

BAROQUE JAPAN LIMITED

FY2022/02 Full-Year Financial Results
and Supplementary Information

April 14, 2022

Tokyo Stock Exchange Prime Market

Section: 3548

1 FY2022/02 Full Year Result Overview

2 Future Priority Strategies

- Consolidated Sales were 99.0%, almost as planned. Each profit item below Consolidated Operating Profit was achieved with a significant breakthrough of around 110~120%.
- The Sales and Profits of Domestic Sales increased significantly YoY. EC sales also grew significantly.
- Regarding to Overseas business, Sales and Profits increased significantly YoY due to the contribution of China and US business.

Item	当期実績/Current Year Actual (2021/3/1~2022/2/28)			前年実績/Previous Year Actual (2020/3/1~2021/2/28)		
	通期業績 見通し Forecast	実績 Actual	通期業績 見通し比 %	前年実績 Previous Year Actual	前年比 YoY	前年比増減 Increase/ Decrease
連結売上高 /Sales	¥ 59.73 bil	¥ 59.13 bil	99.0%	¥ 50.59 bil	116.9%	¥ 8.54 bil
連結売上総利益 /Gross Profit	¥ 34.34 bil	¥ 32.78 bill	95.4%	¥ 27.84 bil	117.7%	¥ 4.93 bil
連結営業利益 /Operating Profit	¥ 2.31 bil	¥ 2.75 bil	119.1%	¥ 1.31 bil	209.7%	¥ 1.43 bil
連結経常利益 /Recurring Proft	¥ 2.28 bil	¥ 2.84 bil	124.3%	¥ 1.18 bil	239.7%	¥ 1.65 bil
親会社株主に帰属する 当期純利益 /Net Profit	¥ 1.30 bil	¥ 1.47 bil	112.8%	¥ 0.37 bil	391.6%	¥ 1.09 bil

Japan Business Overview

- It showed progress that exceeded the lap of the full-year earnings forecast until 3Q, and continued momentum until the first half of January in 4Q. After that, due to the rapid expansion of Omicron variant in Japan, the number of customers decreased from the latter half of January, but as a result of fine control of cashing and expenses, the domestic business saw a significant increase in sales and profits compared to the previous year.
- Domestic EC Sales grew by 10.6% YoY. In-house EC sales grew to 101.9% YoY, 3rd-party EC sales grew to 122.0% YoY.
- The Consolidated SG&A Expenses-to-Sales Ratio decreased by 1.6pts.

(百万円/JPY mil)	FY2022/02			FY2021/02	
	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	51,761		116.5%	44,427	
(店舗売上/Store Sales)	37,422	72.3%	116.6%	32,094	72.2%
(EC売上/EC Sales)	10,435	20.2%	110.6%	9,435	21.2%
売上総利益/Gross Profit	30,439	58.8%	117.4%	25,927	58.4%
販管費及び一般管理費/SG&A	28,635	55.3%	113.3%	25,278	56.9%
営業利益/Operating Profit	1,804	3.5%	278.0%	648	1.5%
経常利益/Recurring Profit	1,885	3.6%	327.3%	576	1.3%

Overseas Business Overview

U.S. Business

- Brand recognition for the wealthy in North America has also increased, and the U.S. business has been expanded with a business model centered on EC and wholesale (for high-end department stores and select shops)
- The actual store is 1 store in NY. Full-year EC ratio (including EC specialized wholesalers): 32.8%
- Business performance in the U.S. for the FY2022/02 grew significantly. Sales were 188.8% YoY and operating income was 463.7% YoY
- We have built a business model and business management system that can steadily generate profits in the U.S. market. Operating profit under U.S. subsidiary has grown to a level of approximately ¥ 300 million

China JV

- The Chinese business showed good performance in the first half, however Covid-19 epidemic have spread in China since the beginning of last fall. Although the momentum of personal consumption weakened and the number of customers decreased, and the results for the second half showed a slowdown, however on a full-year basis, sales and profits increased significantly compared to the previous year
- China EC Sales increased significantly by 112.3 % YoY (Full-year EC ratio was 17.2%)
- The number of stores increased by 19 in the 4Q period to 332 stores (Opened : 33 Closed : 14). Net increase of 33 stores on a full-year compared to the same period of the previous year

(百万円/JPY mil)	FY2022/02 Actual	FY2021/02 Actual	YoY
中国合弁事業に関する売上 Sales from China JV			
卸売/Wholesale	7,001*	5,920	118.3%
ロイヤリティ/Royalty	415*	420	98.8%
売上合計/Sales Total	7,416	6,340	117.0%

(*) Only royalties from retail companies are recorded in "Royalty", and royalties from wholesale companies (¥ 61 million) are recorded in "Wholesale", which is substantially 113.6% YoY

- Consolidated Sales increased significantly by +16.9pts YoY
- Consolidated GP margin improved YoY (+0.4pts)
- Consolidated OP increased significantly by +109.7pts

(百万円/JPY mil)	FY2022/02			FY2021/02	
	実績 Actual	対売上 % of Sales	前年同期比 YoY	前年実績 Actual	対売上 % of Sales
売上高/Sales	59,139		116.9%	50,590	
売上総利益/Gross Profit	32,781	55.4%	117.7%	27,847	55.0%
販管費及び一般管理費/SG&A	30,028	50.8%	113.2%	26,535	52.5%
営業利益/Operating Profit	2,752	4.7%	209.7%	1,312	2.6%
経常利益/Recurring Profit	2,846	4.8%	239.7%	1,187	2.3%
親会社株主に帰属する四半期純利益 /Net Profit	1,471	2.5%	391.6%	375	0.7%

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

(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	59,139		116.9%	50,590	
FB/SBブランド/FB/SB Brands	16,245	27.5%	107.3%	15,137	29.9%
SCブランド/SC Brands	25,833	43.7%	116.7%	22,139	43.8%
百貨店ブランド/Dept. Store Brands	5,365	9.1%	122.9%	4,365	8.6%
海外/Overseas	9,407	15.9%	125.7%	7,481	14.8%
その他/Others	2,287	3.9%	156.1%	1,466	2.9%

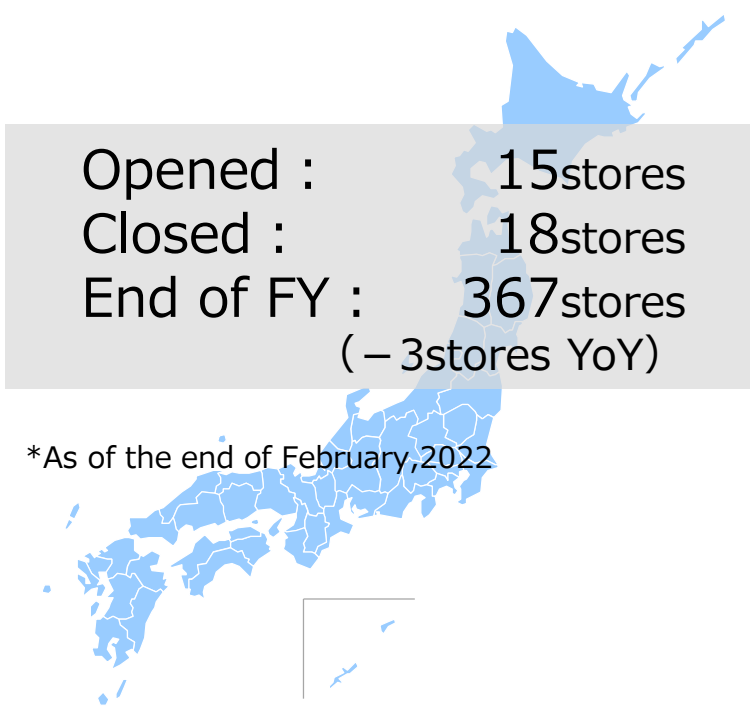
- The Consolidated SG&A Expenses-to-Sales Ratio decreased by 1.7pts (52.5%→50.8%)

(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	59,139		116.9%		50,590	
販売管理費/SG&A Expense	30,028	50.8%	113.2%	-1.7pts	26,535	52.5%
広告費及び販売促進費/ Advertising and promotional cost	1,534	2.6%	127.0%	0.2pts	1,208	2.4%
給与手当/Salaries and wages	5,464	9.2%	108.4%	-0.7pts	5,038	10.0%
販売手数料(店舗家賃及び販売委託手数料)/Store rent and fee for franchisee	12,282	20.8%	116.2%	-0.1pts	10,566	20.9%
減価償却費/Depreciation	797	1.3%	91.9%	-0.4pts	867	1.7%
その他/Others	9,950	16.8%	112.4%	-0.7pts	8,854	17.5%

- Inventories were 112.8% 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			FY2021/02	
	金額	構成比	前年同期比	金額	構成比
	Amount	Composition	YoY	Amount	Composition
現預金/Cash	15,010	38.9%	94.3%	15,924	41.5%
受取手形及び売掛金/Notes and Trade Receivable	8,869	23.0%	110.9%	8,001	20.9%
商品/Inventories	5,550	14.4%	112.8%	4,918	12.8%
その他流動資産/Other Current Asset	414	1.1%	76.0%	545	1.4%
固定資産/Non Current Asset	8,785	22.7%	98.1%	8,952	23.3%
総資産/Total Asset	38,632	100.0%	100.8%	38,343	100.0%
負債/Liabilities	16,194	41.9%	92.9%	17,431	45.5%
純資産/Equity	22,437	58.1%	107.3%	20,911	54.5%


JAPAN



Opened : 15stores
Closed : 18stores
End of FY : 367stores
(- 3stores YoY)

*As of the end of February, 2022

CHINA JV



Opened : 82stores
Closed : 49stores
End of FY : 332stores
(+33stores YoY)

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

(百万円/JPY mil)	2023年2月期 計画 FY2023/02 (Outlook)			2022年2月期 実績 FY2022/02 (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	63,379	100.0%	107.2%	59,139	100.0%
売上総利益/Gross Profit	36,814	58.1%	112.3%	32,781	55.4%
販管費/SG&A	33,569	53.0%	111.8%	30,028	50.8%
営業利益/Operating Profit	3,245	5.1%	117.9%	2,752	4.7%
経常利益/Recurring Profit	3,088	4.9%	108.5%	2,846	4.8%
親会社株主に帰属する当期純利益/Net Profit	1,774	2.8%	120.6%	1,471	2.5%
1株当たり当期純利益/EPS	49.2			40.8	

- The domestic business is expected to increase sales by about 110% compared to the previous fiscal year, and the strong U.S. business is expected to grow further compared to the previous fiscal year. Sales are set at ¥ 63.3 billion as a year to put on a recovery trend as a whole while covering the Chinese business affected by the Covid-19.
- We forecast an OP of ¥ 3.2 bil, RP of ¥ 3.0 bil, and Net Profit of ¥ 1.7 bil through working on manufacturing curtailment, strengthening proper sales and reduction of SG&A expenses towards a greater focus on efficiency.

Shareholder Dividends

- The annual dividend for FY2023/02 is planned to be ¥ 38 per share (year-end dividend).

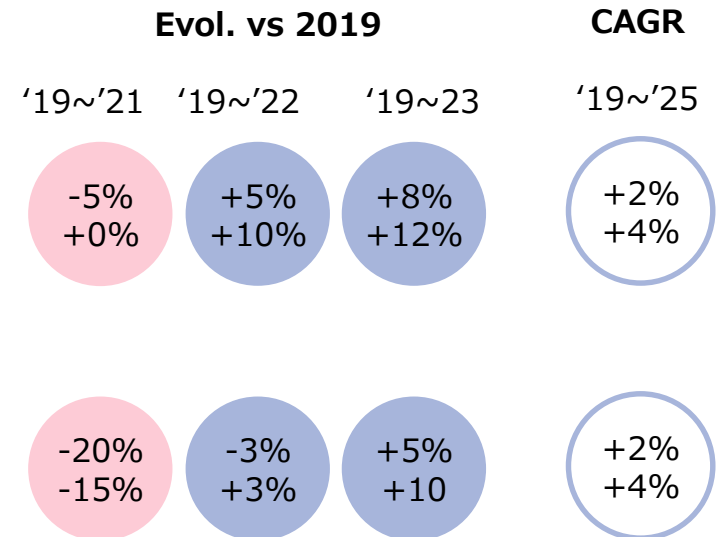
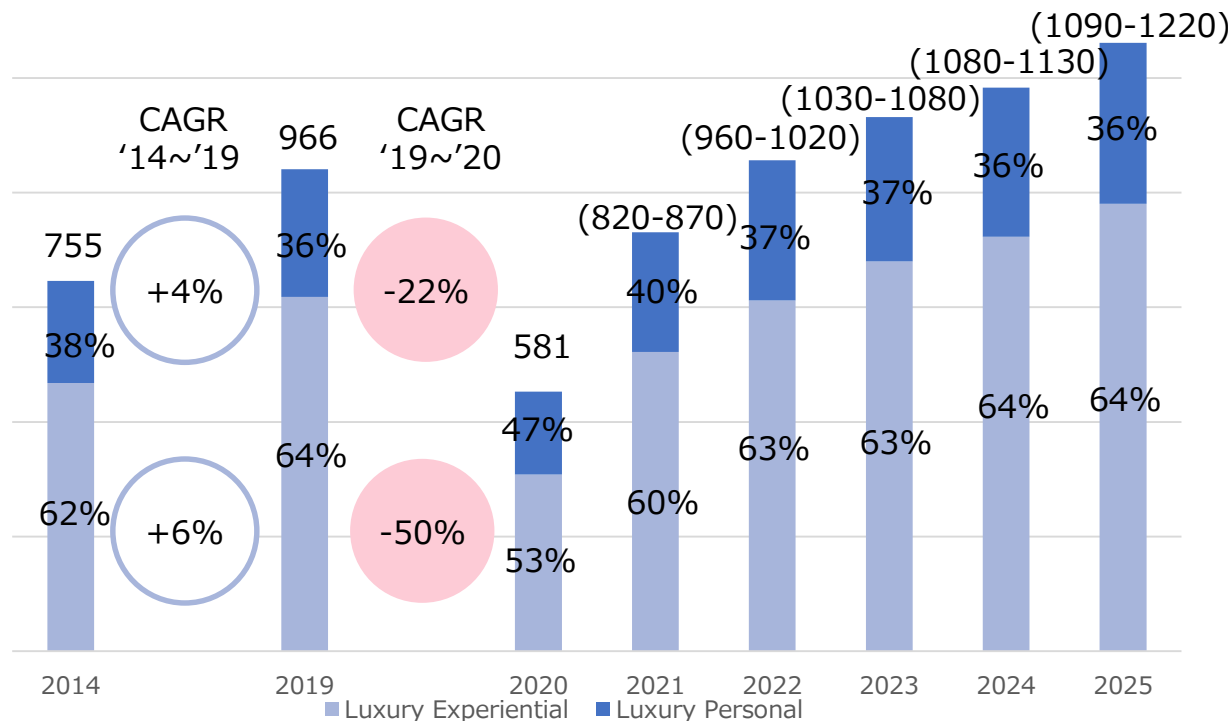
The above earning forecast was prepared based on the available information at the time of publication. Actual earnings may vary depending on various factors such as the end of the Covid-19 epidemic.

- 1 FY2022/02 Full Year Result Overview
- 2 Future Priority Strategies

- The global luxury market shrunk once in 2020 due to the influence of the Covid-19 epidemic, but recovered rapidly by 2021.
- It is expected to exceed before Covid-19 in 2022, and will continue to grow steadily after 2023.
- In particular, the luxury markets in the U.S. and China are Growth Markets, and steady growth is expected in the future.

Post Covid-19: full recovery expected between 2021 and 2022

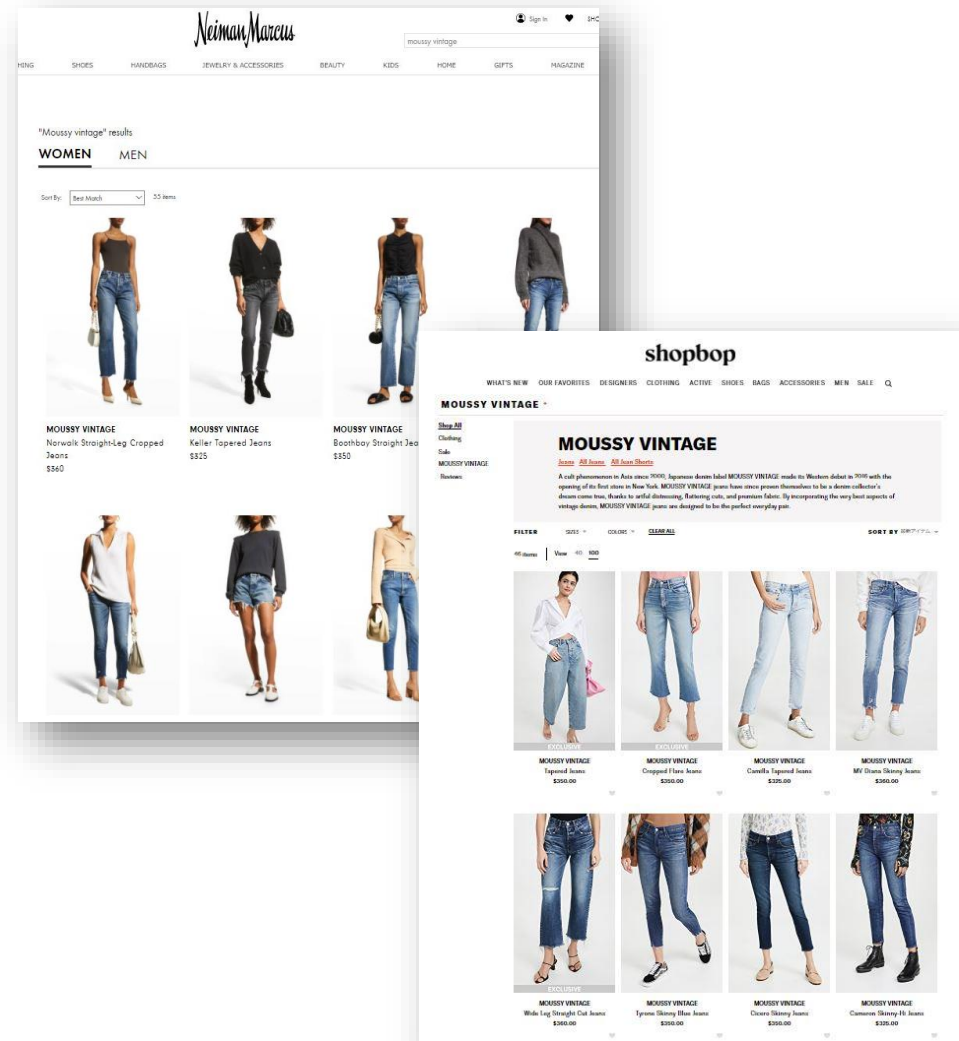
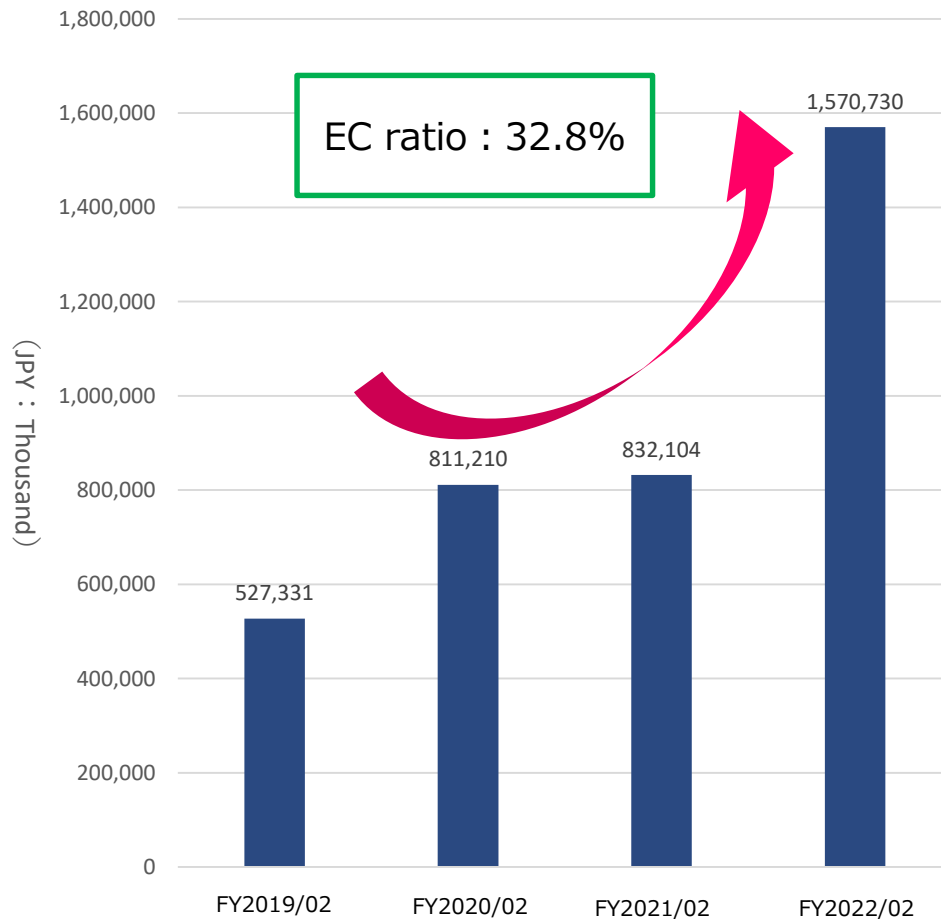
Global Luxury Market, €B



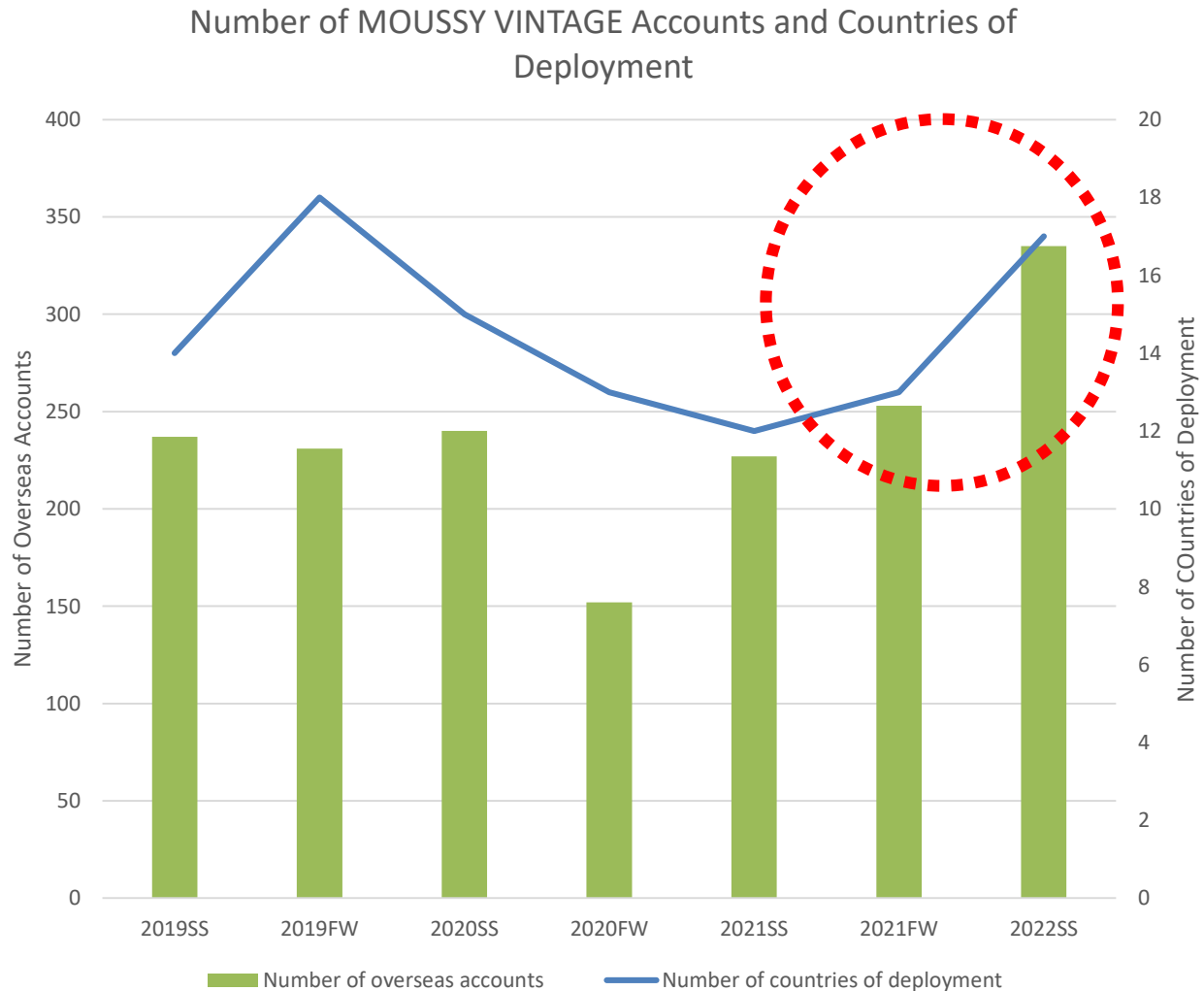
出典先: BCG×ALTAGAMMA

- Business performance in the U.S. for the FY2022/02 grew significantly. Sales were 188.8% YoY and operating income was 463.7% YoY.
- The actual store is 1 store in NY. Major wholesalers = Saks Fifth Avenue, Neiman Marcus, Shopbop, Nordstrom, etc.
- Wealthy class personal consumption in the US market remains strong. We will promote initiatives to expand U.S. business in this term as well.

U.S. Business Sales

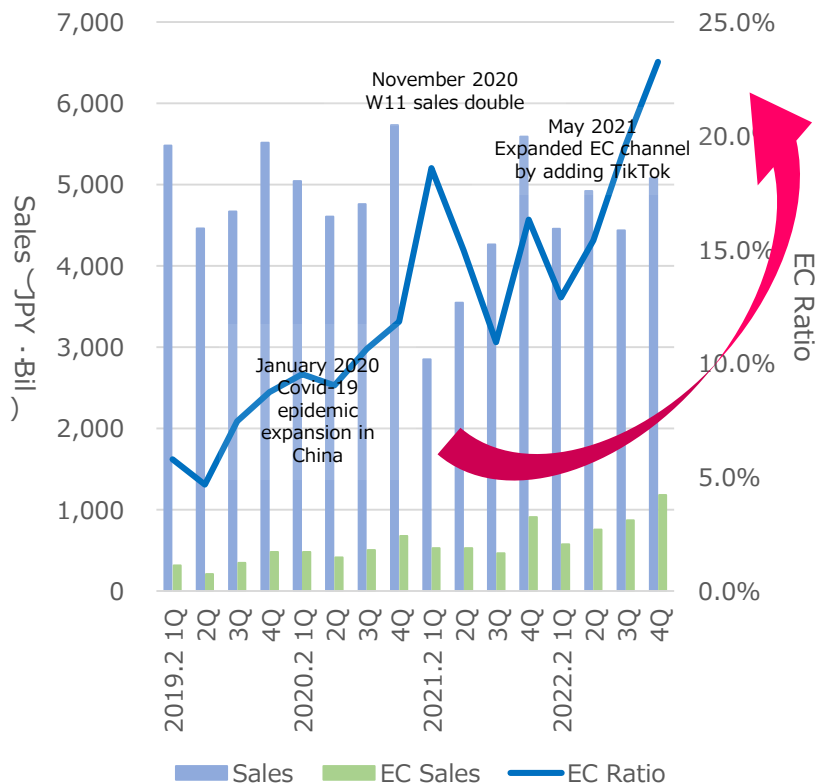


- The number of overseas accounts and the number of countries where MOUSSY VINTAGE is deployed both expanded.
- The number of overseas accounts increased significantly from 2019SS: 237 to 2022SS: 335 (141.3%).
- Regarding the number of countries deployed, 2019SS: 14 countries → 2022SS: 17 countries expanded (121.4%).



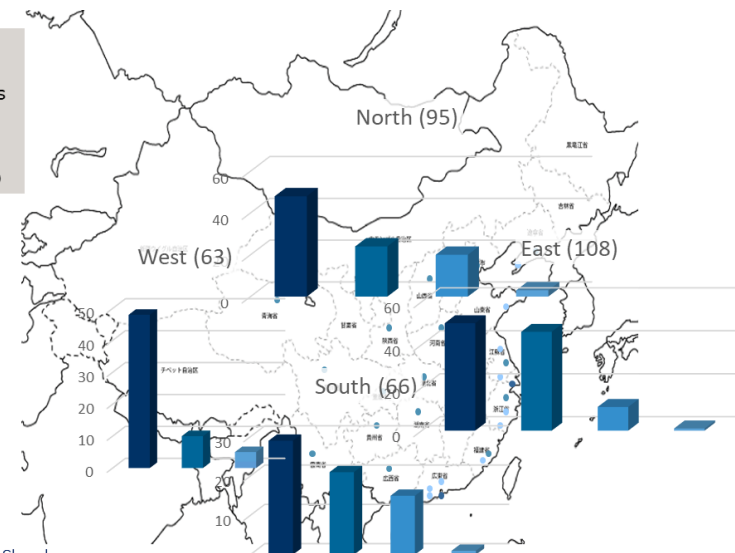
- Due to the impact of the expansion of Covid-19 in China, a severe personal consumption environment is expected for the time being. However, it has not changed its position as a medium- to long-term growth drive, and will continue to promote to strengthen its business in China.
- We have been implementing measures such as expanding the EC sales channel to TikTok, and we will continue to actively promote the strengthening of China EC.
- There is still room to open stores in China, and we will continue to develop appropriate stores.
- Further promotion of strengthening Chinese products and launching new content for the Chinese market.

Progress of China JV EC ratio



China Store Development Status

- **Store number : 332 stores**
 - 1st tier city : 4cities 127stores
 - New 1st tier city : 15cities 139stores
 - 2nd tier city : 19cities 56stores
 - 3rd tier city : 8cities 10stores
- **Number of cities : 46cities**
(As of end of December, 2021)



•City Definition

- 1st tier cities (4 cities): Shanghai, Beijing, Guangzhou, Shenzhen
- New 1st tier cities (15 cities): Chengdu, Hangzhou, Chongqing, Xi'an, Suzhou, Wuhan, Nanjing, Tianjin, Zhengzhou, Changsha, Dongguan, Buddha Mountain, Ningbo, Qingdao, Shenyang
- 2nd tier cities (30 cities): Hefei, Kunming, Wuxi, Xiamen, Jinan, Fuzhou, Weifang, Dalian, Harbin, Changchun, Quanzhou, Ishiyasho, Nanning, Jinhua, Guiyang, Nanchang, Changzhou, Jinan, Zhuhai, Nandong, Keishu, Taizhou, Zhongshan, Xuzhou Shaoxing, Taizhou, Yantai, Lanzhou, Weifang, Linyi
- 3rd tier cities : Other Cities

•* The above are grouped based on the "2021 Urban Commercial Attractiveness Ranking" (The Rising Lab, the big data project of Yicai Media Group, announced on May 27, 2021).



WEB Sales Service



Live Commerce



LINE Messages

Efforts to improve customer convenience between stores and EC



Inventory Display

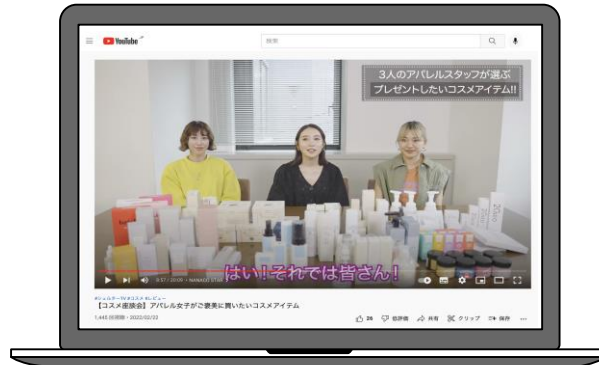


Smart Order



SHEL'TTER PASS

- Store inventory display on SHEL'TTER WEB STORE
- Utilization of Smart Orders at stores
- Offering SHEL'TTER PASS



- Instagram LIVE
- Promotional activities in SHEL'TTER TV and TikTok
- Sales by STAFF START in collaboration with SNS

To sustain the company=Sustainable



We aim to break away from the vicious circle of the Japanese apparel industry, where mass production is carried out and if there is a surplus, it is sold at a bargain price

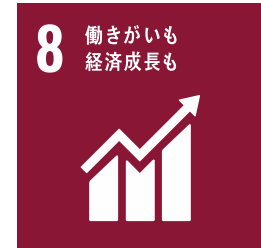


We will work on "Manufacturing Curtailment" by reducing the number of product numbers and SKUs and procuring appropriate products using QR

y/m



Rebooted as an EC-only brand from October 2020. Collecting mums and dads who are raising children and making them into departments



SHEL'TTER GREEN / DELI



Opened in October 2021 at Ario Kawaguchi. Developing a new business of "Living Environment(Green) & Food(Deli)"



re:juu



Pre-launched in December 2021. Promote initiatives for social contribution, including the development of Femtech products



Appendix

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

- **367 stores in Japan, 332 stores in China, 3 stores in Hong Kong , 1 store in U.S., 2 store in Taiwan, 21 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 February 2022 for Japan, December 2021 for Overseas



MOUSSY



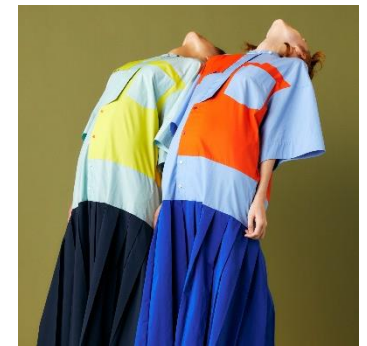
SLY



AZUL
BY MOUSSY



RIM . A R K



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.

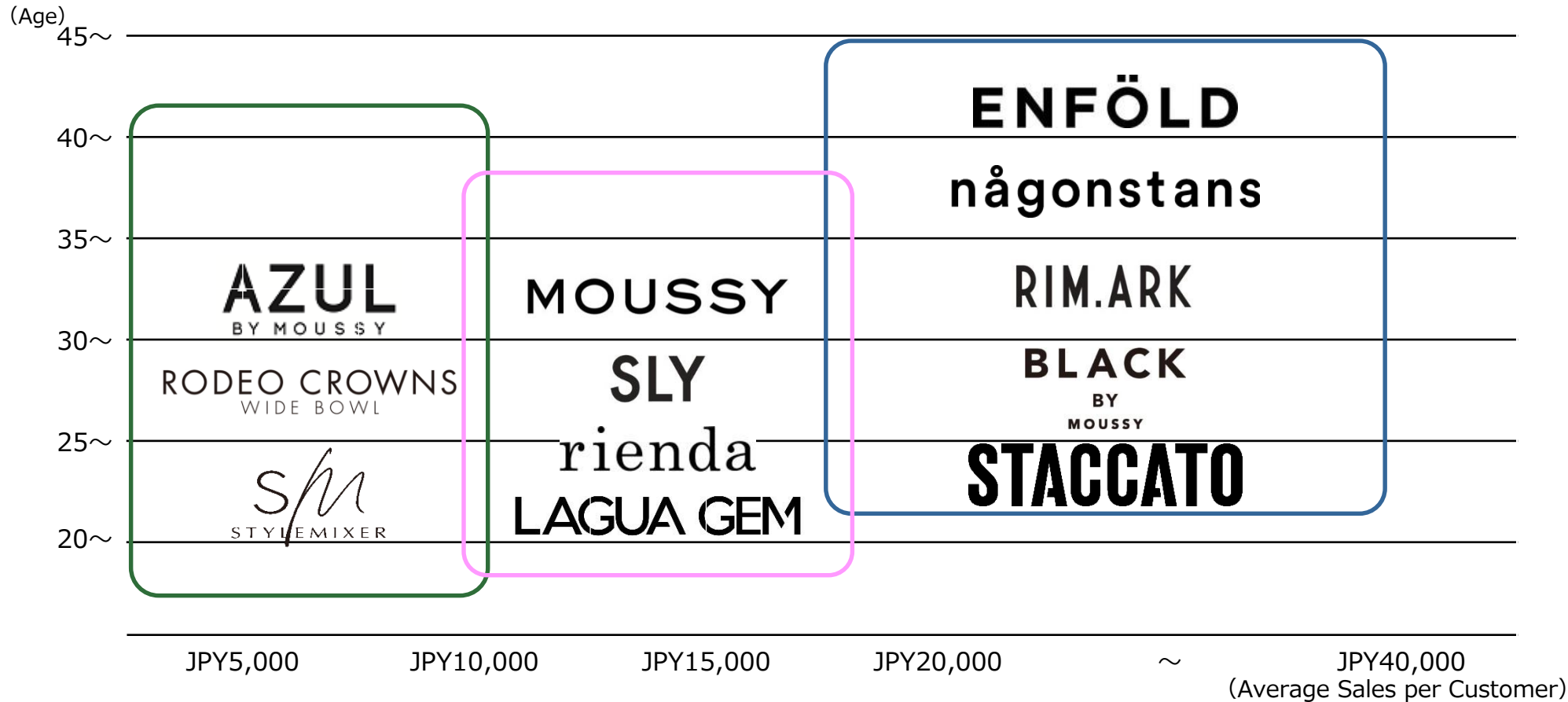
Time	History	
2000	<ul style="list-style-type: none"> ● 6 founders started [MOUSSY] from “Shibuya 109” (shopping building) “we make what we want (because they don’t exist in the market!)” ➢ As a denim brand, MOUSSY’s jeans were designed to accentuate the sexiness of women. MOUSSY achieved sales of ¥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

Time	History	
2017	<ul style="list-style-type: none"> ● Achieved 200 stores in mainland China through the Chinese retail business developed in Joint Venture with Belle International Holdings Limited ● Started selling “adidas x MOUSSY”, a collection jointly developed with Adidas Japan Co.,Ltd ● 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 	
2018	<ul style="list-style-type: none"> ● [nagonstans] launched. Proposes and adult resort style for women in their 30s and 40s who are highly fashion-conscious. ● 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 ● Launched STYLEMIXER official website, an editorial EC platform curated by popular influencers ● Ayaka Murohara (ex SLY sales staff) winner of “2017 NEXT IS YOU – Fashion Icon section” launched “LAGUNA GEM” 	
2019	<ul style="list-style-type: none"> ● Launched “y/m” for women in their late 30s and 40s who are highly fashion-sensitive, offering simple, but detailed, and material-focused clothes 	
2020	<ul style="list-style-type: none"> ● Launched “AUNE”, a new platform for apparel sustainability ● Launched “HeRIN.CYE”, a brand that maximizes the daily lives of women living in the modern age 	

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



Brand Portfolio by Age Demographic and Segment Unit Price



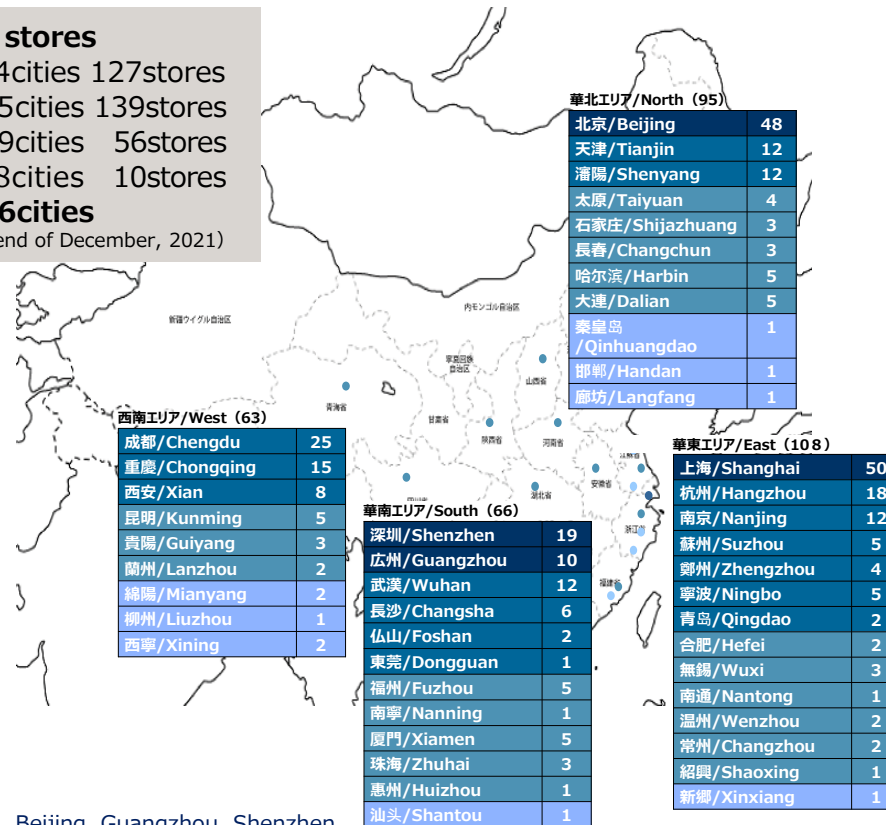
% of Sales	50%	40%	10%
Avg. Store Size	40 ~ 150m²	20 ~ 50m²	15 ~ 20m²
Global Comparison	TOPSHOP ZARA	ALLSAINTS rag & bone NEW YORK	STELLA McCARTNEY MARNI

- Number of stores in China: 332 stores (as of end of December, 2021)
- It is common to classify cities based on the "Commercial Attractiveness Ranking of Cities" published annually by The Rising Lab, the big data project of Yicai Media Group

■ **Store number : 332 stores**

- 1st tier city: 4 cities 127 stores
- New 1st tier city: 15 cities 139 stores
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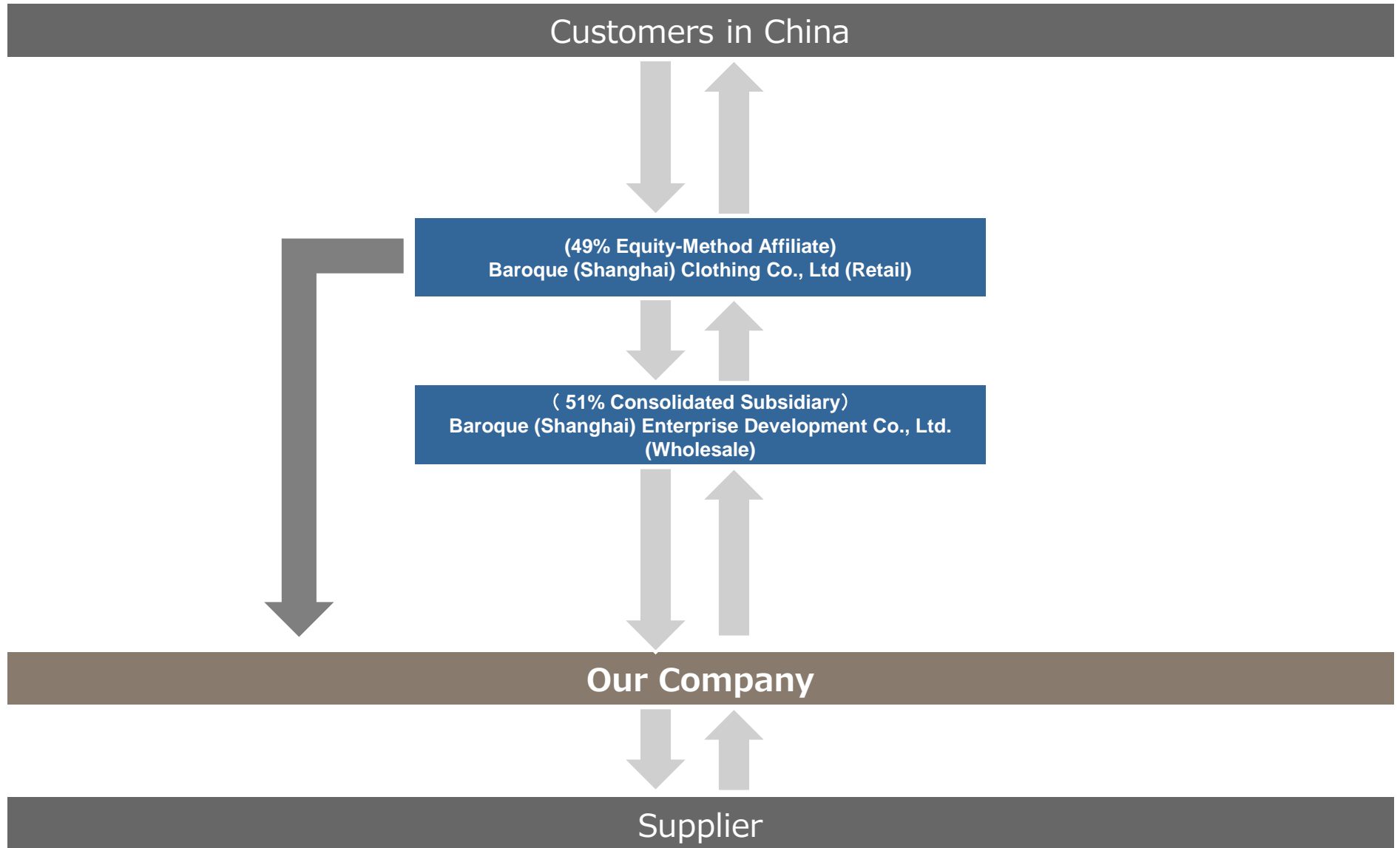


City Definition

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 2nd tier cities (30 cities): Hefei, Kunming, Wuxi, Xiamen, Jinan, Fuzhou, Weifang, Dalian, Harbin, Changchun, Quanzhou, Ishiyasho, Nanning, Jinhua, Guiyang, Nanchang, Changzhou, Jinan, Zhuhai, Nandong, Keishu, Taizhou, Zhongshan, Xuzhou Shaoxing, Taizhou, Yantai, Lanzhou, Weifang, Linyi
 3rd tier cities: Other Cities

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City Ranking Overview	
Selection Index	<ul style="list-style-type: none"> • Enrichment of commercial facilities • Functionality as a hub of the city • Citizen's activity • Diversity of lifestyle • Future possibilities, <p>Based on the above indicators, 337 cities in China are comprehensively ranked up to 1st grade, new 1st grade, 2nd grade, 3rd grade, 4th grade, and 5th grade.</p>
Start Year	2016- (announced once a year)
Notes	Rankings fluctuate every year, and in 2021, Wuhan, where economic activity was suspended due to lockdown, etc., lowered its rank by two, Ningbo (increased resident population, increased number of brand stores, etc.), Buddha Mountain (increased railway and aviation routes, etc.) , Increased industrial agglomeration, etc.) went up in rank.



↑ : 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**
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