



# BAROQUE JAPAN LIMITED

FY2023/02 Full Year

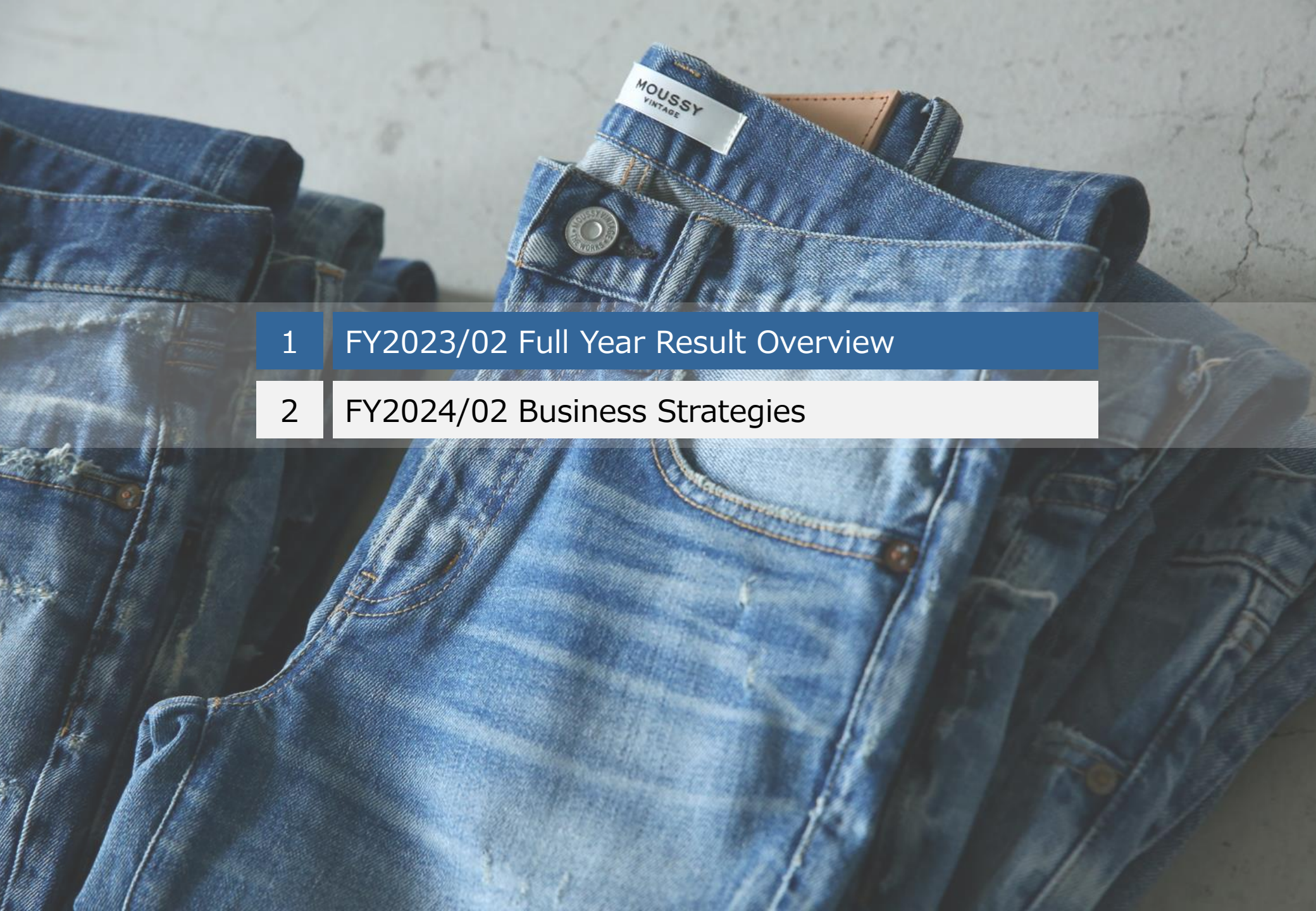
Financial Results and Supplementary Information

*English Translation of the original Japanese-Language Report*

**April 14, 2023**

**Tokyo Stock Exchange Prime Market, 3548**





1 FY2023/02 Full Year Result Overview

2 FY2024/02 Business Strategies

(JPY mil)	FY2023/02		FY2022/02
	Full-year		Full-year
		YoY	
<b>Consolidated Sales</b>	<b>58,842</b>	99.5%	59,139
<b>Consolidated Gross Profit</b>	<b>33,410</b>	101.9%	32,781
Gross Profit Ratio	56.8%	+ 1.4pt	55.4%
Consolidated SG&A	<b>31,259</b>	104.1%	30,028
SG&A Ratio	53.1%	+ 2.3pt	50.8%
<b>Operating Profit</b>	<b>2,150</b>	78.1%	2,752
Operating Profit Ratio	3.7%	△1.0pt	4.7%
<b>Recurring Profit</b>	<b>1,211</b>	42.5%	2,846
Recurring Profit Ratio	2.1%	△2.7pt	4.8%
<b>Profit attributable to owners of the parent</b>	<b>243</b>	16.6%	1,471
Profit Ratio	0.4%	△2.1pt	2.5%

## **【cause① : Negative impact of China's zero-COVID strategy】**

- China JV was greatly affected by zero-COVID policy and declined significantly.
- Store closure due to Shanghai lockdown (from March ~ May, 2022. Closed up to 96 stores) .
- Intermittent lockdowns (Chengdu, Shenzhen, etc.) occurred in various areas of China even after the Shanghai lockdown. The number of customers decreased as activity restrictions continued. Personal consumption continues to cool down.
- Due to the rapid relaxation of the zero-COVID policy, the number of infected people increased explosively.
- Supply chain chaos occurred due to action restrictions due to the zero-COVID policy. Not only the Chinese business, but also the domestic business was affected by the delay in delivery of products to Japan.

## **【cause② : Historic Yen Depreciation・soaring costs】**

- The Japanese yen has sharply depreciated at an unprecedented pace and gross profit was greatly affected.
- Soaring raw materials prices also have an impact.
- Despite of reducing discount rate, gross profit didn't reach expectations.

## **Consolidated Sales 58.84 bil (99.5%YoY)**

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- ◆ Domestic Business were 102.7% YoY as both stores and E-commerce surpassed last year.
- ◆ In the overseas business, the U.S. business, which mainly sells high-end denim, remained strong (126.3%YoY).
- ◆ China JV, which greatly affected by COVID-19 were 70.5% YoY.

## **Consolidated Gross Profit 33.41 bil (101.9%YoY)**

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- ◆ As a result of putting efforts on purchasing appropriate quantity and reducing discount rate, consolidated gross profit increased by 1.4pt YoY. But gross profit were lower than expected because of the soaring raw material prices and the historic yen depreciation.

## **Operating Profit 2.15 bil (78.1%YoY)**

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- ◆ Domestic Business : Unable to cover the increase in commission rent, business consignment expenses, advertising and sales promotion expenses, labor cost, etc.

## **Profit attributable to owners of the parent 0.24 bil (16.6%YoY)**

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- ◆ Domestic Business : An impairment loss of 0.13 bil yen was recorded as an extraordinary loss.
- ◆ China JV (BCAS) : Due to the impact of COVID-19, share of losses of associates of 0.94 bil million yen was recorded.

(JPY mil)	FY2023/02		FY2022/02
	Full-year		Full-year
		YoY	
Domestic Sales	<b>53,142</b>	102.7%	51,761
(Store Sales)	38,921	104.0%	37,422
(EC Sales)	10,557	101.2%	10,435
Gross Profit	<b>30,883</b>	101.5%	30,439
Gross Profit Ratio	58.1%	△0.7pt	58.8%
SG&A	29,691	103.7%	28,635
SG&A Ratio	55.9%	+0.6pt	55.3%
Operating Profit	<b>1,191</b>	66.1%	1,804
Operating Profit Ratio	2.2%	△1.3pt	3.5%
Recurring Profit	<b>1,165</b>	61.9%	1,885
Recurring Profit Ratio	2.2%	△1.4pt	3.6%
Net Profit	<b>695</b>	60.8%	1,143
Profit Ratio	1.3%	△0.9pt	2.2%

## Overseas Business Overview

### China JV

- In the 4th quarter, intermittent lockdowns (Chengdu, Shenzhen, etc.) occurred in various areas of China from October to November. In December, the number of infected people increased explosively due to the rapid relaxation of the zero-COVID policy, and the number of customers decreased as people refrained from going out.
- For a full-year, even after the lockdown in Shanghai (March to May), the COVID-19 activity restrictions continued and personal consumption continues to cool down. Sales were 70.9% YoY.
- E-commerce sales were 99.8% YoY (EC ratio : 20.9%) .

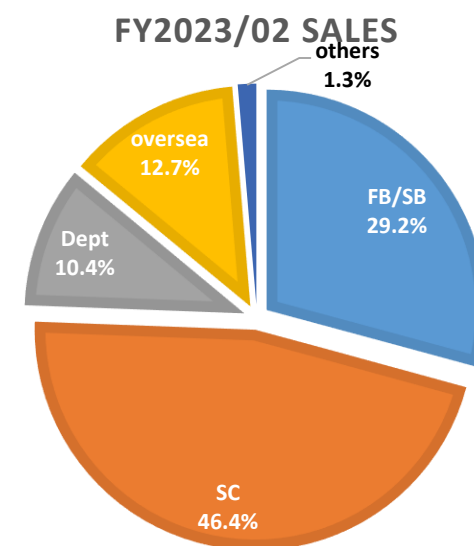
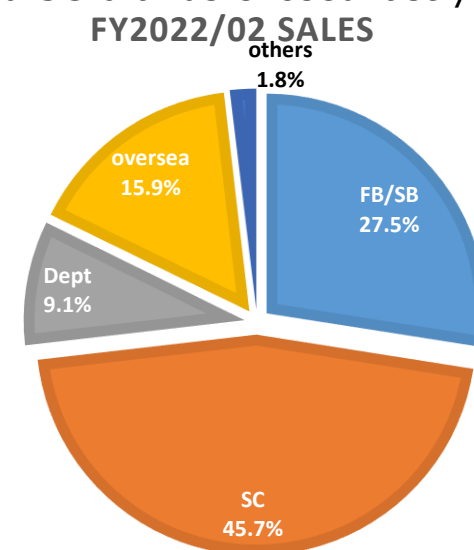
(JPY mil)	FY2023/02		FY2022/02
	Full-year	YoY	Full-year
Sales from China JV			
Wholesale	4,905	70.1%	7,001
Royalty	353	85.1%	415
Sales Total	5,258	70.9%	7,416

### U.S. Business

- Business in U.S with a business model centred on EC and wholesale (to luxury department stores and select stores). Wealthy consumers' demand for high-end made-in Japan denim remained strong.
- The actual store is 1 store in NY.
- EC sales in the U.S. were 92.5% YoY while EC sales ratio was (including EC specialized wholesalers): 27.6%
- The FY2023/02 cumulative sales were 126.3 % YoY.
- Sales compared to the same period 2019 were 244.5% and operating profit were 291.5%.

- Department store brand segment remained strong. Both FB/SB brands and SC brands exceed last year as well.

(JPY mil)	FY2023/02			FY2022/02	
	Actual	Composition	YoY	Actual	Composition
Consolidated Sales	<b>58,842</b>		99.5%	59,139	
FB/SB Brands	<b>17,185</b>	29.2%	105.8%	16,245	27.5%
SC Brands	<b>27,291</b>	46.4%	100.9%	27,035	45.7%
Dept. Store Brands	<b>6,097</b>	10.4%	113.6%	5,365	9.1%
Overseas	<b>7,491</b>	12.7%	79.6%	9,407	15.9%
Others	<b>776</b>	1.3%	71.5%	1,086	1.8%





(JPY mil)	FY2023/02		FY2022/02
	Full-year		Full-year
		YoY	
Consolidated Sales	<b>58,842</b>	99.5%	59,139
SG&A Expense	<b>31,259</b>	104.1%	30,028
	53.1%	+2.3pt	50.8%
Advertising and promotional cost	<b>1,627</b>	106.1%	1,534
	2.8%	+0.2pt	2.6%
Salaries and wages	<b>5,721</b>	104.7%	5,464
	9.7%	+0.5pt	9.2%
Store rent and fee for franchisee	<b>12,881</b>	104.9%	12,282
	21.9%	+1.1pt	20.8%
Depreciation	<b>724</b>	90.9%	797
	1.2%	△0.1pt	1.3%
Others	<b>10,305</b>	103.6%	9,950
	17.5%	+0.7pt	16.8%

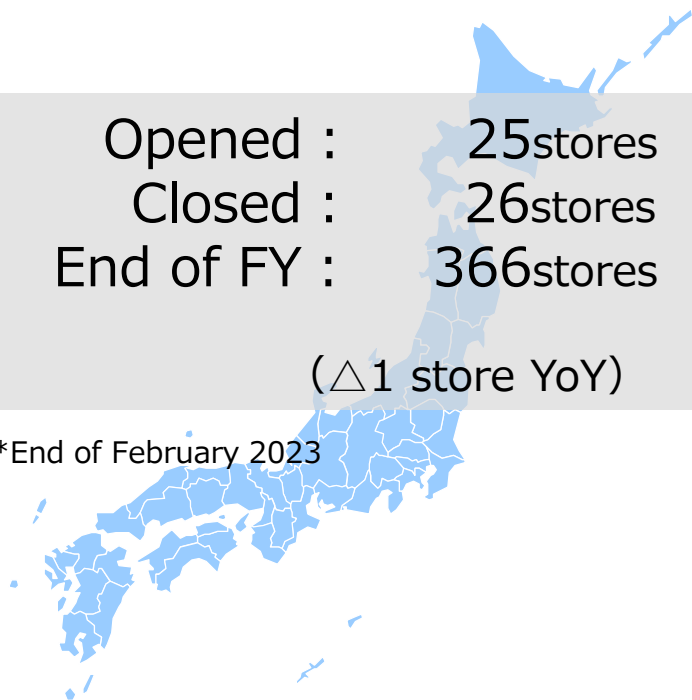
(JPY mil)	FY2023/02			FY2022/02	
	Amount	Composition	YoY	Amount	Composition
Cash	<b>14,744</b>	39.6%	98.2%	15,010	38.9%
Trade Receivables	<b>8,023</b>	21.5%	90.5%	8,869	23.0%
Inventories	<b>5,917</b>	15.9%	106.6%	5,550	14.4%
Other Current Asset	<b>499</b>	1.3%	120.3%	414	1.1%
Non Current Asset	<b>8,061</b>	21.6%	91.7%	8,785	22.7%
Total Asset	<b>37,245</b>	100.0%	96.4%	38,632	100.0%
Liabilities	<b>15,159</b>	40.7%	93.6%	16,194	41.9%
Equity	<b>22,085</b>	59.3%	98.4%	22,437	58.1%

**JAPAN**

Opened : 25stores  
Closed : 26stores  
End of FY : 366stores

(△1 store YoY)

\*End of February 2023



**CHINA JV**

Opened : 48stores  
Closed : 54stores  
End of EY : 326stores

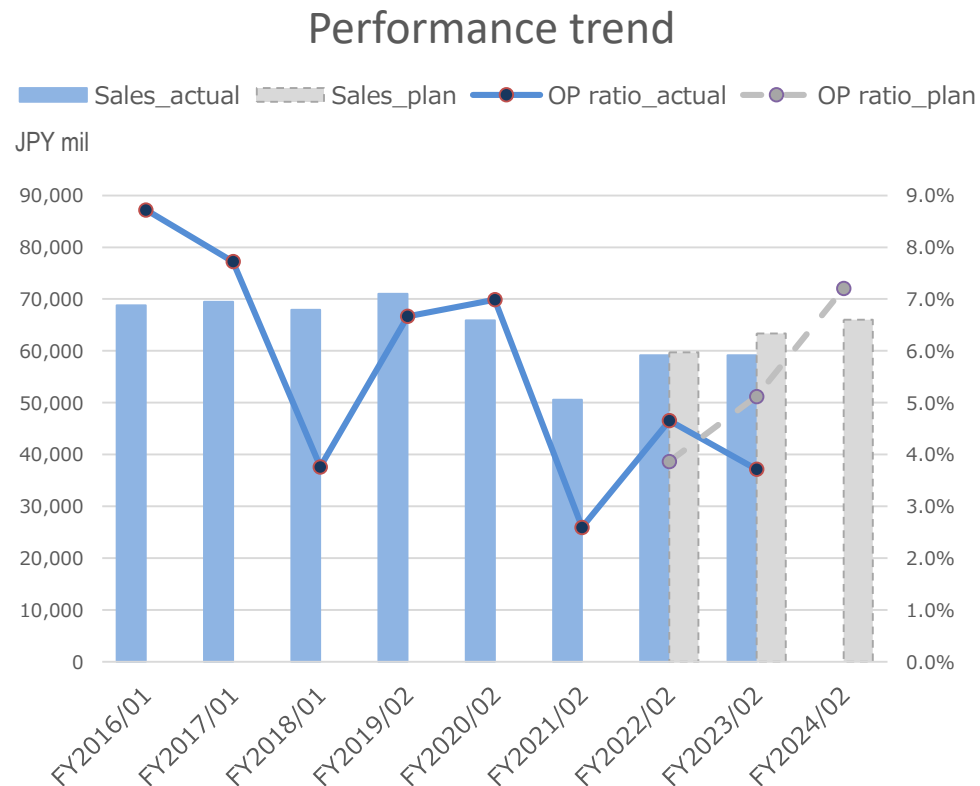
(△6 stores YoY)

\*As of 31 December 2022, included in the consolidated financial statements.



- **Domestic Business will take a proactive stance and rebuild the business structure. China JV was temporarily declined in the previous term, but is expected to recover from the impact of COVID-19. In terms of consolidated results, we aim to improve profitability globally.**

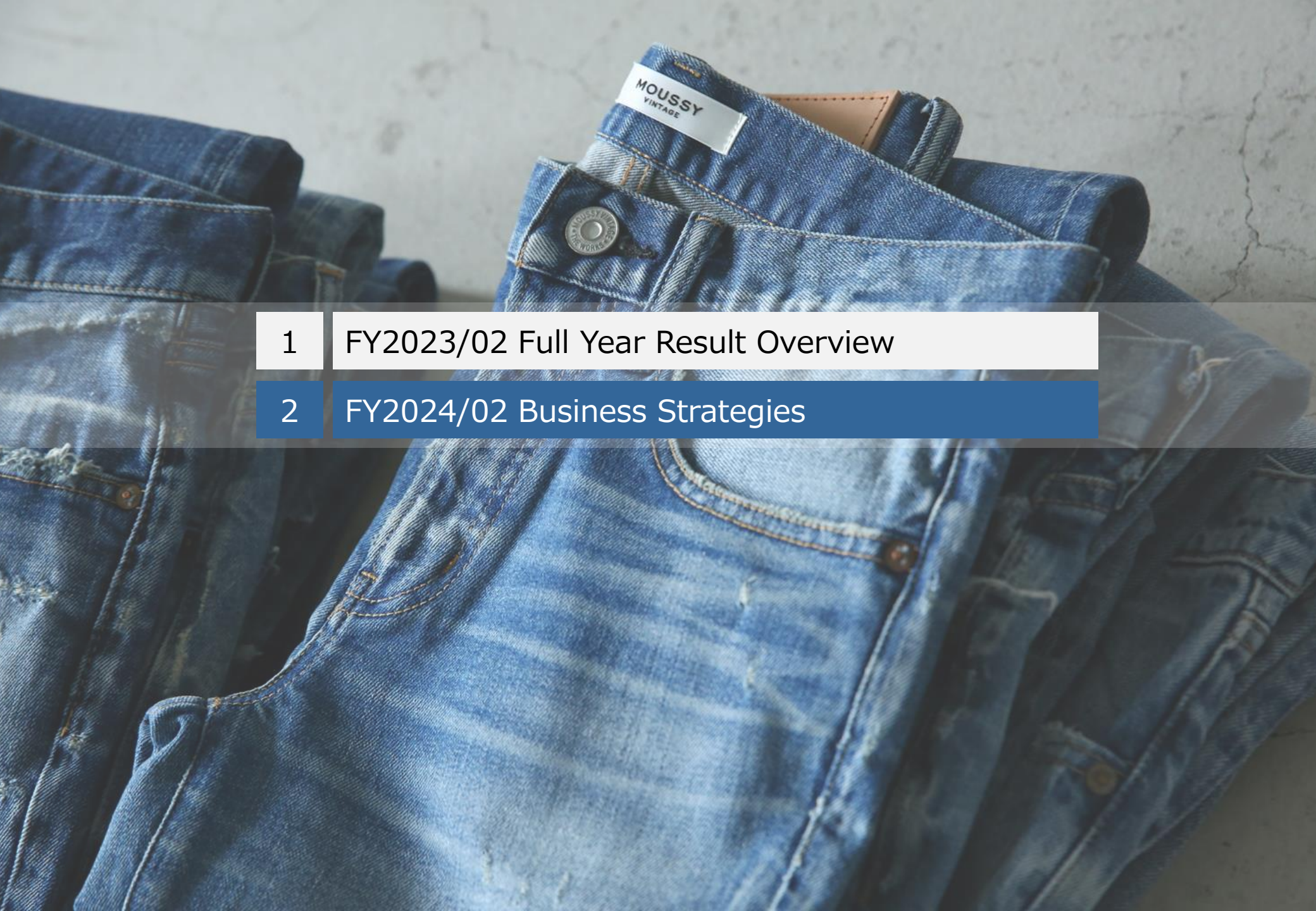
(JPY mil)	FY2024/02	FY2023/02
<b>Consolidated Sales</b>	66,010	58,842
Gross Profit	39,033	33,410
Gross Profit Ratio	59.1%	56.8%
SG&A	34,262	31,259
<b>Operating Profit</b>	4,771	2,150
Operating Profit Ratio	7.2%	3.7%
<b>Recurring Profit</b>	4,585	1,211
Recurring Profit Ratio	6.9%	2.1%
<b>Profit attributable to owners of the parent</b>	2,750	243
Profit Ratio	4.2%	0.4%
<b>EPS</b>	76.35	6.77



## Shareholder Dividends

- **The annual dividend for FY2024/02 is planned to be 38 yen per share (year-end dividend) with no change.**

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



1 FY2023/02 Full Year Result Overview

2 FY2024/02 Business Strategies

## 1 .Rebuild supply chain and promote cost reduction

- Increase production ratio in Southeast Asia  
(Decentralization of production bases concentrated in China)
- Optimally hedging foreign exchange risks
- Enhance loading efficiency
- Improve warehouse efficiency

## 2 .Build a organizational structure to pursue stable profits

- Create a new domestic business
- Expand overseas sales channels / Speed up the ongoing process in Southeast Asia

**Strengthen store openings**

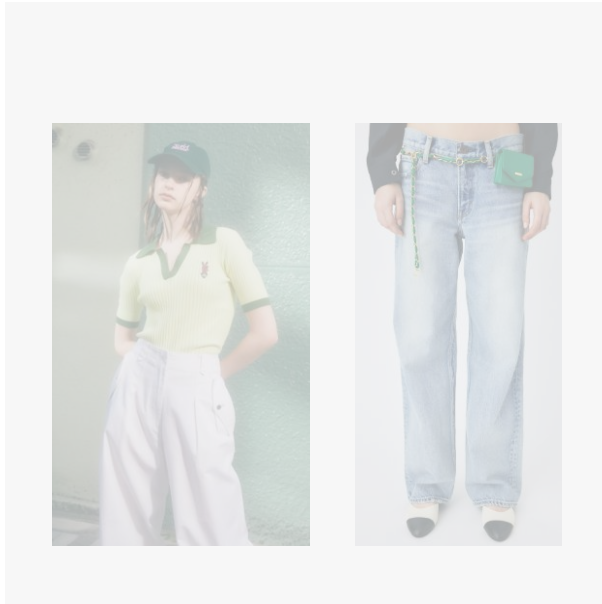
- Speed up new store openings centered on growing brands
- Expand customer base, raise brand awareness

**Strengthen SNS strategies**

- Strengthen YouTube, Instagram LIVE, TikTok strategies
- Multi contents

**Rich in E-commerce contents**

- Increase E-commerce only contents
- Improve marketing strategies on ZOZOTOWN



**MOUSSY**



**AZUL**  
BY MOUSSY



**STYLEMIXER**

- Percentage of employees share information via Instagram = 80%. Focus on enhancing company-wide as a foundation for promoting OMO.
- Awarded top prize for two consecutive years on “STAFF OF THE YEAR” as a online customer service skill contest with 80,000 participants nationwide.
  - 2021 : Grand Prix (Misato Muraoka) 、 Semi Grand Prix (Rika Tanaka)
  - 2022 : Semi Grand Prix (Asami Taniguchi) 、 3<sup>rd</sup> Place (Nanako Muramoto)





## 【Best seller award】 STACCATO

- Both casual shoes and trendy shoes are popular
- Good at both elegant and casual MD
- Ideal edge loved by the rich
- High customer satisfaction



## 【Digital Utilization Award】 rienda

- Send customers to stores via Instagram and Live
- Connect with customers by digital technology
- Visits by staff followers increased



## 【Newcomer Award】 SHEL'TTER GREEN

- Unique customer service and VMD of Apparel which is quite different from the others
- Providing added value
- Attracting attention as a new proposal tenant with a touch of fashion
- Exhibit a strong presence among the new tenants in 2022.



# The flagship store The SHEL'TTER TOKYO in TOKYU PLAZA OMOTESANDO HARAJUKU re-opened

- The SHEL'TTER TOKYO in TOKYU PLAZA OMOTESANDO HARAJUKU re-opened on March 3<sup>rd</sup>.
- The theme of RE-OPEN is “a place that promotes the identity and brand image of Baroque both in Japan and overseas.” We aim to pursue the following goals: [1] Providing a highly sensitive and special store experience as a flagship store. [2] Using a digital strategy that fits the times. [3] As a base for OMO strategy. [4] Restructuring of stores considering the significance of location.



- The SHEL'TTER GREEN business expanded greatly and keep opening new stores, including but not limited to Minatomirai Tokyu Square store, mozo Wonder City store, LaLaport TOKYO-BAY store, Ario Kameari store, and LaLaport Shinmisato store.
- Online sales started in March at GreenSnapSTORE, an online plant shop operated by GreenSnap.
- GreenSnap: An SNS app that specializes in plants, with more than 70% of its users being women. With up to 12 million monthly users, 3 million app downloads, and a total of 18 million posts across all media operated by the company, Plant Media is currently attracting attention.
- On April 4th, as the flagship store of "SHEL'TTER GREEN", the plant concept shop "TUIN" opened. At TUIN, we have newly started handling outdoor plants in an outdoor sales area, and have also started a lineup of lifestyle goods such as aroma oils made from herbs grown in recycled soil.



SHEL'TTER GREEN



【SHEL'TTER GREEN】観葉  
植物リサイクルポットセット 5  
号 選べる3色×4品種  
7,482円(税込)



【SHEL'TTER GREEN】観葉  
植物リサイクルポットラウンド  
セット 5号 選べる3色×4品種  
7,482円(税込)



【SHEL'TTER GREEN】観葉  
植物オリジナル陶器ポットセッ  
ト 5号 選べる2色×4品種  
7,262円(税込)



【SHEL'TTER GREEN】観葉  
植物リサイクルポットMIXセッ  
ト 5号 選べる4色×4品種  
7,482円(税込)

**In-house E-Commerce**  
Build a fandom to brand via Staff Start

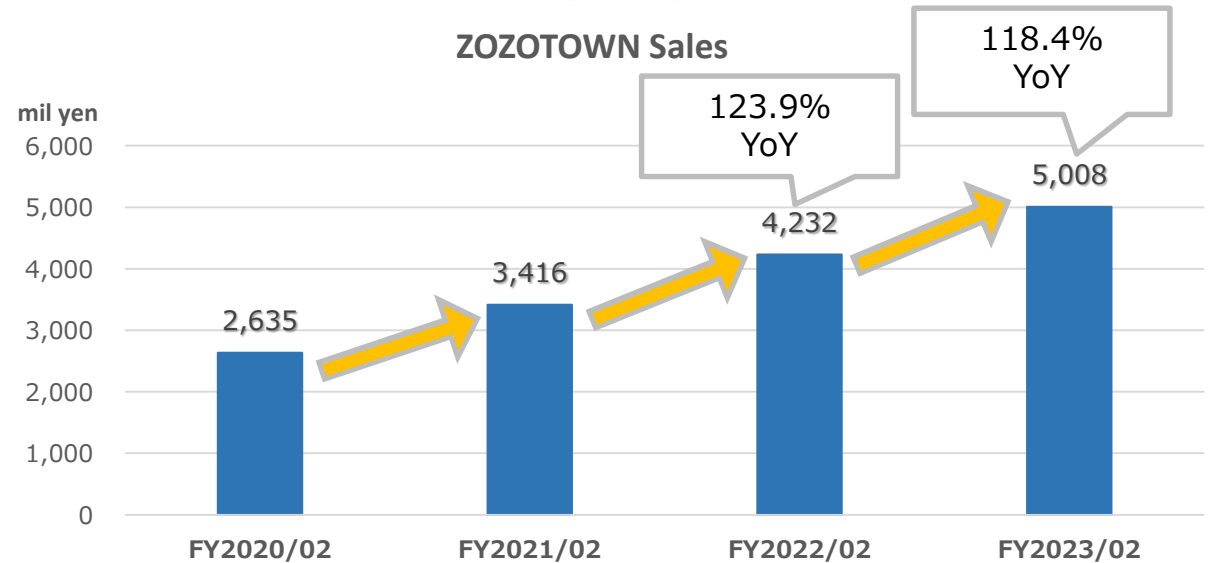
**Strengthen measures to increase the loyalty of Shelter Pass members**

**Strengthen omni-channel services (reservations for try-on, etc.)**

**Strengthen marketing by utilizing staff SNS**

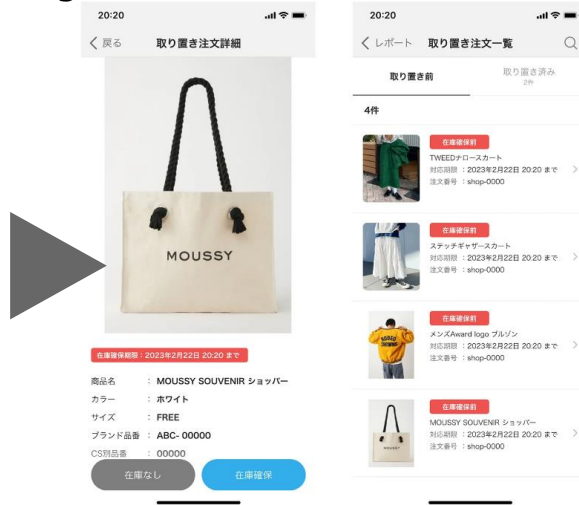
**Third party E-Commerce**  
Bring in new

**Intensify effort to increase sales via third party E-commerce**



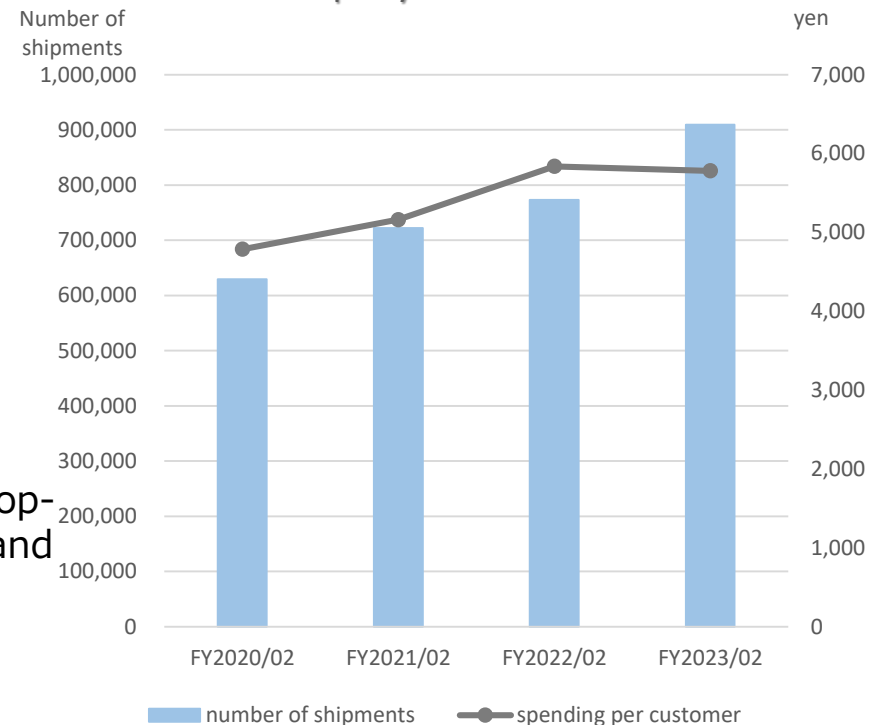
- The percentage of sales via third party E-commerce has gradually increased, and the number of shipments has also increased significantly over the past year.
- Introduced “zozomo” as part of strengthening OMO. Able to check whether the item is 「in-stock」 or put the items on 「layaway」 via ZOZOTOWN, and then send the customers to stores.
- In the future, we will place more emphasis on the connection with Generation Z, and actively consider expanding product inventory and introducing products limited to third-party E-commerce.

Able to check whether the item is 「in-stock」 or put the items on 「layaway」 whenever and wherever you want



パロックジャパンリミテッドの「ファーンズ (FAANS)」サンプル写真 (\*デモ画面)

Number of shipments and spending per customer on third party E-Commerce sites



Hold a limited time pop-up store of a D2C brand which is popular on ZOZOTOWN, in The SHEL'TTER TOKYO in TOKYU PLAZA OMOTESANDO HARAJUKU.

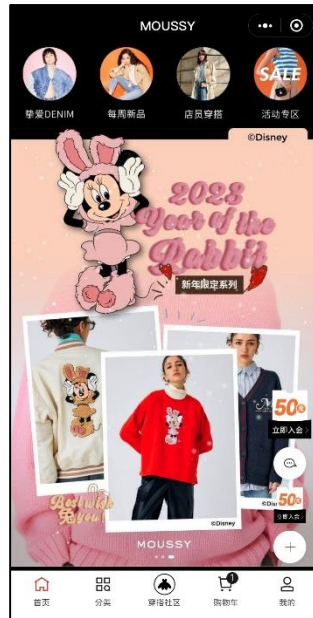
- As China eases its zero-COVID restrictions in December 2022 abruptly, the explosive spread of infection temporarily caused chaos, but it quickly subsided. Consumption recovered significantly after the Spring Festival.
- A recovery from the impact of COVID-19 is expected in the fiscal year ending February 2024. Taking advantage of the increase in the launch of new products and the introduction of high-end products, we will focus on promoting store visits, while promoting store openings in more influential areas through store scrapping and building, further improving the efficiency of individual stores.

## Increase new customers

Strengthen TikTok sales  
Bring in new via SNS



TikTok MOUSSY Wechat mini program



## Make stores more efficient

Enrichment of Originally  
Designed Products in China



## E-commerce new sales channel

In addition to the existing  
T-mall channel  
Opened a new store on JD.com  
(Jingdong), which is known as  
one of the largest  
Chinese EC platformer



## The next step of U.S. business

wholesale

New sales representatives  
in the EU  
Improve European market

Increase sales via E-commerce site  
by renewal of  
global E-commerce site

E-commerce



## ENFÖLD entering foreign markets

- In March 2023, we opened the second store in Busan, South Korea. In order to visualize ENFÖLD's brand concept of being "wrapped" in the new store, the spatial design is based on the image of being wrapped in water at the bottom of a pool.
- The rounded corners are removed and the walls and floors are painted with materials actually used in the pool. Arranged with glossy fixtures will remind you of water droplets, you will feel as if your scale has become smaller.





Appendix



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

- **366 stores in Japan, 326 stores in China, 1 store in U.S., 2 store in Taiwan, 1 store in South Korea** \*\*
- **19 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 February 2023 for Japan, December 2022 for Overseas



MOUSSY



SLY



AZUL  
BY MOUSSY



R I M . A R K



ENFÖLD



RODEO CROWNS  
WIDE BOWL



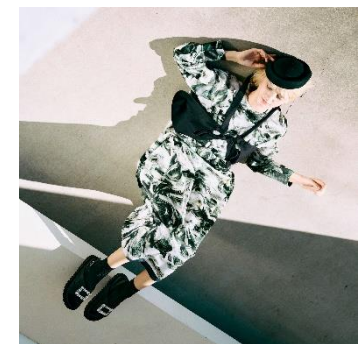
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STYLEMIXER






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>	

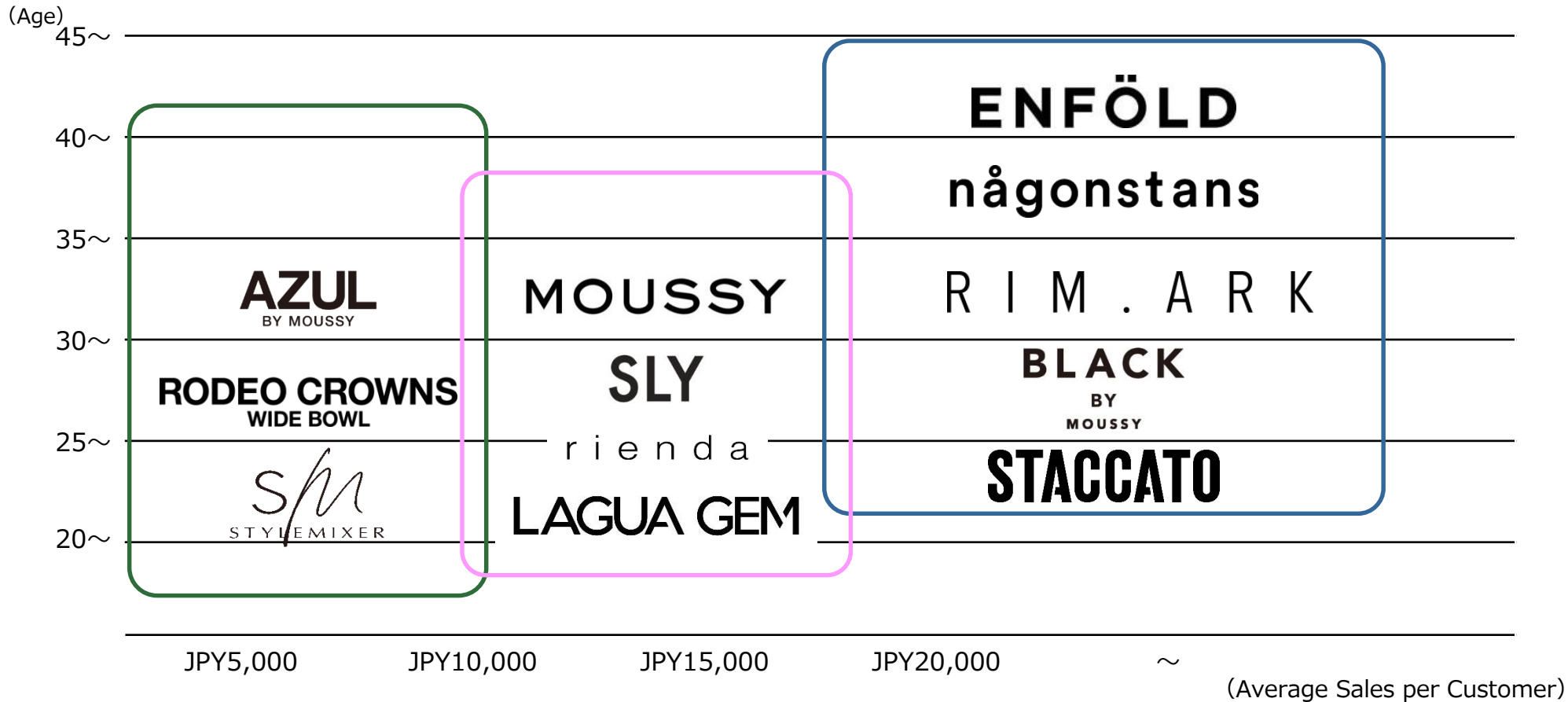
Time	History
2017	<ul style="list-style-type: none"> <li>Achieved 200 stores in mainland China through the Chinese retail business developed in Joint Venture with Belle International Holdings Limited</li> <li>Started selling "adidas x MOUSSY", a collection jointly developed with Adidas Japan Co.,Ltd</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>



時期	沿革
2021年	<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年	<ul style="list-style-type: none"> <li>● Opened ENFÖLD's first overseas store in Gangnam, South Korea</li> </ul>
2023年	<ul style="list-style-type: none"> <li>● The SHEL'TTER TOKYO in TOKYU PLAZA Omotesando Harajuku reopened</li> </ul>



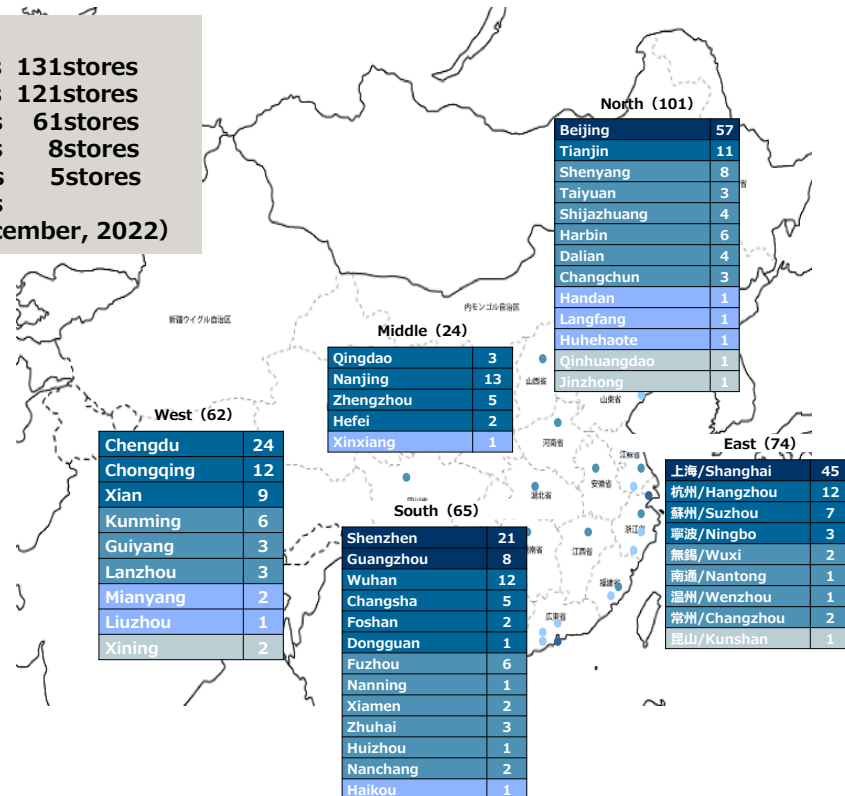
**Brand Portfolio by Age Demographic and Segment Unit Price**



<b>% of Sales</b>	<b>50%</b>	<b>40%</b>	<b>10%</b>
<b>Avg. Store Size</b>	<b>40 ~ 100m<sup>2</sup></b>	<b>20 ~ 50m<sup>2</sup></b>	<b>15 ~ 20m<sup>2</sup></b>

- Number of stores in China: 326 stores (as of end of December, 2022)
- It is common to classify cities based on the "Ranking of Cities Business Attractiveness in China" published annually by The Rising Lab, the big data project of Yicai Media Group

- Store number : 326 stores
- 1st tier city: 4cities 131stores
- New 1st tier city: 15cities 121stores
- 2nd tier city: 19cities 61stores
- 3rd tier city: 7cities 8stores
- 4th tier city: 4cities 5stores
- Number of cities : 49cities  
(As of end of December, 2022)



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 the 2022 ranking is based on data from 2021 to the beginning of 2022. Hefei, which was excluded last time, is back in the new 1st tier city. Also, Shenyang was ranked down to level 2 for the first time, and the cities in the three northeastern provinces were all ranked below level 2.

### City Definition

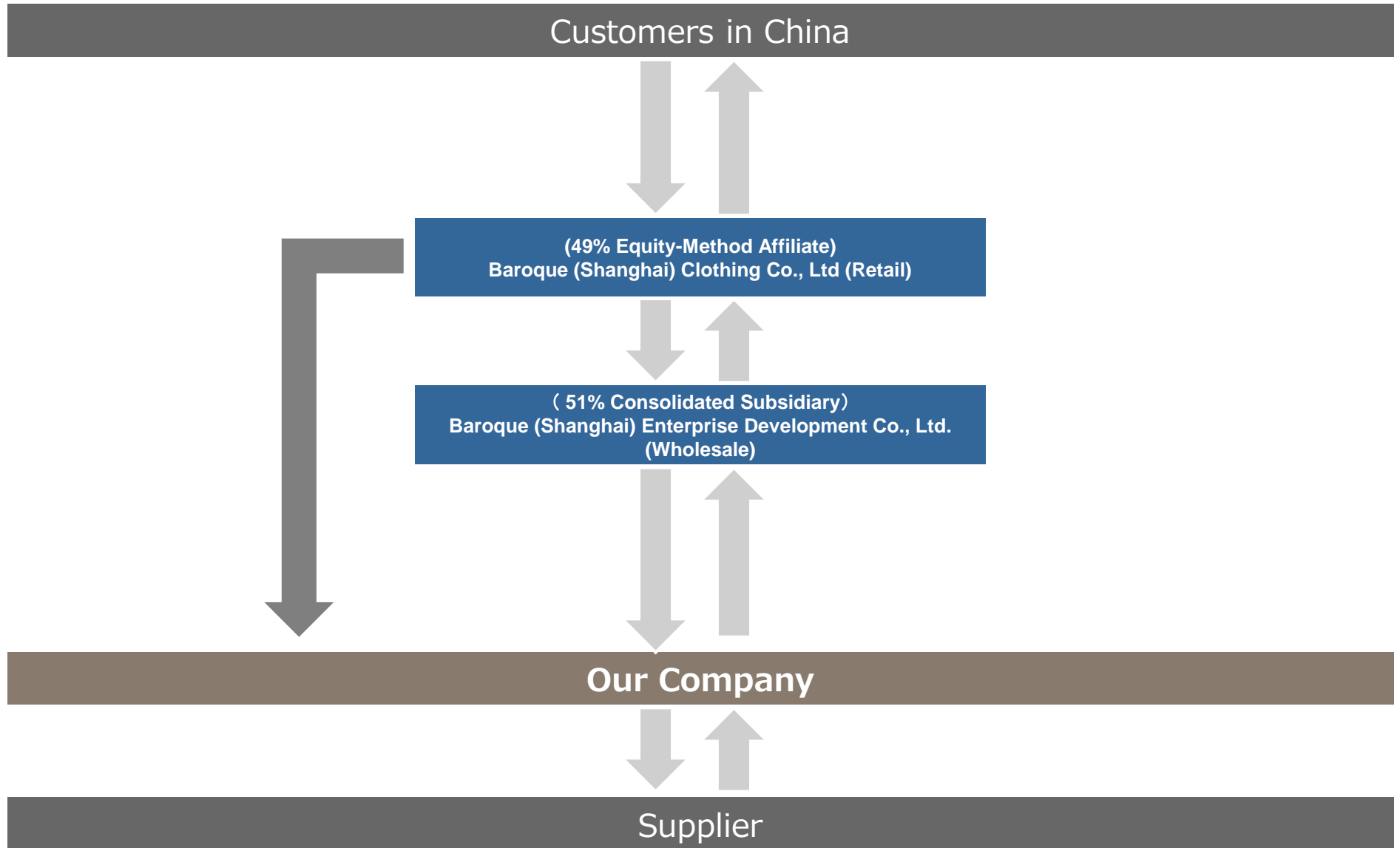
1<sup>st</sup> tier cities (4 cities): Shanghai, Beijing, Guangzhou, Shenzhen

New 1st tier cities (15 cities): Chengdu, Chongqing, Hangzhou, Xi'an, Wuhan, Suzhou, Zhengzhou, Nanjing, Tianjin, Changsha, Dongguan, Ningbo, Buddha Mountain, Hefei, Qingdao

2<sup>nd</sup> tier cities (30 cities): Kunming, Shenyang, Jinan, Wuxi, Xiamen, Fuzhou, Wenzhou, Jinhua, Harbin, Dalian, Guiyang, Nanning, Quanzhou, Shijiazhuang, Changchun, Nanchang, Huizhou, Changzhou, Jiaxing, Xuzhou, Nantong, Taiyuan, Baoding, Zhuhai, Zhongshan, Lanzhou, Linyi, Weifang, Yantai, Shaoxing

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

\* The above are grouped based on the "Ranking of cities 2022 Business Attractiveness in China" (The Rising Lab, the big data project of Yicai Media Group, announced on June 1, 2022).



↑ : Merchandise

↓ : Order

↩ : Royalty

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