

BAROQUE JAPAN LIMITED

FY2022/02 Third Quarter Financial  
Results and Supplementary Information

**January 14,2022**

Tokyo Stock Exchange First  
Section: 3548

1 FY2022/02 Third Quarter Result Overview

2 Business Highlights

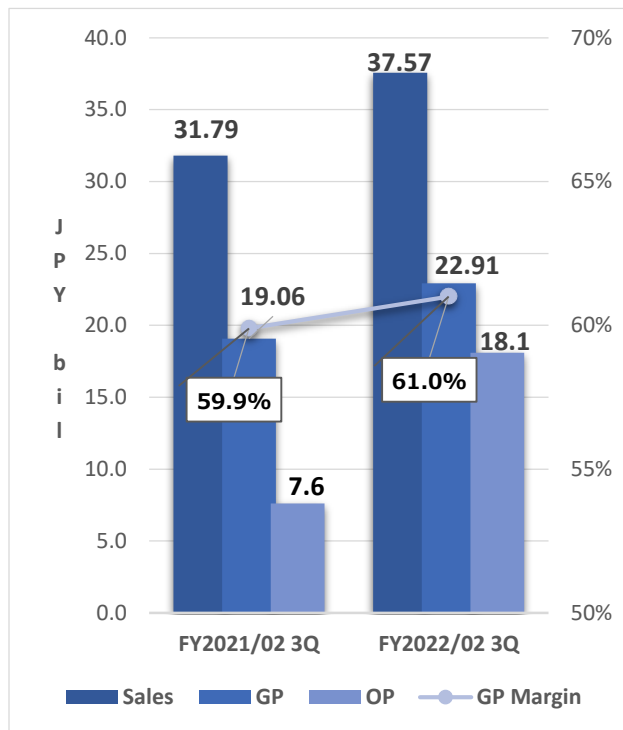
3 FY2022/02 Outlook

- **Consolidated Sales increased by 119.4% YoY, with OP and the following below also having increased.**
- **The Sales and Profits of Domestic Sales increased significantly YoY due to a recovery trend in sales in the third quarter.**
- **Regarding to Overseas business, Sales and Profits increased significantly YoY.**

Item	Cumulative Third Quarter Actual	Last year	YoY	Movement	Multi-Year YoY
<b><u>Consolidated Sales:</u></b>	<b>¥ 43.10 bil</b>	¥ 36.09 bil	119.4%	¥ 7.01 bil	89.3%
<b><u>Consolidated Operating Profit:</u></b>	<b>¥ 2.43 bil</b>	¥ 1.18 bil	205.1%	¥ 1.24 bil	61.7%
<b><u>Consolidated Recurring Profit:</u></b>	<b>¥ 2.65 bil</b>	¥ 0.88 bil	300.1%	¥ 1.76 bil	67.9%
<b><u>Consolidated Net Profit:</u></b>	<b>¥ 1.51 bil</b>	¥ 0.22 bil	679.1%	¥ 1.29 bil	62.5%

## Japan Business Overview

- In the third quarter, SC and department stores showed a recovery in customer traffic due to the lift of the State of Emergency, and at the same time, the temperature dropped, and the sales of outerwear were strong and, Domestic Sales increased 118.2% YoY. GP and OP also increased.



**Domestic Sales: ¥ 37.57 bil (Previous Year ¥ 31.79 bil 118.2% YoY)**

- ◆ Store sales increased while the number of customers in the SC brands and department store brands recovered steadily. Department store brands outerwear drives sales as temperatures drop after October.
- ◆ Promoting OMO measures utilizing SNS, EC sales increased 112.6 % YoY.

**Domestic GP: ¥ 22.91 bil (Previous Year ¥ 19.06 bil 120.2% YoY)**

- ◆ Suppress the decline in the conversion rate by promoting sales of the appropriate amount at the appropriate price. GP margin on a cumulative basis improved by 1.1pts YoY.

**Domestic SG&A: ¥ 21.10 bil (Previous Year ¥ 18.29 bil 115.4% YoY)**

- ◆ Although advertising expenses and sales promotion expenses increased due to measures to increase sales were strengthened, we continued to sharpen cost reductions and suppressed the SG&A to Sales ratio to a level of -1.3pts YoY.

**As a result, Domestic OP was ¥ 1.81 bil (previous year ¥ 0.76 bil 236.6% YoY)**

## Overseas Business Overview

- Although the spread of Covid-19 epidemic was scattered in some area of China in the third quarter, the Chinese business remains strong partly due to a growth of EC.
- Demand for high-end products are still strong in the U.S. and the U.S. business exceeded the pre-Covid-19 epidemic level and grew rapidly.

### **China JV Sales ¥5.35 bil ( Previous Year ¥4.26 bil 125.4% YoY)**

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- ◆ Chinese EC Sales increased 138.6% YoY (EC ratio in third quarter was 19.2%)
- ◆ Royalties from Chinese retailers has increased significantly in real by 120.4% YoY
- ◆ Currently, the total number of stores at the end of September became 313 stores a net increase of 9 since the end of June (Opened : 24 Closed : 15). Continue to open stores with a view to further strengthening locally designed products.

### **China JV Profit ¥0.45 bil ( Previous Year ¥0.08 bil 567.6% YoY)**

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- ◆ China's JV profits are steadily increasing and contributing to consolidated business results while the top line is growing.

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

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- ◆ In the U.S. business, while the mainstay luxury Japanese denim continues to perform well, the U.S. business shows an increase in sales and profits, contributing to consolidated business results.
- ◆ Regarding the Hong Kong business, the impact of restrictions on traffic to and from mainland China continues.

# FY2022/02 Third Quarter Consolidated Income Statement

- Consolidated Sales increased significantly by +19.4pts YoY
- Consolidated GP margin was almost the same level as YoY (+0.4pts)
- Consolidated OP increased significantly by +105.1pts

(百万円/JPY mil)	FY2022/02 Cumulative Third Quarter		
	実績 Actual	対売上 % of Sales	前年同期比 YoY
売上高/Sales	<b>43,104</b>		119.4%
売上総利益/Gross Profit	<b>24,562</b>	57.0%	120.3%
販管費及び一般管理費/SG&A	<b>22,130</b>	51.3%	115.0%
営業利益/Operating Profit	<b>2,432</b>	5.6%	205.1%
経常利益/Recurring Profit	<b>2,650</b>	6.1%	300.1%
親会社株主に帰属する四半期純利益 /Net Profit	<b>1,515</b>	3.5%	679.1%

FY2021/02 Cumulative Third Quarter	
前年実績 Actual	対売上 % of Sales
36,092	
20,425	56.6%
19,239	53.3%
1,186	3.3%
883	2.4%
223	0.6%

- The overall recovery trend has strengthened, and the growth of department store brands are particularly remarkable

(百万円/JPY mil)	FY2022/02 Cumulative Third Quarter			FY2021/02 Cumulative Third Quarter	
	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>43,104</b>		119.4%	36,092	
FB/SBブランド/FB/SB Brands	<b>11,823</b>	27.4%	106.5%	11,101	30.8%
SCブランド/SC Brands	<b>18,663</b>	43.3%	119.7%	15,594	43.2%
百貨店ブランド/Dept. Store Brands	<b>4,038</b>	9.4%	125.2%	3,225	8.9%
海外/Overseas	<b>6,893</b>	16.0%	133.4%	5,167	14.3%
その他/Others	<b>1,686</b>	3.9%	168.0%	1,003	2.8%

- The Consolidated SG&A Expenses-to-Sales Ratio decreased by -2.0pts (53.3%→51.3%)

(百万円/JPY mil)	FY2022/02 Cumulative Third Quarter				FY2021/02 Cumulative Third Quarter	
	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>43,104</b>		119.4%		36,092	
販売管理費/SG&A Expense	<b>22,130</b>	51.3%	115.0%	-2.0pts	19,239	53.3%
広告費及び販売促進費/ Advertising and promotional cost	<b>1,113</b>	2.6%	128.9%	0.2pts	864	2.4%
給与手当/Salaries and wages	<b>4,073</b>	9.5%	110.5%	-0.8pts	3,685	10.2%
販売手数料(店舗家賃及び販売 委託手数料)/Store rent and fee for franchisee	<b>8,954</b>	20.8%	118.6%	-0.1pts	7,547	20.9%
減価償却費/Depreciation	<b>615</b>	1.4%	92.8%	-0.4pts	663	1.8%
その他/Others	<b>7,373</b>	17.1%	113.8%	-0.8pts	6,478	17.9%



- Inventories were 129.1% YoY. Inventories were suppressed in the previous year, and this term are almost at the same level as two years ago

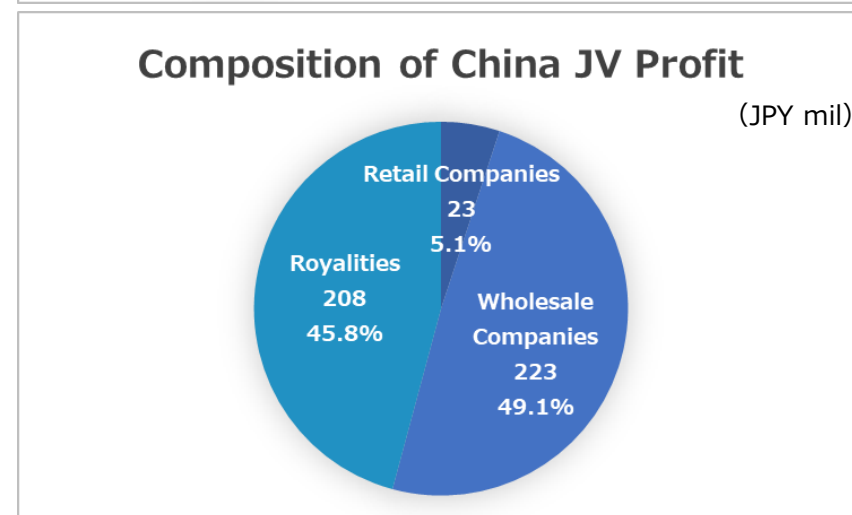
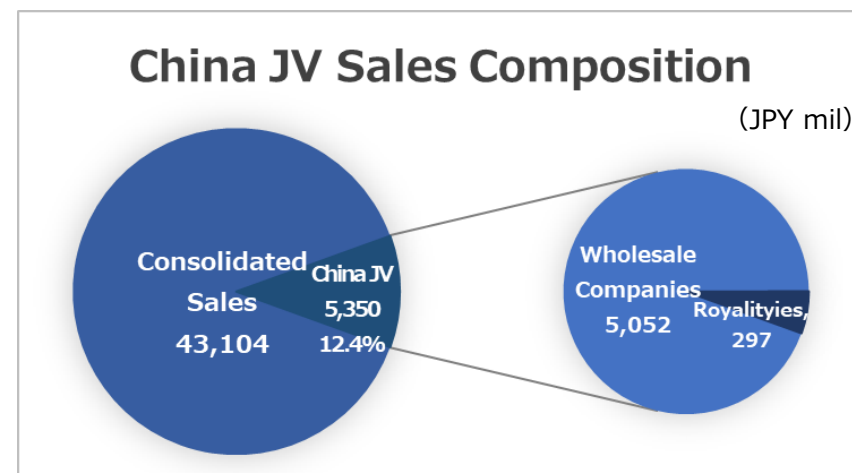
(百万円/JPY mil)	FY2022/02 (2021/11/30)			FY2021/02 (2020/11/30)	
	金額	構成比	前年同期比	金額	構成比
	Amount	Composition	YoY	Amount	Composition
現預金/Cash	<b>11,931</b>	29.9%	81.6%	14,628	37.9%
受取手形及び売掛金/Notes and Trade Receivable	<b>10,827</b>	27.2%	125.0%	8,661	22.4%
商品/Inventories	<b>7,600</b>	19.1%	129.1%	5,888	15.2%
その他流動資産/Other Current Asset	<b>483</b>	1.2%	89.8%	538	1.4%
固定資産/Non Current Asset	<b>9,033</b>	22.7%	101.5%	8,904	23.1%
総資産/Total Asset	<b>39,877</b>	100.0%	103.3%	38,620	100.0%
負債/Liabilities	<b>17,824</b>	44.7%	98.6%	18,086	46.8%
純資産/Equity	<b>22,052</b>	55.3%	107.4%	20,534	53.2%

- Domestic Sales grew to 118.2% YoY
- Domestic EC Sales grew by 112.6% YoY. In-house EC sales grew to 103.6% YoY, 3<sup>rd</sup>-party EC sales grew to 124.8% YoY

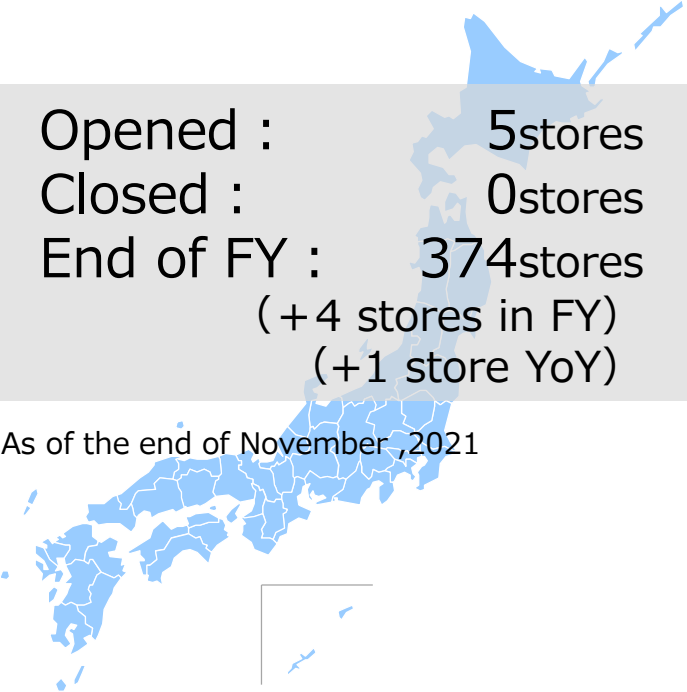
(百万円/JPY mil)	FY2022/02 Cumulative Third Quarter			FY2021/02 Cumulative Third Quarter	
	実績 Actual	対売上 % of Sales	前年同期比 YoY	前期実績 Actual	対売上 % of Sales
売上高/Sales	<b>37,576</b>		118.2%	31,798	
(店舗売上/Store Sales)	<b>27,241</b>	72.5%	118.3%	23,025	72.4%
(EC売上/EC Sales)	<b>7,598</b>	20.2%	112.6%	6,747	21.2%
売上総利益/Gross Profit	<b>22,919</b>	61.0%	120.2%	19,060	59.9%
販管費及び一般管理費/SG&A	<b>21,105</b>	56.2%	115.4%	18,293	57.5%
営業利益/Operating Profit	<b>1,814</b>	4.8%	236.6%	767	2.4%
経常利益/Recurring Profit	<b>1,845</b>	4.9%	262.6%	702	2.2%

- 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 127.5% YoY
- Royalties were 98.5% YoY. From FY2022/02 third quarter, royalties from retail companies will be recorded in the “Royalty”, and the royalties from wholesale companies ( ¥66 million) will be recorded in the “Wholesale” which is substantially 120.4% YoY

(百万円/JPY mil)	FY2022/02 Cumulative Third Quarter Actual	FY2021/02 Cumulative Third Quarter Actual	前年比 YoY
中国合弁事業からの売上 Sales from China JV			
卸売/Wholesale	5,052※	3,964	127.5%
ロイヤリティ/Royalty	297※	301	98.5%
売上合計/Sales Total	5,350	4,265	125.4%
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	23	-343	-
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	223	212	105.2%
ロイヤリティ税抜換算 Royalty after tax	208	211	98.5%
利益合計/Profit Total	454	80	567.6%



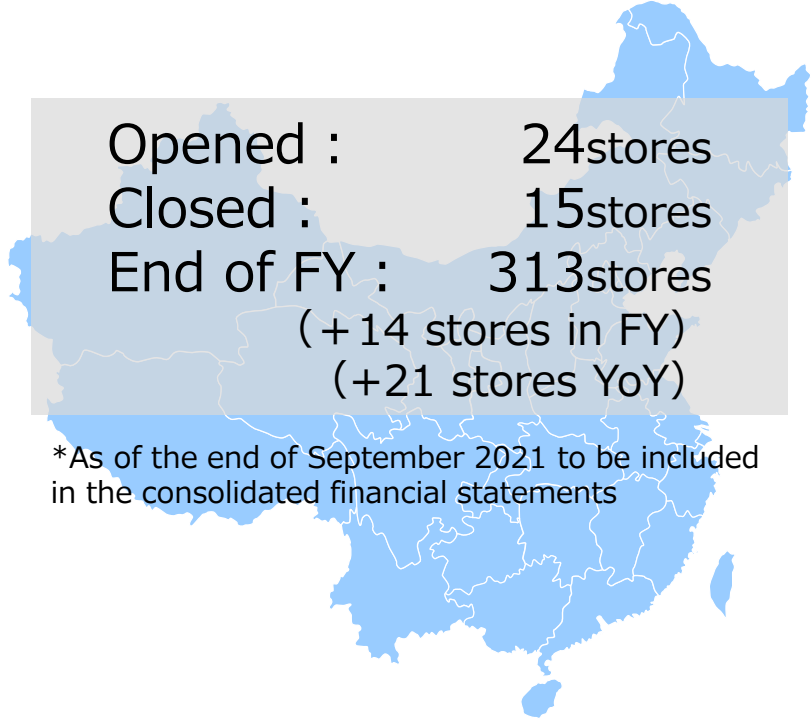
**JAPAN**



Opened : 5stores  
Closed : 0stores  
End of FY : 374stores  
(+4 stores in FY)  
(+1 store YoY)

\*As of the end of November, 2021

**CHINA JV**



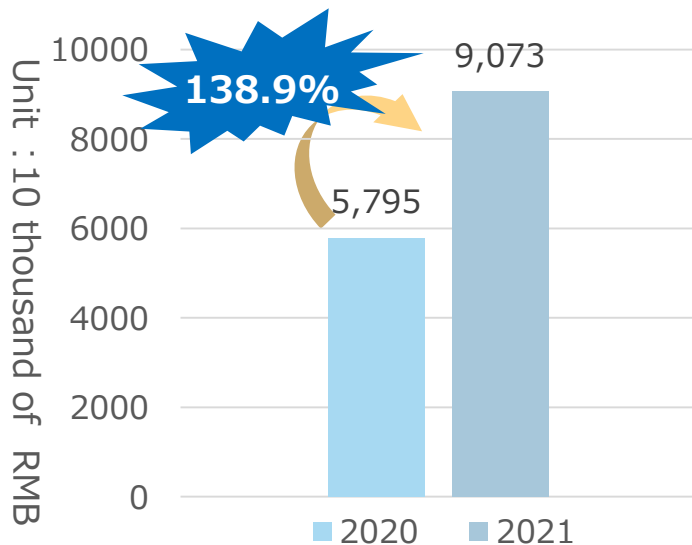
Opened : 24stores  
Closed : 15stores  
End of FY : 313stores  
(+14 stores in FY)  
(+21 stores YoY)

\*As of the end of September 2021 to be included in the consolidated financial statements

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- TikTok, which started this year as a new EC channel in the Chinese business, is growing rapidly. EC sales via TikTok also showed strong performance at Double11 in November this year, and the Sales of MOUSSY and SLY increased by 138.9% YoY.
- MOUSSY ranked 40<sup>th</sup> place in TikTok’s women’s fashion during the Double 11 period, improving its presence in Gen Z in China.
- By utilizing the characteristics of TikTok, which can be appealed in a shorter time than Instagram, and developing live commerce in a wider range, we are steadily expanding the purchasing base in China.

Double 11 • China EC Total Sales



- Misato Muraoka, who won the Grand Prix in "STAFF OF THE YEAR", will appear on Nippon Television's "ZIP!" broadcasted on December 9<sup>th</sup>.
- Misato Muraoka's online customer service was picked up as the number one in the apparel field this year in the section entitled "Success this year! Find Japan's number one in various fields!" .
- She showed an Instagram live broadcast in the program, and in an interview, she showed confidence in selling with interpersonal skills that surpass AI.





- A special issue featuring a total of 493 staff were released on WEB STORE from November 8<sup>th</sup> in the fashion EC magazine "SHEL'TTER".
- Not only snap photos but also popular staff's important key words and commitments are featured from various angles. A total of 493 style samples have been released, including shop staff nationwide, designers, press headquarters staff and OGs who have graduated from Baroque Japan Limited.
- As part of efforts to transmit a new "culture" from Baroque and propose a richer life.





- Based on the idea that it is most important to create a world where everyone can live comfortably regardless of gender, the new brand “re:juu” of femtech products such as water absorbing shorts debuted.
- As an initiative to improve brand value, we are promoting product enhancement by using multifunctional materials, and as part of this, we are developing femtech products.
- Product development is carried out in collaboration with Ichibo Co., Ltd., which has been manufacturing cloth sanitary pads in Japan for about 25 years.



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(百万円/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) \*

- **374 stores in Japan, 313 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 November 2021 for Japan, September 2021 for Overseas



MOUSSY



SLY



RIM . ARK



ENFÖLD



RODEO CROWNS  
WIDE BOWL



SHEL'TTER GREEN / DELI



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>

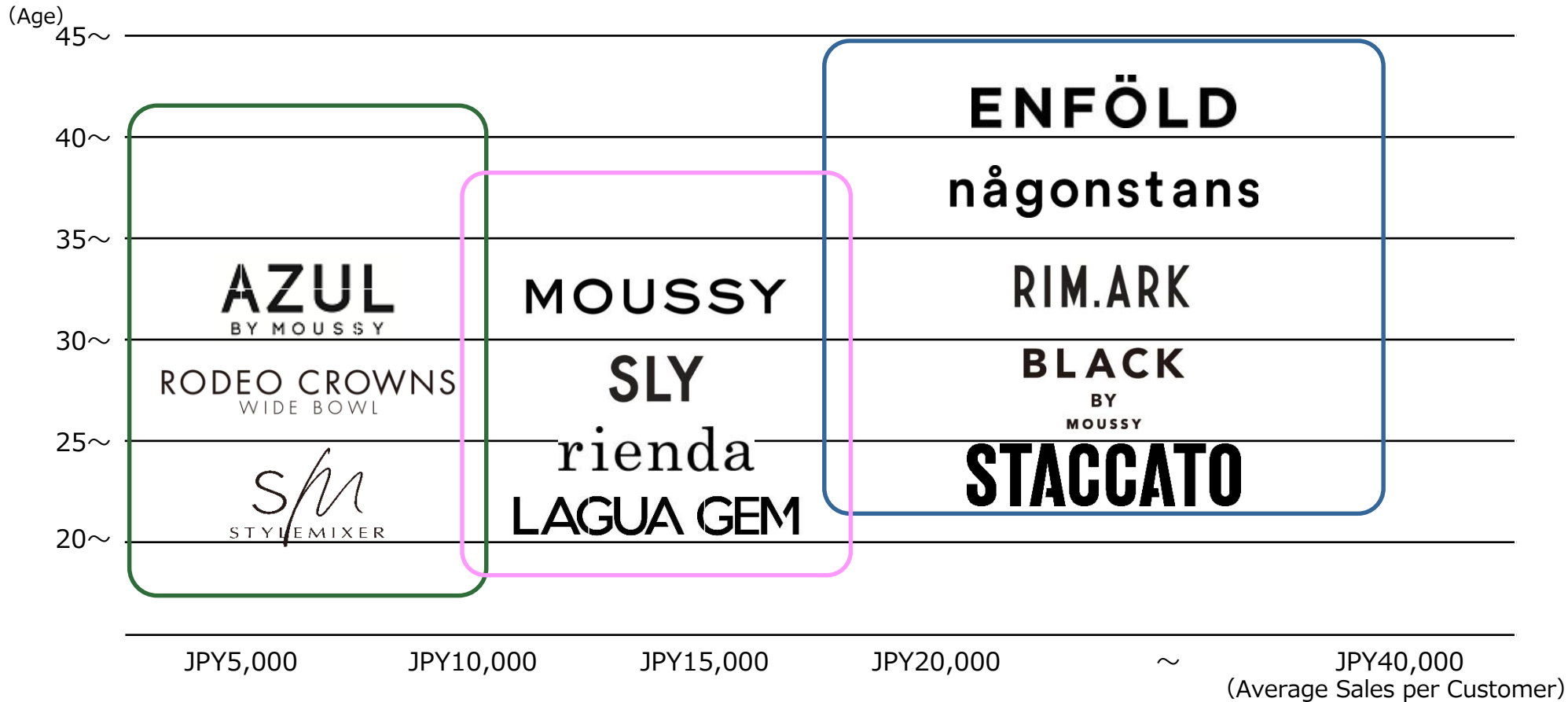


Time	History
2020	<ul style="list-style-type: none"><li>● Launched “Crie Conforto” which presents warm “comfort” for adult women</li></ul>
2021	<ul style="list-style-type: none"><li>● Opened MOUSSY OUTLET Store in the largest outlet in northern Taiwan.</li></ul>
	<ul style="list-style-type: none"><li>●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





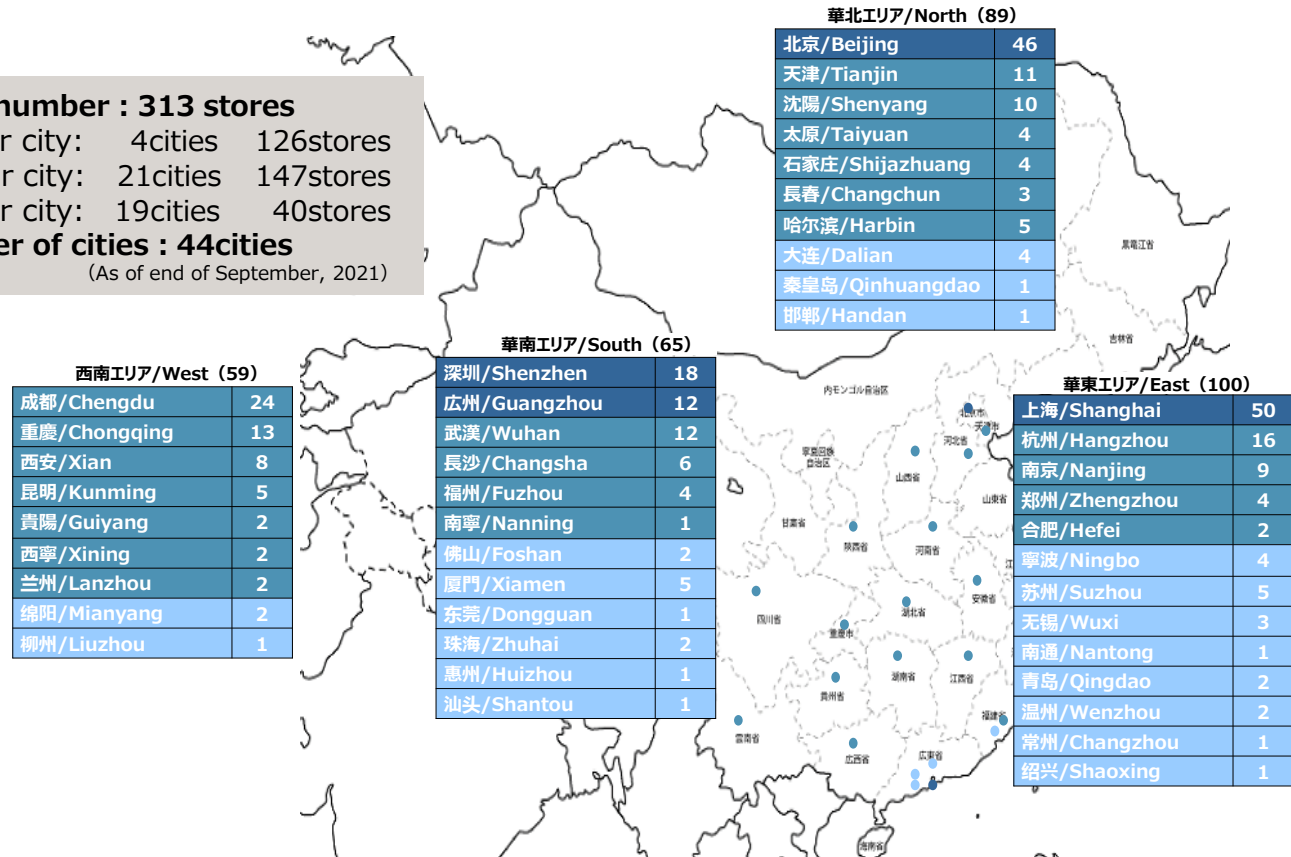
**Brand Portfolio by Age Demographic and Segment Unit Price**



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

- In Q3 of FY2022/02 the 24 stores were opened and 15 closed, resulting in a net increase of 9 stores.

**■ Store number : 313 stores**  
 • 1<sup>st</sup> tier city: 4cities 126stores  
 • 2<sup>nd</sup> tier city: 21cities 147stores  
 • 3<sup>rd</sup> tier city: 19cities 40stores  
**■ Number of cities : 44cities**  
 (As of end of September, 2021)

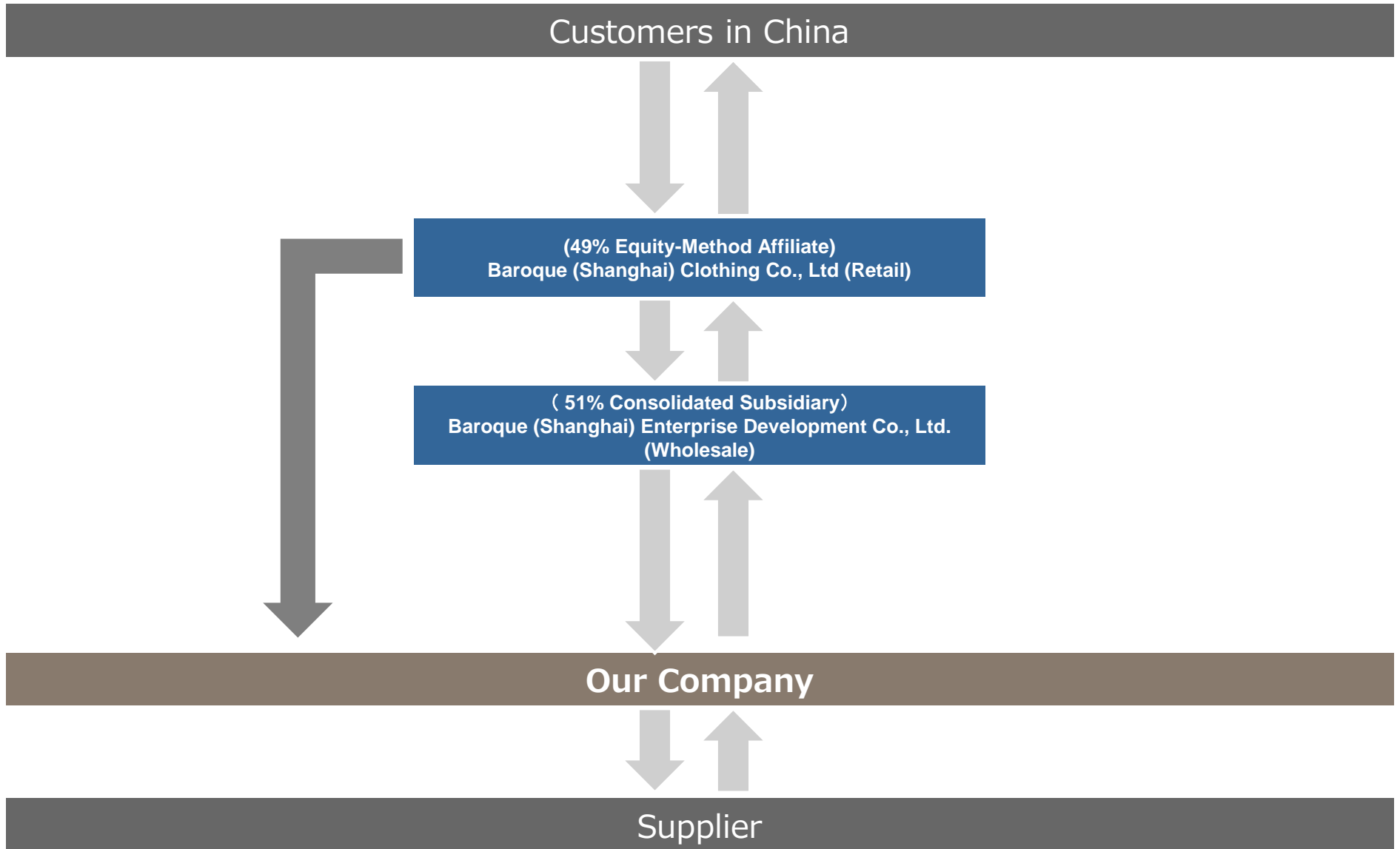


City Definition

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



↑ : 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.**