	FY2022/02			FY2021/02	
	実績 Actual	対売上 % of Sales	前年同期比 First Half YoY	前年実績 Actual	対売上 % of Sales
売上高/Sales	<b>26,566</b>		126.9%	20,929	
売上総利益/Gross Profit	<b>14,733</b>	55.5%	130.9%	11,255	53.8%
販管費及び一般管理費/SG&A	<b>14,204</b>	53.5%	121.4%	11,701	55.9%
営業利益/Operating Profit	<b>529</b>	2.0%	-	-446	-
経常利益/Recurring Profit	<b>756</b>	2.8%	-	-857	-
親会社株主に帰属する四半期純利益 /Net Profit	<b>299</b>	1.1%	-	-918	-

- SC and Department Store Brands saw a recovery trend, while FB and SB brands are on the way to recovery.

(百万円/JPY mil)	FY2022/02			FY2021/02	
	実績	構成比	前年同期比※	前年実績	構成比
	Actual	Composition	YoY	Actual	Composition
売上高/Sales	<b>26,566</b>		126.9%	20,929	
FB/SBブランド/FB/SB Brands	<b>7,408</b>	27.9%	116.7%	6,350	30.3%
SCブランド/SC Brands	<b>11,766</b>	44.3%	127.2%	9,246	44.2%
百貨店ブランド/Dept. Store Brands	<b>2,385</b>	9.0%	133.6%	1,784	8.5%
海外/Overseas	<b>3,974</b>	15.0%	133.2%	2,984	14.3%
その他/Others	<b>1,032</b>	3.9%	183.3%	563	2.7%

- The Consolidated SG&A Expenses-to-Sales Ratio decreased by -2.4% (55.9%→53.5%)

(百万円/JPY mil)	FY2022/02				FY2021/02	
	実績	対売上	前年同期比	売上比増減	実績	対売上
	Actual	% of Sales	YoY	Movement vs % Sales	Actual	% of Sales
売上高/Sales	<b>26,566</b>		126.9%		20,929	
販売管理費/SG&A Expense	<b>14,204</b>	53.5%	121.4%	-2.4pt	11,701	55.9%
広告費及び販売促進費/ Advertising and Promotional Cost	<b>727</b>	2.7%	127.2%	0.0pt	572	2.7%
給与手当/Salaries and Wages	<b>2,688</b>	10.1%	115.4%	-1.0pt	2,330	11.1%
販売手数料(店舗家賃及び販売 委託手数料)/Sales Commission (Store Rent and Franchise/Consignment)	<b>5,619</b>	21.2%	126.5%	-0.0pt	4,443	21.2%
減価償却費/Depreciation	<b>426</b>	1.6%	102.2%	-0.4pt	417	2.0%
その他/Others	<b>4,741</b>	17.8%	120.4%	-1.0pt	3,939	18.8%



- Continued focus was given to appropriate inventory control.

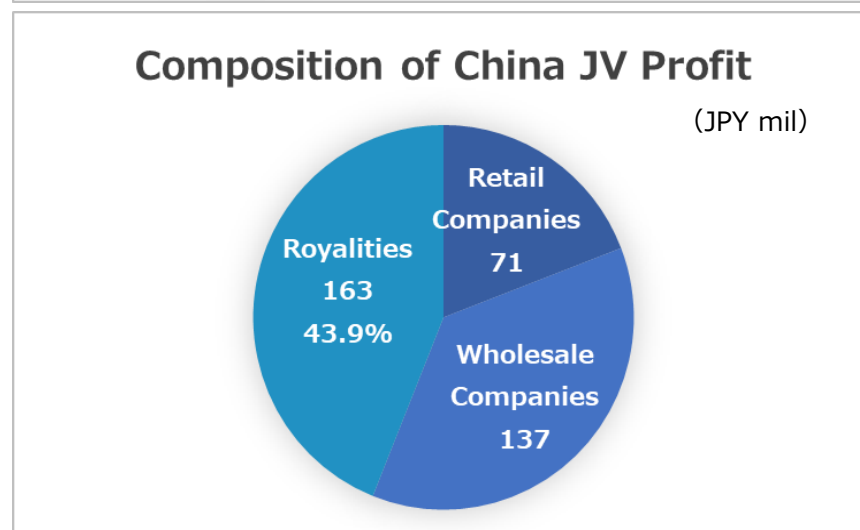
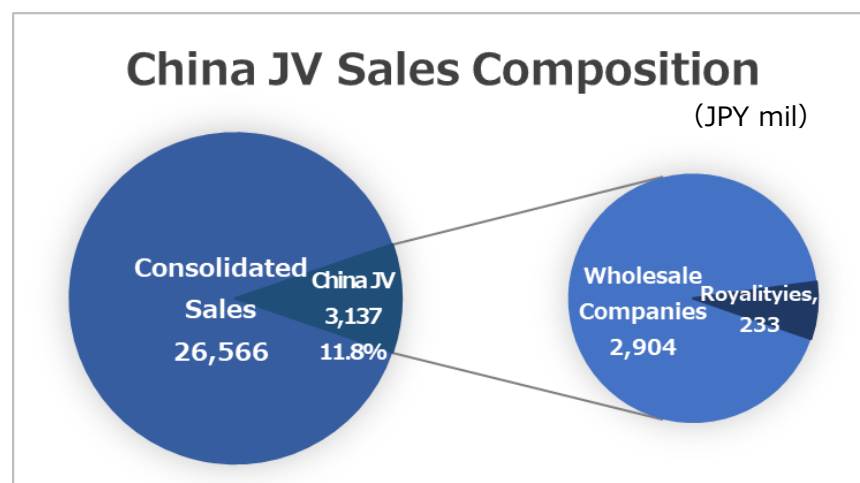
(百万円/JPY mil)	FY2022/02 (2021/8/31)			FY2021/02 (2020/8/31)	
	金額	構成比	前年同期比	金額	構成比
	Amount	Composition	YoY	Amount	Composition
現預金/Cash	13,109	35.8%	98.7%	13,287	39.6%
受取手形及び売掛金/Notes and Trade Receivable	8,010	21.9%	121.2%	6,607	19.7%
商品/Inventories	5,871	16.0%	133.5%	4,397	13.1%
その他流動資産/Other Current Assets	473	1.3%	87.8%	539	1.6%
固定資産/Non Current Assets	9,125	24.9%	104.7%	8,712	26.0%
総資産/Total Assets	36,590	100.0%	109.1%	33,544	100.0%
負債/Liabilities	15,917	43.5%	111.0%	14,335	42.7%
純資産/Equity	20,673	56.5%	107.6%	19,208	57.3%

- Domestic Sales grew to 127.2% YoY
- Domestic EC Sales grew by 114.1% YoY. In-house EC sales grew to 106.2% YoY, 3<sup>rd</sup>-party EC sales similarly grew to 125.4% YoY.

(百万円/JPY mil)	FY2022/02			FY2021/02	
	実績 Actual	対売上 % of Sales	前年同期比 First Half YoY	前期実績 Actual	対売上 % of Sales
売上高/Sales	<b>23,535</b>		127.2%	18,505	
(店舗売上/Store Sales)	<b>16,881</b>	71.7%	129.5%	13,031	70.4%
(EC売上/EC Sales)	<b>4,862</b>	20.7%	114.1%	4,260	23.0%
売上総利益/Gross Profit	<b>13,801</b>	58.6%	133.8%	10,316	55.7%
販管費及び一般管理費/SG&A	<b>13,529</b>	57.5%	122.5%	11,045	59.7%
営業利益/Operating Profit	<b>271</b>	1.2%	-	-729	-
経常利益/Recurring Profit	<b>299</b>	1.3%	-	-774	-

- Participation in our China JV occurs through a wholesale company and a retail company, with Baroque maintaining a 51% stake in the wholesale company and a 49% stake in the retail company.
- Wholesale Sales in China were up 137.3% YoY
- Royalties increased by 141.6% YoY

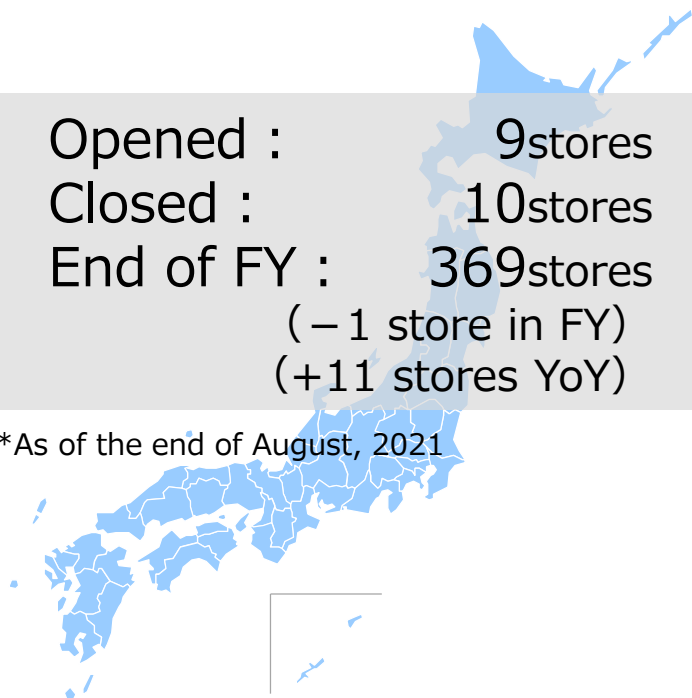
(百万円/JPY mil)	FY2022/02 実績 First Half	FY2021/02 実績 Previous Year	上期前年比 YoY
中国合弁事業からの売上 Sales from China JV			
卸売/Wholesale	2,904	2,114	137.3%
ロイヤリティ/Royalty	233	164	141.6%
売上合計/Sales Total	3,137	2,279	137.6%
当期純利益に対する 中国合弁事業による利益 Profit from China JV			
小売事業からの利益/Profit from Retail company (持分法投資利益) Equity method investment gain	71	-414	-
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	137	122	111.7%
ロイヤリティ税抜換算 Royalty after tax	163	115	141.6%
利益合計/Profit Total	371	-175	-



## JAPAN

Opened : 9stores  
Closed : 10stores  
End of FY : 369stores  
(- 1 store in FY)  
(+11 stores YoY)

\*As of the end of August, 2021



## CHINA JV

Opened : 25stores  
Closed : 20stores  
End of FY : 304stores  
(+ 5 stores in FY)  
(+25 stores YoY)

\*As of the end of June, 2021




1 FY2022/02 Second Quarter Result Overview

2 Business Highlights

3 FY2022/02 Outlook

- Held on August 19, 'STAFF OF THE YEAR 2021', an online customer service contest with 70,000 participants nationwide, saw rienda Fukuoka Solaria Plaza's Misato Muraoka and MOUSSY Lumine Tachikawa's Natorika winning the Gran Prix and runner-up position respectively – achieving for Baroque a one-two finish.
- On the fly, and within a 90-second time limit, contestants were judged on their ability to respond flexibly and accurately to various questions received through their smartphones to gauge practical customer service ability through live commerce.



Contestant	投稿 (Posts)	フォロワー (Followers)	フォロー中 (Following)
村岡 美里 (misato_muraoka)	3,025	5.4万	829
Rika Tanaka	1,031	3.4万	889

※Assigned positions as of the time of contest.

# “Improve Your Online Customer Service!” (Special Feature on TV TOKYO’s WORLD BUSINESS SATELLITE)

- Misato Muraoka from rienda Fukuoka Solaria Plaza was featured in a live commerce special on WORLD BUSINESS SATELLITE (broadcasted on September 13).
- Focusing on online customer service through live commerce which has grown as a business area through the Covid-19 pandemic, the 30-minute live commerce session conducted after in-store hours saw sales exceeding even in-store sales for the same day. As such, Baroque’s strengths and those of Baroque’s staff to sell products even using SNS, was highlighted.



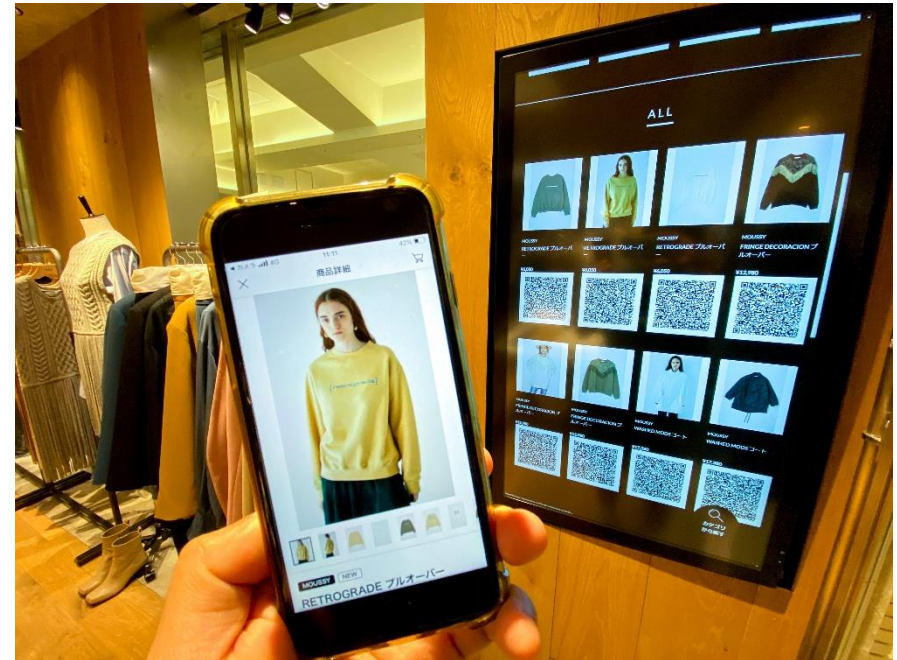
※Assigned positions as of the time of broadcast.



- On September 10, the MOUSSY LUMINE EST Shinjuku store was relocated and reopened.
- On renewal, this branch became the first domestically to carry the luxury jeans brand MOUSSY VINTAGE. Additionally, as part of continued OMO promotion, the new store features integration with the online store and an interior that diverges from existing design to illustrate a “new MOUSSY” through its next-generation appearance.



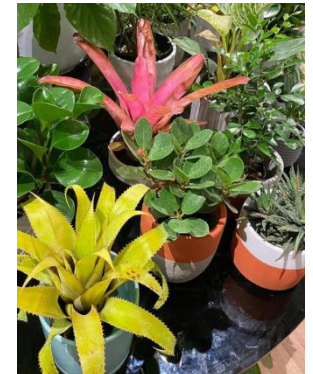
A window with the “**3D Phantom®**” that creates 3D images floating in space installed.



Introduced the first in-store signage that can use the “**SHEL'TTER SMART ORDER**” function.



- “SHEL'TTER GREEN/DELI” a new Greenery/Food business venture began operations. Their first store saw its opening on October 1<sup>st</sup> in Ario Kawaguchi.
- Working off the concept of “working towards making each day part of a healthy and stylish lifestyle”, SHEL'TTER GREEN/DELI is a greenery, gardening, and salad deli shop. A new business that proposes the creation of a new environment for “food” and “at home” in responses to changing lifestyles in the pandemic, such as increased opportunities to eat at home and an emphasis on comfortable living spaces.



- 1 FY2022/02 Second Quarter Result Overview
- 2 Business Highlights
- 3 FY2022/02 Outlook

(単位:JPY mil)	2022年2月期 計画 FY2022/02 (Outlook)			2021年2月期 実績 FY2021/02 (Actual)	
	見通し Forecast	対売上 % to Sales	前年同期比※ YoY	実績 Actual	対売上 % to Sales
売上高/Sales	59,735	100.0%	118.1%	50,590	100.0%
売上総利益/Gross Profit	34,346	57.5%	123.3%	27,847	55.0%
販管費/SG&A	32,035	53.6%	120.7%	26,535	52.5%
営業利益/Operating Profit	2,310	3.9%	176.0%	1,312	2.6%
経常利益/Recurring Profit	2,289	3.8%	192.8%	1,187	2.3%
親会社株主に帰属する当期純利益 /Net Profit	1,305	2.2%	347.2%	375	0.7%
1株当たり当期純利益/EPS	36.2			10.4	

- Although future outlooks remain uncertain presently on a global basis due to the impact of the Covid-19 pandemic and other factors, we continue to forecast sales of ¥59.7 bil through promoting appropriate measures such as strengthening EC operations.
- We forecast an OP of ¥2.3 bil, RP of ¥2.2 bil, and Net Profit of ¥1.3 bil through strengthening proper sales, inventory control, and reduction of SG&A expenses towards a greater focus on efficiency.

### Shareholder Dividends

- The annual dividend for FY2022/02 is planned to be ¥38 per share (year-end dividend).

The above earning forecast was prepared based on the available information at the time of publication. Actual earnings may vary depending on various factors such as the end of the Covid-19 epidemic.

## Appendix



## Leading in Women's Apparel and Accessories in Japan (SPA) \*

- **369 stores in Japan, 304 stores in China, 4 stores in Hong Kong, 1 store in U.S., 1 store in Taiwan, 19 brands in the portfolio\*\***
- Stable Japanese Business + **Continuously Growing China Business**
- Efficient business model with **High Inventory Turnover and GPM**

\*Specialty store retailer of Private Label Apparel

\*\* As of August 2021 for Japan, June 2021 for Overseas



MOUSSY



SLY



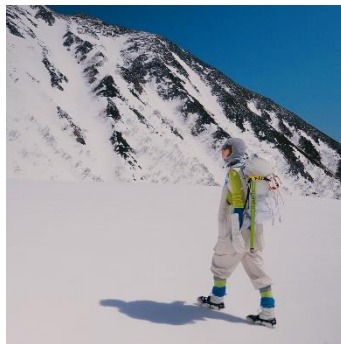
RIM . ARK



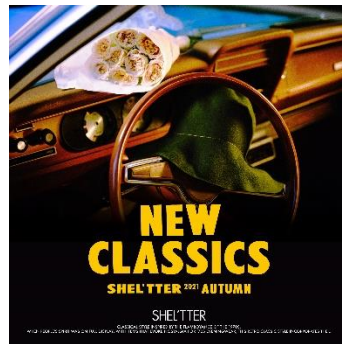
ENFÖLD



RODEO CROWNS  
WIDE BOWL



någonstans



SHEL'TTER






LAGUA GEM



STACCATO

- Our founding spirit of “making what we want” has never changed, and our business has expanded globally – supported by our loyal customers both domestic and overseas.

Time	History	
2000	<ul style="list-style-type: none"> <li>● <b>6 founders started [MOUSSY] from “Shibuya 109” (shopping building) “we make what we want (because they don’t exist in the market!)”</b></li> <li>➢ As a denim brand, MOUSSY’s jeans were designed to accentuate the sexiness of women. <b>MOUSSY achieved sales of ¥ 10 bil in just 4 years</b></li> </ul>	
2006	<ul style="list-style-type: none"> <li>● China business expert, Mr. Murai (current Chairman and CEO) joined the company</li> </ul>	
2007	<ul style="list-style-type: none"> <li>● MBO by CLSA and senior management</li> </ul>	
2008	<ul style="list-style-type: none"> <li>● <b>[AZUL by MOUSSY] launched.</b> Targeting customers at suburban shopping centers, but with an emphasis on the brand’s world view – including store interiors, music, and fragrances</li> </ul>	
2010	<ul style="list-style-type: none"> <li>● 1<sup>st</sup> MOUSSY store opened in Shanghai, China</li> </ul>	
2012	<ul style="list-style-type: none"> <li>● <b>[ENFÖLD] launched. Targeting fashion conscious women over 30s</b></li> <li>➢ Established a domestic contemporary market (known as the Domecon market) with a style edgier than domestic carrier brands and more affordable than European and American import brands.</li> </ul>	
2013	<ul style="list-style-type: none"> <li>● CLSA sold all shares to Belle and CDH fund. China JV with Belle started</li> </ul>	
2016	<ul style="list-style-type: none"> <li>● <b>[RIM.ARK] launched by a winner of an internal competition project</b></li> <li>➢ Norm-Mode brand with a normal fashion style that further evolves the Normcore trend</li> <li>● [MOUSSY][ENFÖLD] stores opened in Manhattan, NY</li> </ul>	

Time	History
2017	<ul style="list-style-type: none"> <li>Achieved 200 stores in mainland China through the Chinese retail business developed in Joint Venture with Belle International Holdings Limited</li> <li>Started selling "adidas x MOUSSY", a collection jointly developed with Adidas Japan Co.,Ltd</li> <li><b>Started DoS for "SHEL'TTER PASS" a membership-based point service to accumulate "miles" for use in both in-store and EC(E-commerce)shopping</b></li> </ul>
2018	<ul style="list-style-type: none"> <li>[nagonstans] launched. Proposes and adult resort style for women in their 30s and 40s who are highly fashion-conscious.</li> <li>Born from the new business discovery contest "NEXT IS YOU", the brand "R4G" with a new concept of fusion of animation and fashion is developed from its on EC site</li> <li>Launched STYLEMIXER official website, an editorial EC platform curated by popular influencers</li> <li>Ayaka Murohara (ex SLY sales staff) winner of "2017 NEXT IS YOU – Fashion Icon section" launched "LAGUNA GEM"</li> </ul>
2019	<ul style="list-style-type: none"> <li>Launched "y/m" for women in their late 30s and 40s who are highly fashion-sensitive, offering simple, but detailed, and material-focused clothes</li> </ul>
2020	<ul style="list-style-type: none"> <li>Launched "AUNE", a new platform for apparel sustainability</li> <li>Launched "HeRIN.CYE", a brand that maximizes the daily lives of women living in the modern age</li> </ul>

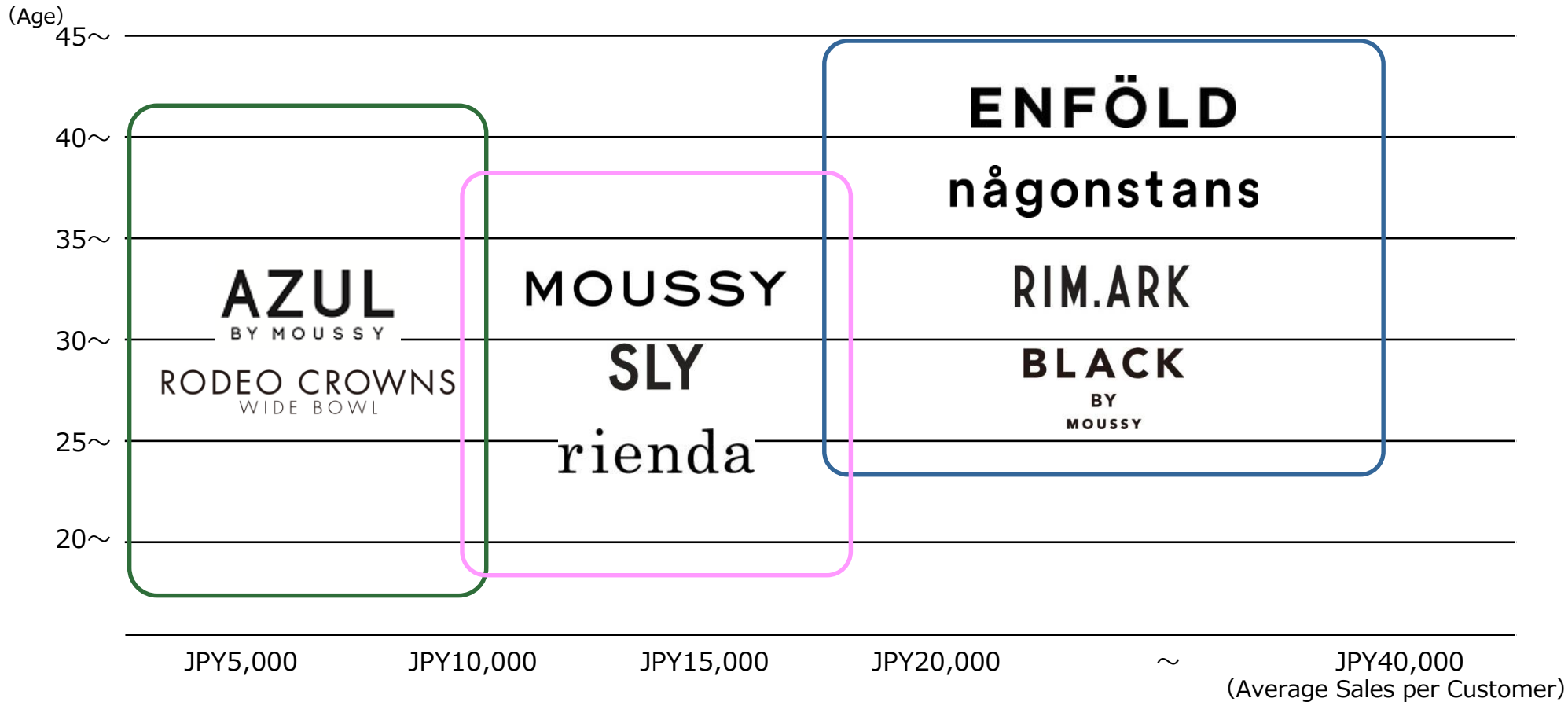


Time	History
2020	<ul style="list-style-type: none"><li>● Launched “Crie Conforto” which presents warm “comfort” for adult women</li></ul>
2021	<ul style="list-style-type: none"><li>● Opened MOUSSY OUTLET Store in the largest outlet in northern Taiwan.</li><li>● Development of new types of business through “SHEL'TTER GREEN” and “SHEL'TTER DELI”.</li></ul>
















**Brand Portfolio by Age Demographic and Segment Unit Price**



<b>% of Sales</b>	<b>50%</b>	<b>40%</b>	<b>10%</b>
<b>Avg. Store Size</b>	<b>40 ~ 150m<sup>2</sup></b>	<b>20 ~ 50m<sup>2</sup></b>	<b>15 ~ 20m<sup>2</sup></b>
<b>Global Comparison</b>	TOPSHOP ZARA	ALLSAINTS rag & bone NEW YORK	STELLA McCARTNEY MARNI

## Ranking of Instagram Follower Counts for Japanese Fashion Brands

Domestic Ranking	Company Name	Logo	Followers	# of Posts
11	MUJI無印良品		2,780,000	3,822
12	UNIQLO Global		2,340,000	2,404
13	A BATHING APE® OFFICIAL		2,300,000	8,265
18	KENZO		1,970,000	565
27	GU		1,350,000	4,367
35	sacaiofficial		1,150,000	2,416
41	UNDERCOVER		1,000,000	2,148
48	Yohji Yamamoto		860,000	1,072
72	MOUSSY		715,000	10,000
83	LOWRYS FARM		640,000	2,869
162	SLY		419,000	9,795

## In-house Influencers

\_marinakamura\_

- Office Staff (RIM.ARK)
- IG Follower #141,000



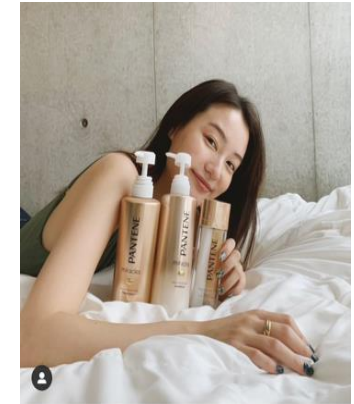
@nozomi\_n0316

- Office Staff (rienda)
- IG Follower #38,000



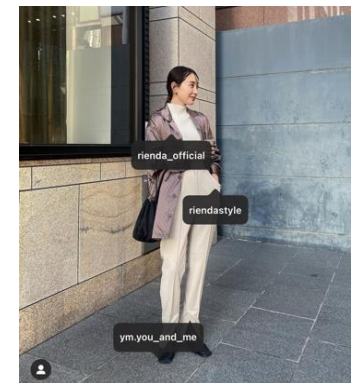
mi\_smile25

- 104,000 YouTube Subscribers
- IG Follower #106,000



misato\_muraoka

- Office Staff
- IG Follower #54,000



As of September 30, 2021 Instagram, YouTube

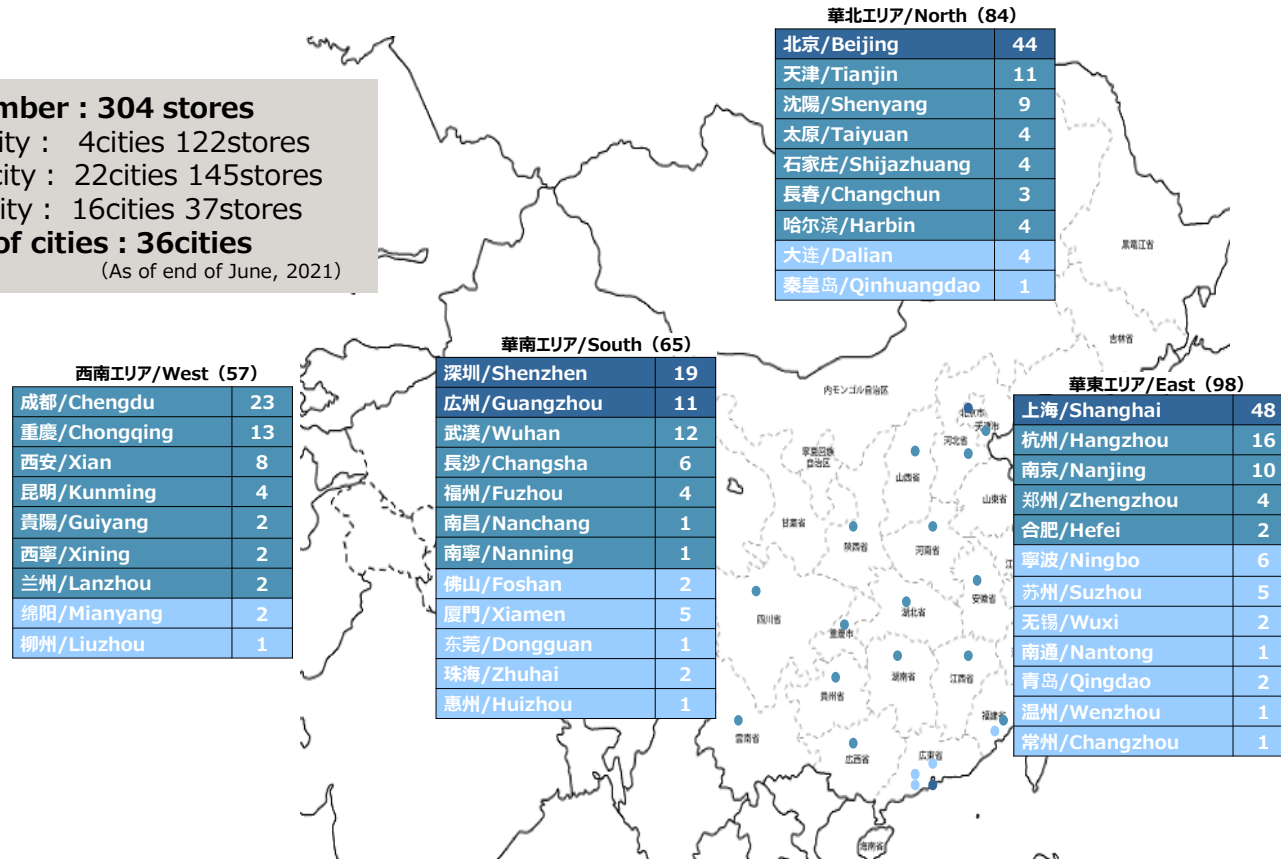
- In Q2 of FY2022/02 the 21 stores were opened and 8 closed, resulting in a net increase of 13 stores.

■ **Store number : 304 stores**

- 1<sup>st</sup> tier city : 4cities 122stores
- 2<sup>nd</sup> tier city : 22cities 145stores
- 3<sup>rd</sup> tier city : 16cities 37stores

■ **Number of cities : 36cities**

(As of end of June, 2021)



City Definition

1<sup>st</sup> tier cities (4 cities): Shanghai, Beijing, Guangzhou, Shenzhen

2<sup>nd</sup> tier cities (27 cities): Harbin, Shenyang, Changchun, Hohhot, Shijiazhuang, Taiyuan, Tianjin, Hangzhou, Hefei, Nanjing, Fuzhou, Haikou, Nanchang, Nanning, Wuhan, Changsha, Jinan, Zhengzhou, Lanzhou, Ürümqi, Xi'an, Xining, Yinchuan, Chengdu, Chongqing, Guiyang, Kunming

3<sup>rd</sup> tier cities : Other Cities

## High Inventory Turnover

- New Merchandise Arrivals Every Week
- Avg. 12,500 to 13,500 items/year



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



## High GP Margin

### Design/Development

- Original fabric development and sourcing by R&D team



### Production

- Promoting Direct Purchases from Factories
- Utilizes JV-partner Belle's network to cultivate new production partnerships



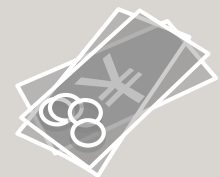
### Logistic

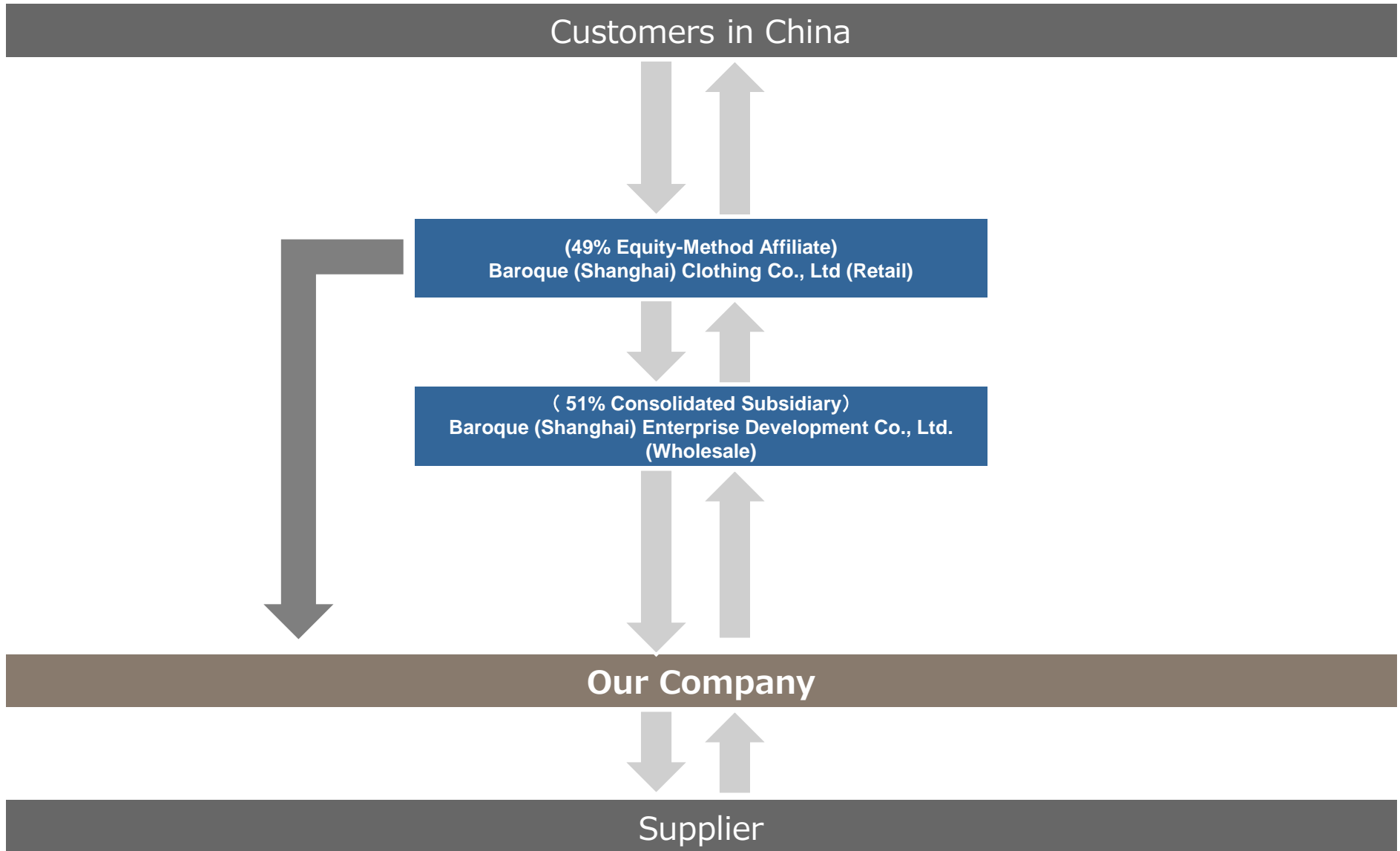
- Logistic and Warehouse Cost Reduction by utilizing Belle's Distribution Network
- In-house inspection center



### Sales

- Variety of CS-Improvement Training for shop staff
- Unique incentive programs and retail contests





↑ : Merchandise

↓ : Order

↩ : Royalty

- **This document refers to the industry trends and business contents related to Baroque Japan Limited, and the future prospects based on the current plans, estimates, prospects, or forecasts by Baroque Japan Limited**
- **Inherent to these forward-looking statements are various risks and uncertainties. Risks, uncertainties, and other factors either already known or yet unknown may cause results that differ from what is contained in said forward-looking statements**
- **The actual future business content and business results of Baroque Japan Limited Co., Ltd. May differ from the future outlook described in this document**
- **The statements regarding the future prospects in this material are made by Baroque Japan Limited based on currently available information; even if there is new information, future events, etc. going forward, we undertake no obligation to update or change any statement regarding future prospects contained within this material.**