



# BAROQUE JAPAN LIMITED


## FY2023/02 Second Quarter Financial Results and Supplementary Information

*English Translation of the original Japanese-Language Report*

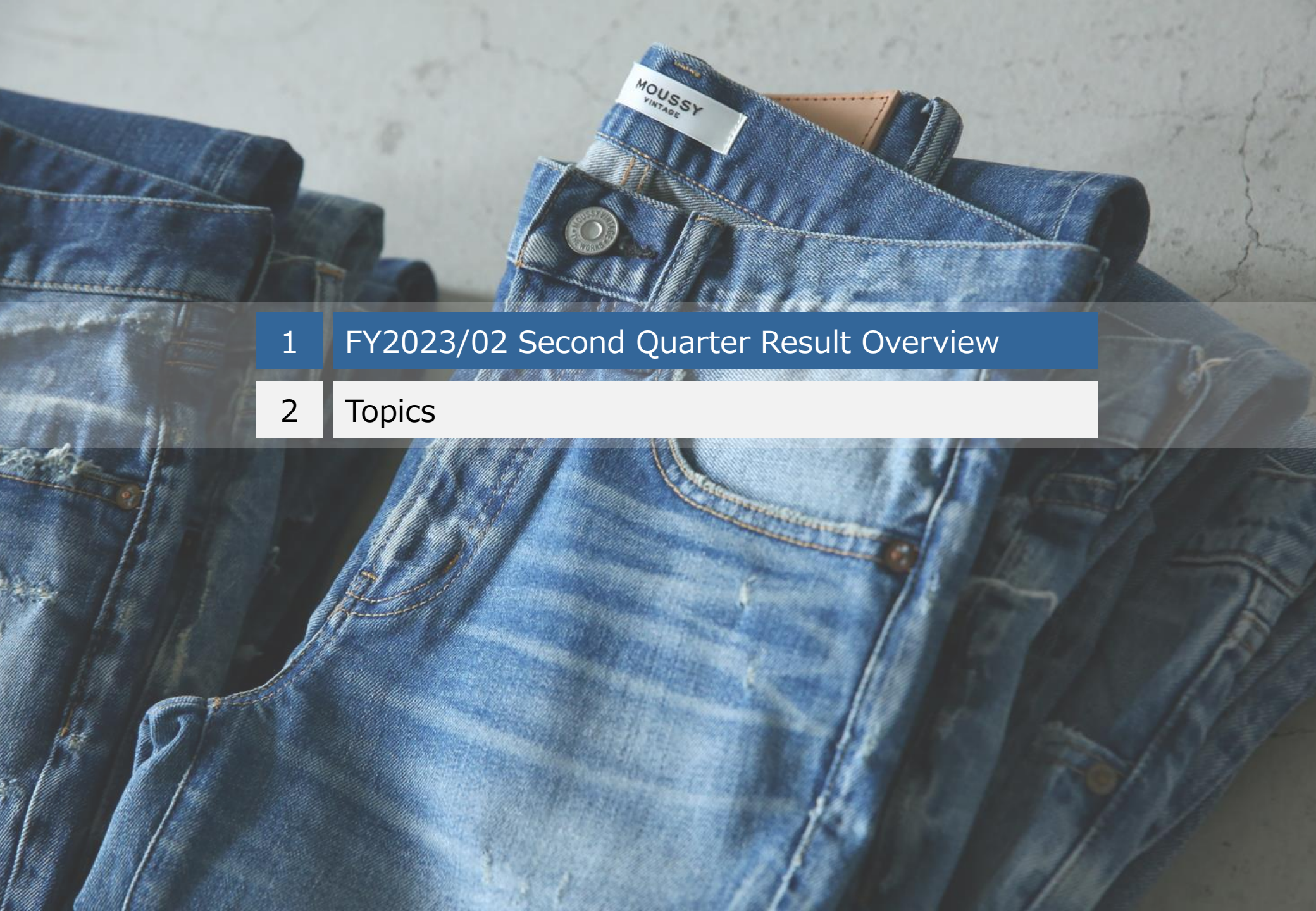
**October 17, 2022**

Tokyo Stock Exchange Prime Market

Section: 3548







1 FY2023/02 Second Quarter Result Overview

2 Topics

- Compared with last second quarter, Consolidated Sales increased to 101.6% and Consolidated Gross Profit increased to 106.4% as well.
- The Shanghai lockdown slowed down China business and also affected Japan's supply chain.
- Reconsidering orders as restraining on purchases in domestic business to increase efficiency.
- In overseas business, the US business remained strong.

項目 Account titles	当期 2Q実績累計/Current 2Q Actual (2022/3/1~2022/8/31)			前年 2Q実績累計/Previous 2Q Actual (2021/3/1~2021/8/31)		
	通期業績 見通し Forecast	実績 Actual	進捗率 %	前年実績 Previous Year Actual	前年同期比 YoY	前年同期比増減 Increase/ Decrease
<u>連結売上高</u> /Sales	63,379	<b>26,987</b>	42.6%	26,566	101.6%	421
<u>連結売上総利益/Gross Profit</u>	36,814	<b>15,673</b>	42.6%	14,733	106.4%	940
<u>連結営業利益</u> /Operating Profit	3,245	<b>741</b>	22.9%	529	140.1%	212
<u>連結経常利益</u> /Recurring Profit	3,088	<b>277</b>	9.0%	756	36.7%	△478
<u>親会社株主に帰属する 当期純利益</u> /Net Profit	1,774	<b>△164</b>	—	299	—	△463

## Domestic Business Overview

- Store sales increased to 106.2% compared to the previous year despite the impact of the spread of the 7<sup>th</sup> inflection wave of COVID-19. As a result of continuing to focus on fine control of conversions and expenses, profit from domestic business exceeds that of last year.
- Domestic EC sales ratio was 19.4%. In-house EC sales were 84.5% YoY while 3rd-party EC sales were 114.7% YoY. Both improved from first quarter.
- The Consolidated SG&A sales ratio were about the same level YoY.

(百万円/JPY mil)	FY2023/02 2Q Cumulative			FY2022/02 2Q Cumulative	
	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>24,607</b>		104.6%	23,535	
(店舗売上/Store Sales)	<b>17,924</b>	72.8%	106.2%	16,881	71.7%
(EC売上/EC Sales)	<b>4,782</b>	19.4%	98.3%	4,862	20.7%
売上総利益/Gross Profit	<b>14,533</b>	59.1%	105.3%	13,801	58.6%
販管費及び一般管理費/SG&A	<b>14,110</b>	57.3%	104.3%	13,529	57.5%
営業利益/Operating Profit	<b>422</b>	1.7%	155.4%	271	1.2%
経常利益/Recurring Profit	<b>418</b>	1.7%	139.4%	299	1.3%

## Overseas Business Overview

### U.S. Business

- Expanding business in U.S with a business model centred on EC and wholesale (to luxury department stores and select stores). Wealthy consumers' demand for luxury made-in Japan denim remained strong.
- The actual store is 1 store in NY.  
Second quarter EC sales ratio (including EC specialized wholesalers): 27.7%
- Business performance in the U.S. for the FY2023/02 second quarter cumulative continued the strong growth from the previous year. Sales were 161.7% YoY on first half basis.
- Wholesale sales also grew rapidly. For the first half, sales compared to the same period 2019 were 309.3% and operating profit were 572.0%.

### China JV

- As the COVID lockdown(from March 28 to May 31)in Greater Shanghai, sales related to China joint venture in the first half decreased to 69.3% due to the closure of stores during lockdown.
- Sales increased extremely in China's large-scale e-commerce shopping festival known as 618. Especially TikTok's live commerce sales. MOUSSY was 242% YoY while SLY was 557% YoY, both marked a significant increase. EC sales in China increased to 108.6% YoY (EC ratio: 20.9%).

(百万円/JPY mil)	FY2023/02 2Q Cumulative Actual	FY2022/02 2Q Cumulative Actual	前年同期比 YoY
中国合併事業に関する売上 Sales from China JV			
卸売/Wholesale	1,991	2,904	68.6%
ロイヤリティ/Royalty	181	233	78.0%
売上合計/Sales Total	2,173	3,137	69.3%

- Consolidated Sales increased by +1.6pts YoY.
- Consolidated GP margin improved YoY (+2.6pts).
- Consolidated OP was significantly higher than in the same period last year and the Consolidated OP margin improved from 2.0% to 2.7%.

(百万円/JPY mil)	FY2023/02 2Q Cumulative		
	実績	対売上	前年同期比
	Actual	% of Sales	YoY
連結売上高/Sales	<b>26,987</b>		101.6%
連結売上総利益/Gross Profit	<b>15,673</b>	58.1%	106.4%
連結販管費及び一般管理費/SG&A	<b>14,931</b>	55.3%	105.1%
連結営業利益/Operating Profit	<b>741</b>	2.7%	140.1%
連結経常利益/Recurring Profit	<b>277</b>	1.0%	36.7%
親会社株主に帰属する四半期純利益 /Net Profit	<b>△164</b>	—	—

FY2022/02 2Q Cumulative	
前年実績	対売上
Actual	% of Sales
26,566	
14,733	55.5%
14,204	53.5%
529	2.0%
756	2.8%
299	1.1%

- The FB/SB brand, SC brand, and department store brand segments grew YoY. In particular, sales of department store brands grew significantly to 117.7% YoY.

(百万円/JPY mil)	FY2023/02 2Q Cumulative		
	実績	構成比	前年同期比
	Actual	Composition	YoY
連結売上高/Sales	<b>26,987</b>		101.6%
FB/SBブランド/FB/SB Brands	<b>8,090</b>	30.0%	109.2%
SCブランド/SC Brands	<b>12,322</b>	45.7%	100.6%
百貨店ブランド/Dept. Store Brands	<b>2,807</b>	10.4%	117.7%
海外/Overseas	<b>3,411</b>	12.6%	85.8%
その他/Others	<b>355</b>	1.3%	64.7%

FY2022/02 2Q Cumulative	
前年実績	構成比
Actual	Composition
26,566	
7,408	27.9%
12,249	46.1%
2,385	9.0%
3,974	15.0%
548	2.1%

- Consolidated SG&A to sales ratio increased by 1.9 pts (53.5%→55.3%) YoY as an increase in Store rent and fee for franchisee linked to sales and an increase in salary levels as a result of securing human resources.


(百万円/JPY mil)	FY2023/02 2Q Cumulative				FY2022/02 2Q Cumulative	
	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
連結売上高/Sales	<b>26,987</b>		101.6%		26,566	
販売管理費/SG&A Expense	<b>14,931</b>	55.3%	105.1%	+1.9pt	14,204	53.5%
広告費及び販売促進費/ Advertising and promotional cost	<b>725</b>	2.7%	99.7%	△0.1pt	727	2.7%
給与手当/Salaries and wages	<b>2,883</b>	10.7%	107.2%	0.6pt	2,688	10.1%
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>6,013</b>	22.3%	107.0%	1.1pt	5,619	21.2%
減価償却費/Depreciation	<b>357</b>	1.3%	83.8%	△0.3pt	426	1.6%
その他/Others	<b>4,952</b>	18.4%	104.4%	0.5pt	4,741	17.8%



- Inventories were controlled at a level of 94.7% YoY. Appropriate inventory control will be continued.

(百万円/JPY mil)	FY2023/02 (2022/8/31)			FY2022/02 (2021/8/31)	
	金額	構成比	前年同期比	金額	構成比
	Amount	Composition	YoY	Amount	Composition
現預金/Cash	<b>13,479</b>	35.5%	102.8%	13,109	35.8%
受取手形及び売掛金/Notes and Trade Receivable	<b>9,782</b>	25.8%	122.1%	8,010	21.9%
商品/Inventories	<b>5,563</b>	14.7%	94.7%	5,871	16.0%
その他流動資産/Other Current Asset	<b>663</b>	1.7%	140.0%	473	1.3%
固定資産/Non Current Asset	<b>8,485</b>	22.3%	93.0%	9,125	24.9%
総資産/Total Asset	<b>37,973</b>	100.0%	103.8%	36,590	100.0%
負債/Liabilities	<b>15,959</b>	42.0%	100.3%	15,917	43.5%
純資産/Equity	<b>22,014</b>	58.0%	106.5%	20,673	56.5%

## JAPAN



Opened : 13stores  
Closed : 11stores  
End of FY : 369stores  
(+2 stores in FY)  
(±0store YoY)

\*End of August 2022

## CHINA JV



Opened : 18stores  
Closed : 16stores  
End of EY : 334stores  
(+2 stores in FY)  
(+30 stores YoY)

\*As of end of June 2022, to be included in the consolidated financial statements.

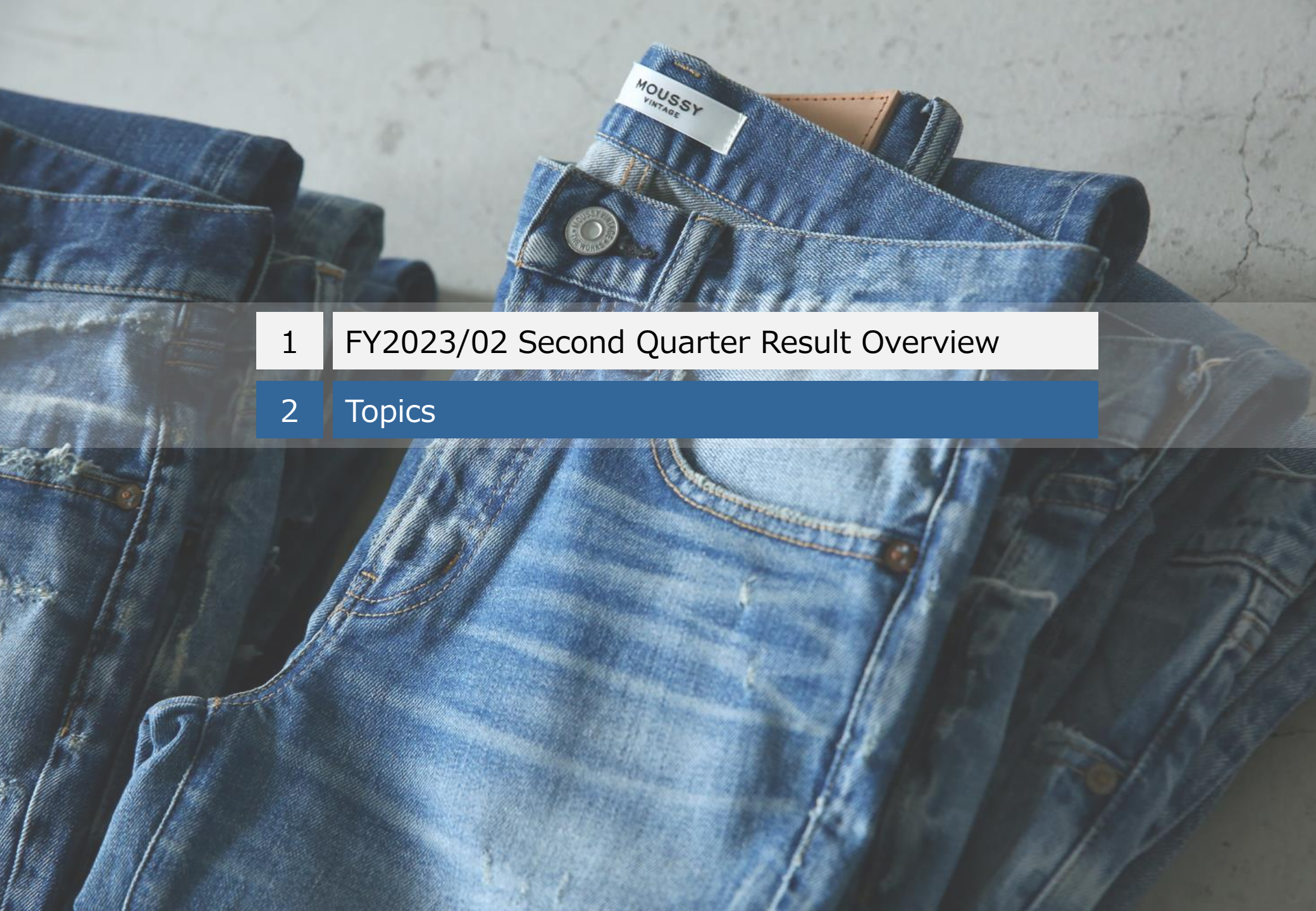
(百万円/JPY mil)	2023年2月期 計画 FY2023/02 (Outlook)			2022年2月期 実績 FY2022/02 (Actual)	
	見通し Forecast	対売上 % to Sales	前年同期比 YoY	実績 Actual	対売上 % to Sales
売上高/Sales	<b>63,379</b>		107.2%	59,139	
売上総利益/Gross Profit	<b>36,814</b>	58.1%	112.3%	32,781	55.4%
販管費/SG&A	<b>33,569</b>	53.0%	111.8%	30,028	50.8%
営業利益/Operating Profit	<b>3,245</b>	5.1%	117.9%	2,752	4.7%
経常利益/Recurring Profit	<b>3,088</b>	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	<b>1,774</b>	2.8%	120.6%	1,471	2.5%
1株当たり当期純利益/EPS	<b>49.2</b>			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 epidemic.
- 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 FY2023/02 Second Quarter Result Overview

2 Topics



## 1. Overseas Business

Further expansion in China, the United States, and Asia (except for China)

- ① Second half policy in China
- ② Efforts in the U.S. business
- ③ ENFÖLD store in South Korea

## 2. Domestic Business

Improving brand competitiveness

- ① The vision of AZUL BY MOUSSY
- ② rienda's new attempt
- ③ STAFF OF THE YEAR 2022

## 3. New Business

Creating and expansion of new business

- ① Current status of SHEL'TTER GREEN

## 4. Sustainability

Sustainability practices

- ① Thinking about sustainability

- We will reorganize unprofitable stores and strengthen strategies for each EC channel in the second half. We've focused on T-mall, Tiktok, Redbook, etc. and from June this year, we started live commerce, online shops, and staff coordination with WeChat mini programs in order to strengthen contact points with customers more than even before. We will spare no effort to strive to acquire new customers and improve the repeat rate of existing customers.
- On September 29, 2022, MOUSSY STUDIOWEAR opened its first single store in Beijing and we will continue to focus on trend-led activewear that marries fashion with fitness.
- Considering the lockdown situation in Shanghai, we've built a flexible system that enables direct shipment from the factory to stores.



MOUSSY STUDIOWEAR's single store in Xidan Joy City in Beijing

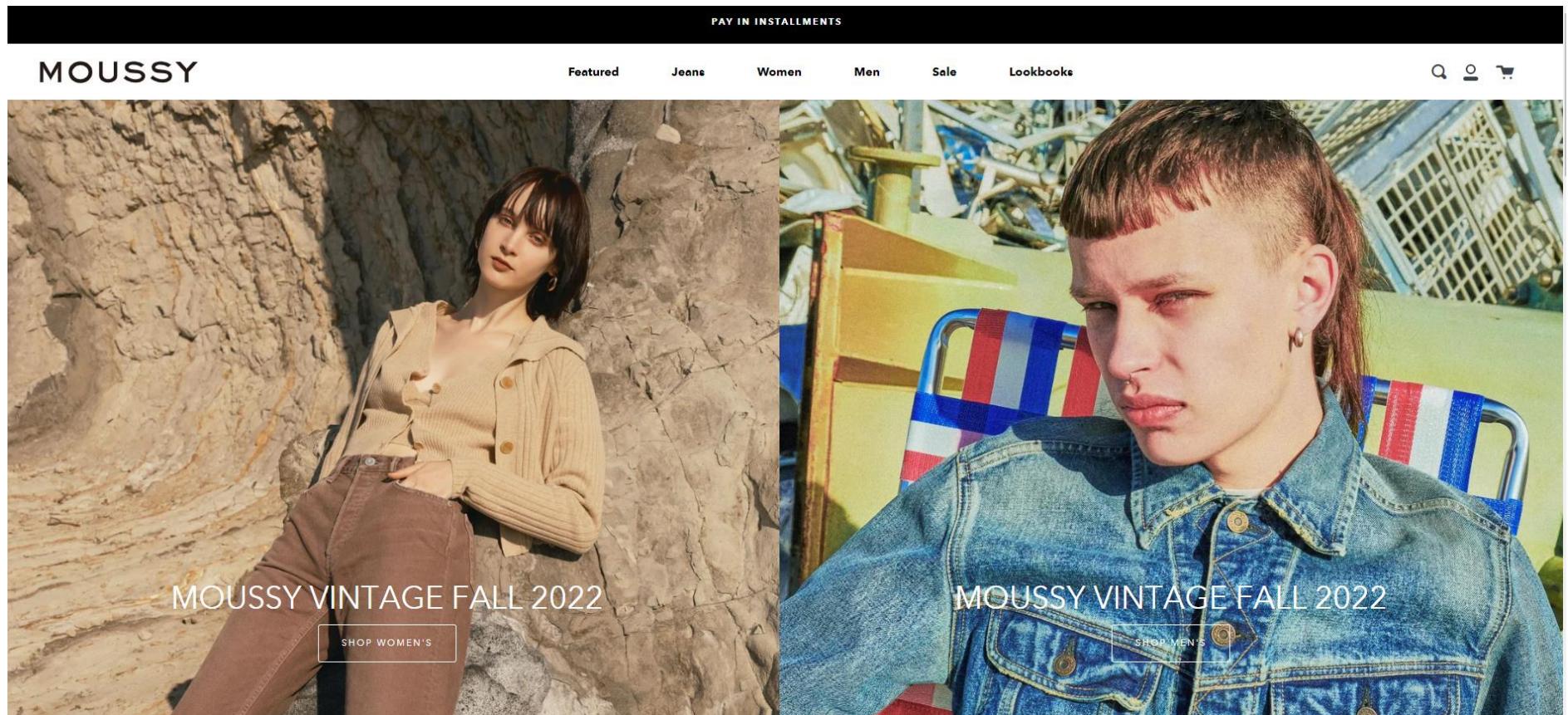


MOUSSY's WeChat mini programs as a new e-commerce channel





- Expanding business in North America with a business model centred on EC and wholesale (to luxury department stores and select stores).
- We aim to further expand our business by strengthening new initiatives such as updating our own EC site (MOUSSY GLOBAL) and cross-border EC from the United States.



- ENFÖLD celebrates its 11th year since the birth of the brand and opened its first overseas store in Gangnam, South Korea on September 14, 2022.
- Our store is about 35 square meters on the 4th floor of SHINSEGAE DEPARTMENT. With a key motif of “cylinder” for interior, such as bending the cylinder into various shapes, it can be used to represent people lying down, people tilting their heads, and people standing in a polite manner. the world view of ENFÖLD is just like those cylindrical fixtures, it covers people of all ages and changes one’s appearance as there are different personality types of the wearer.
- ENFÖLD has already entered the Korean market as a wholesaler. By opening new stores, the company will further enhance its presence in the Korean market. This is part of a move to further promote business expansion overseas.



ENFÖLD's store in Gangnam, South Korea



Along with the opening, creative director Mizuki Ueda was interviewed by Korean media companies (The Korea JoongAng Daily, VOGUE KOREA, etc.)



- AZUL BY MOUSSY was born as a derivative of the flagship brand “MOUSSY” and positioned as fast fashion with the concept of “high sensitivity & low price”. From clothing to miscellaneous goods, music and art, AZUL BY MOUSSY proposes a unique world view and lifestyle.
- AZUL BY MOUSSY releases 22AW collection of "SUNBEAMS CAMPERS".
- PLUS, developed by AZUL BY MOUSSY has been updated with a new collection for men from the 2022 AW season.



make up brand  
rienda beauty's debut



golf wear brand  
RIENDA GOLF's debut



- Based on the concept of “colors in everyday life, confidence in me”, we have accumulated more than a year and a half of prototyping from development to debut.
- Lineup of 5 eyeshadow palettes, 5 lip tints, 1 highlighter, 1 lip plumper, and 3 blush colors.
- Eye shadows are especially popular for their apparel-specific color schemes, vivid colors, and the delicacy and brilliance of lame.

- rienda launched the golf wear brand “RIENDA GOLF” this spring.
- In response to the voices of those who want to enjoy their golf life even more and those who want to start playing golf for the first time, we have incorporated designs that cannot be seen elsewhere, such as feminine colors and original prints that are unique to rienda.
- It is also characterized by keeping it in a price range that is easy to pick up for those who are new to golf.



- On August 4th, a contest “STAFF OF THE YEAR 2022” was held to determine the “Japan’s No.1 charismatic salesperson in Reiwa” on an app called “staff start” that visualizes staff sales and supports evaluation.
- Among the 1,300 brands and 80,000 apparel store staff who participated this time, Ms. Asami Taniguchi from RODEO CROWNS WIDE BOWL in Kyoto Katsuragawa Aeon Mall store, won the semi-grand prix, and Nanako Muramoto from MOUSSY in Lumine EST Shinjuku store won 3rd place.
- Misato Muraoka, who won the Grand Prix in 2021, is also focusing on disseminating know-how to help developing in-house influencers and is strengthening initiatives as the core of our company's OMO promotion, such as transmitting on YouTube channel “Shel’tter TV”.



Kyotokatsuragawa-aeonmall  
Asami taniguchi

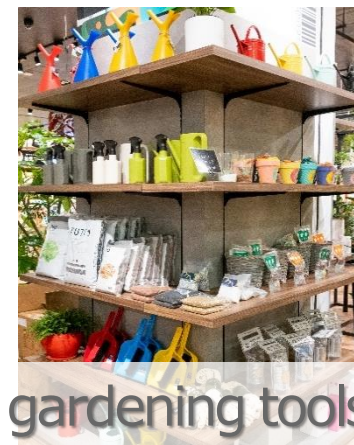


Shinjuku lumine est Nanako Muramoto





- Since opening its first store in Ario Kawaguchi last October, SHEL'TTER GREEN has been well received by many customers for its wide selection of products, rare and cute potted plants, and sustainable recycled soil. We opened three new stores in September and one in October.
- Under the concept of empowering people to live a wonderful, healthy and stylish lifestyle every day, in addition to a wide variety of green plants, we will enhance our product lines with cut flowers, gardening tools, dried flowers, terrariums and so on.





- The Sustainability Committee was established in May 2022 to examine and discuss basic policies, important matters, risks and opportunities related to sustainability.
- Based on the TCFD framework, collect the necessary data of climate change-related risks and revenue opportunities to analyze the impact on our company's business activities and profits, etc. While identifying "risks" and "opportunities", we have verified the resilience of our strategy through scenario analysis. We will steadily take measures against the identified risks and opportunities and disclose information appropriately in future.



## RIM.ARK

bags using recycled polyester fiber called "TUTTI® BOARD" which is made from discarded clothing.

## SHEL'TTER GREEN

While using polyester fiber medium (sustainable soil) made from discarded clothes for some of the plants for sale, this soil is also for sale. Working to reduce CO2 emissions through incineration.







Appendix



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

- 369 stores in Japan, 334 stores in China, 1 store in U.S., 2 store in Taiwan \*\*
- 21 brands in the portfolio\*\*
- Stable Japanese Business + **Continuously Growing China Business**
- Aiming for a more sustainable business, focusing on the realization of manufacturing that does not produce too much

\*Specialty store retailer of Private label Apparel.  
 \*\*As of August 2022 for Japan, June 2022 for Overseas



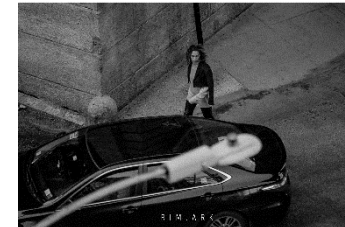
MOUSSY



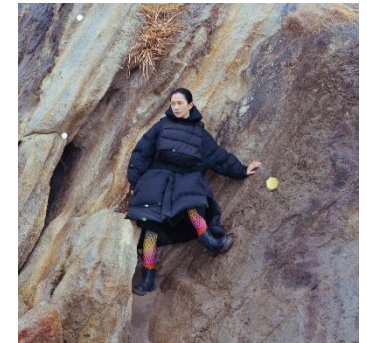
SLY



AZUL  
BY MOUSSY



RIM . ARK



ENFÖLD



RODEO CROWNS  
WIDE BOWL



r i e n d a



SHEL'TTER






SHEL'TTER GREEN



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] 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 "LAGUA 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 "HeRIN.CYE", a brand that maximizes the daily lives of women living in the modern age</li> <li>Launched "Crie Conforto" which presents warm "comfort" for adult women</li> </ul>

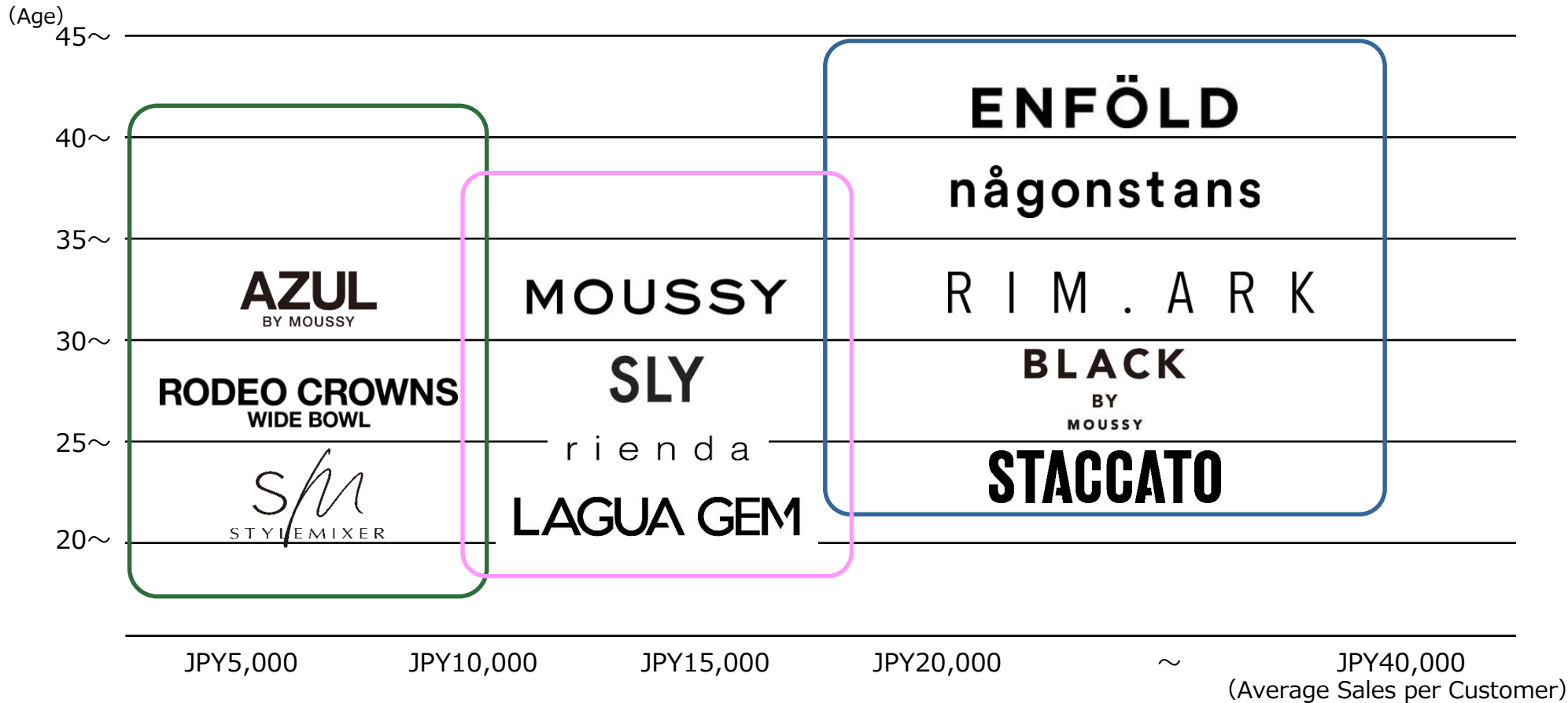


Time	History
2021	<ul style="list-style-type: none"><li>● Opened MOUSSY OUTLET Store in the largest outlet in northern Taiwan.</li><li>● Development of new types of business through “SHEL'TTER GREEN ” and “SHEL'TTER DELI”.</li></ul>
2022	<ul style="list-style-type: none"><li>● Opened ENFÖLD's first overseas store in Gangnam, South Korea.</li></ul>



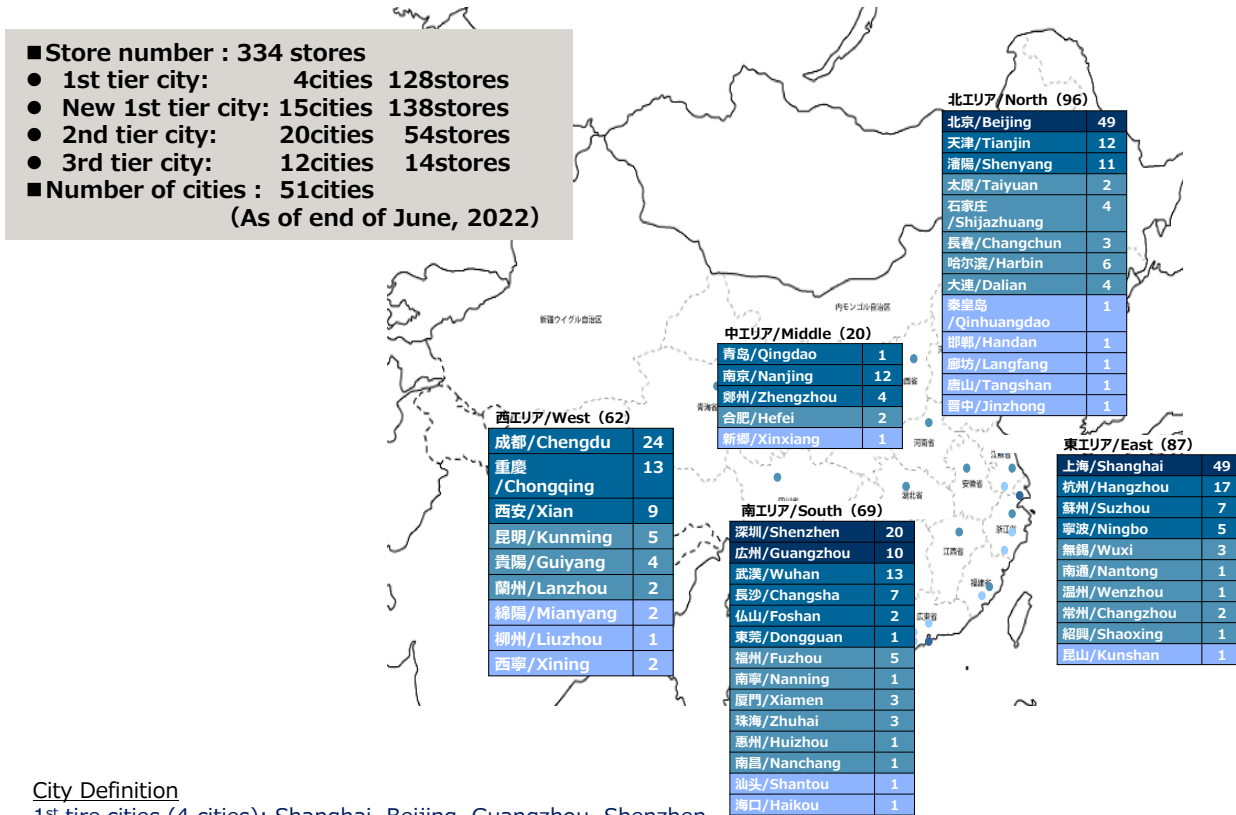


**Brand Portfolio by Age Demographic and Segment Unit Price**



% 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

- Number of stores in China: 334 stores (as of end of June, 2022)
- 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.



City Ranking Overview	
Selection Index	<ul style="list-style-type: none"> <li>• Enrichment of commercial facilities</li> <li>• Functionality as a hub of the city</li> <li>• Citizen's activity</li> <li>• Diversity of lifestyle</li> <li>• Future possibilities,</li> </ul> <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.

City Definition

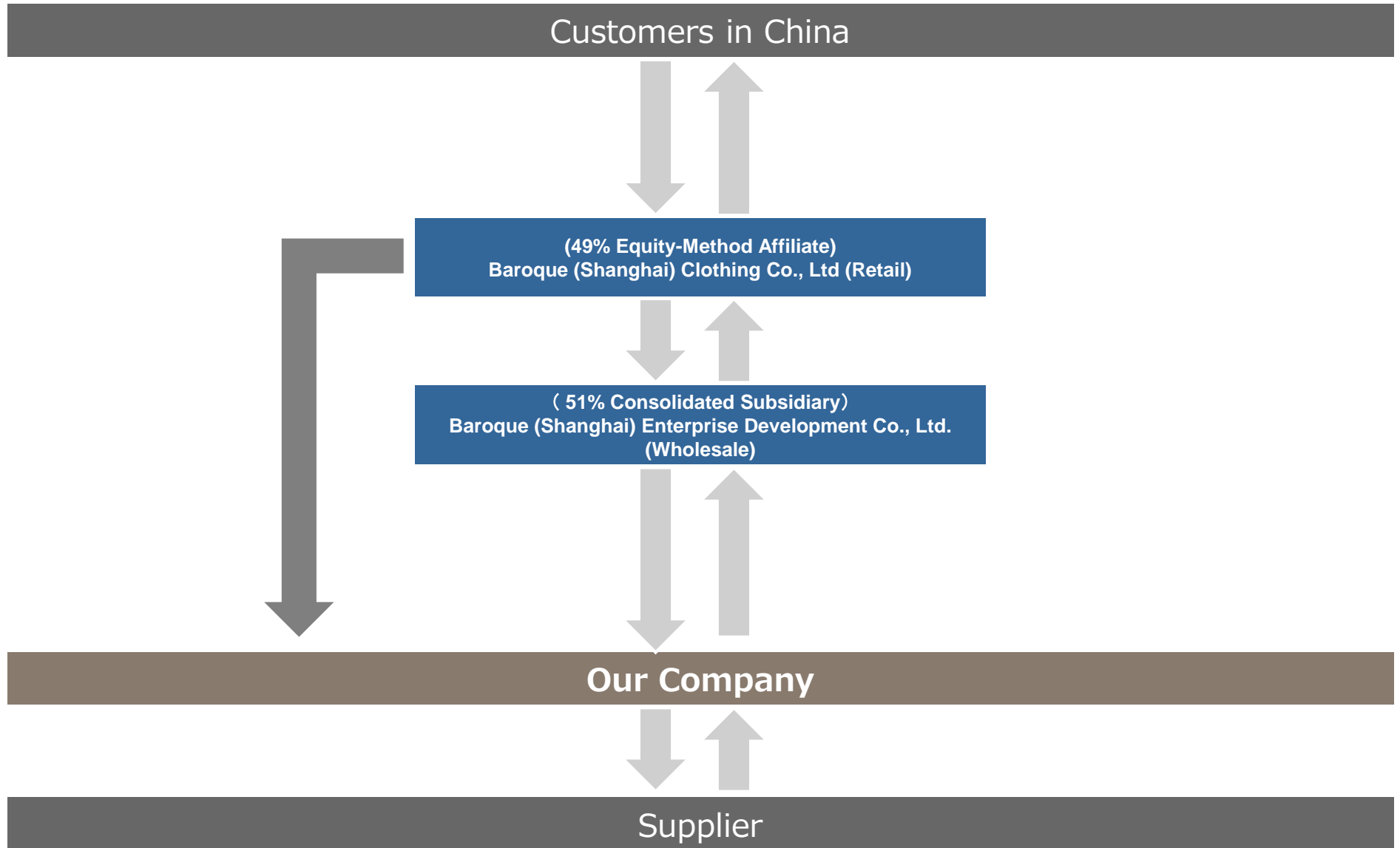
1st tier cities (4 cities): Shanghai, Beijing, Guangzhou, Shenzhen

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).



↑ : 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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