BAROQUE JAPAN LIMITED

FY2021/02 Full-Year Financial Results and Supplementary Information

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Section: 3548

1 FY2021/02 Full Year Result Overview

2 Business Highlights

3 Full Year Earnings Outlook

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FY2021/02 Full-Year Summary

- **During Q4, Domestic Sales declined due to the resurgence of the Covid-19 epidemic and reissuing of a State of Emergency in January. However, strong results across our Chinese business operations supported the outcome of the consolidated business results.**

- **In terms of the Full Year, Consolidated Recurring Profit and Consolidated Net Profit, both exceeded the forecast. Consolidated Sales delivered short of its forecast.**

Item	Current Term Results (2020/3/1～2021/2/28)			Previous Year Results (2019/3/1～2020/2/29)	
	Full Year Earnings Forecast	Actual	Forecast Ratio	Last Year	YoY
Consolidated Sales:	¥52.54 Bil	**¥50.59 Bil**	△3.7%	¥65.88 Bil	△23.2%
Consolidated Operating Profit:	¥1.55 Bil	**¥1.31 Bil**	△15.4%	¥4.60 Bil	△71.5%
Consolidated Recurring Profit:	¥1.17 Bil	**¥1.18 Bil**	0.8%	¥4.58 Bil	△74.1%
Consolidated Net Profit:	¥0.31 Bil	**¥0.37 Bil**	20.3%	¥2.87 Bil	△86.9%

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Japan Business Overview

- Across the Full Year, the spread of the Covid-19 epidemic had a significant impact on business results. While sales showed a recovery trend from the beginning of autumn when the second wave subsided, while entering Q4, domestic sales slowed down again due to the curtailment of business operations and business hours and consumers refraining from going out in response to the reissuing of the State of Emergency from January. For the Full Year, Domestic Sales were 75.2% YoY. Additionally, EC Sales showed a substantial increase compared to the previous fiscal year.
- Throughout the year, we will continue to focus on thorough approaches to proper sales, optimizing inventory control, and reducing SG&A expenses.

Domestic Sales: ¥44.42 Bil (Previous Year ¥59.11 Bil 75.2% YoY)

- Due to store closures, curtailed business hours and operations, and the public refraining from going out throughout the year due to the Covid-19 epidemic, Domestic Sales were 75.2% YoY
- In regards to our EC Business Operations, we will continue to strengthen our operations by promoting EC measures that highlight our sales capabilities like through Staff Start or improving and utilizing Live Commerce. EC sales increased significantly by 121.2% YoY. In-house EC sales increased 117.1% YoY and those of 3rd parties increased by 126.7% YoY

Domestic GP: ¥25.92 Bil (Previous Year ¥35.57 Bil 72.9% YoY)

- The margin of Domestic GP on Domestic Sales for the Full Year decreased 1.8% YoY

Domestic SG&A: ¥25.27 Bil (Previous Year ¥31.71 Bil 79.7% YoY)

- Reduction of SG&A Expenses to be achieved through reducing advertising expenses, business consignment expenses, and curbing down personnel expenses such as reducing executive compensation

As a result, the Domestic OP was ¥0.6 Bil（Previous Year ¥3.86 Bil 16.8% YoY)

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Overseas Business Overview

- In the 4th Quarter of Chinese Business Operations, even with a resurgence of Covid-19 infections in some areas, such as Northeastern China, EC business grew significantly amid EC events such as Singles Day (Double Eleven, 双11).
- Despite being affected by the Covid-19 epidemic, for the Full Year, China JV Sales (Sales by Chinese Wholesale Companies and Royalties from Chinese Retailers) were 90.3% YoY. Compared to other countries, the Chinese market is recovering faster and as such Chinese business operations continue to support the consolidated business results.
- For the Full Year, US Business Operations remained in the black. Hong Kong Business Operations have not yet recovered due to the continued influence of the Covid-19 crisis

China JV Sales ¥ 6.34 bil （ Previous Year ¥ 7.02 bil 90.3% YoY)

- Across the Full Year, JV Sales bottomed out in February-March due to the impact of the Covid crisis, but since May, business performance has been on a recovery trend in line with the return of personal consumption in China. EC Sales grew significantly (121.5% YoY) due to live commerce and other factors, with the EC Sales Ratio landing at 15.0%
- Royalties from Chinese retailers were 86.0% YoY
- At the end of December, the number of stores totaled at 299(opening: 46, closed: 32), an increase of 14 YoY

China JV Profit ¥ 0.43 bil （Previous Year ¥ 0.63 bil 69.4% YoY)

- Amid the recovery trend in China, both equity in earnings of affiliates and the profits of wholesale retailers increased, with JV profits recovering from the ¥-0.17 bil deficit in the first half of the FY.

Other Overseas Business Operations (US Business, Hong Kong Business)

- In the U.S., there is only one directly managed store in New York. Strong wholesale sales in September due to growing demand for denim products contributed to operating income and net income both falling in the black.
- ENFÖLD's wholesale operations from Japan remained strong throughout Asia
- Due to the effects of protest demonstrations against the National Security Law and measures against new Covid-19 infections (meeting restrictions, etc.) consumption remained sluggish in terms of the Hong Kong retail business.

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FY2021/02 Full Year Consolidated Earnings Statement

Consolidated PL Results

- Regarding Consolidated Sales, with Q4 affected by the State of Emergency and although when compared to Q3 there was only a slight decrease, the full year saw Consolidated Sales at 76.8% YoY
- Consolidated GP Margin decreased 2.4 pts YoY（57.4%→55.0%）
- Consolidated SG&A Expense Ratio increased 2.1pts YoY（50.4%→52.5%）
- Consolidated OP decreased ¥ 3.29 bil YoY

(百万円/JPY mil)	FY2021/02			FY2020/02	
	実績	対売上	前年同期比	前年実績	対売上
	Actual	% of Sales	YoY	Actual	% of Sales
売上高/Sales	**50,590**	100.0%	76.8%	65,880	100.0%
売上総利益/Gross Profit	**27,847**	55.0%	73.6%	37,837	57.4%
販管費及び一般管理費/SG&A	**26,535**	52.5%	79.8%	33,232	50.4%
営業利益/Operating Profit	**1,312**	2.6%	28.5%	4,604	7.0%
経常利益/Recurring Profit	**1,187**	2.3%	25.9%	4,586	7.0%
親会社株主に帰属する四半期純利益/Net Profit	**375**	0.7%	13.1%	2,871	4.4%

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FY2021/02 Full Year Consolidated Results – Sales Breakdown

Consolidated Sales Breakdown

■ FB/SB Brands, operating mainly in urban areas, are still recovering from to the impact of Covid-19 crisis. Overseas sales, mainly in China, contributed greatly to the Consolidated results.

(百万円/JPY mil)	FY2021/02			FY2020/02	
	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	**50,590**	100.0%	76.8%	65,880	100.0%
FB/SBブランド/FB/SB Brands	**15,137**	29.9%	73.6%	20,564	31.2%
SCブランド/SC Brands	**22,139**	43.8%	74.0%	29,902	45.4%
セレクトショップ・百貨店ブランド/ Select Shop・Dept. Store Brands	**4,365**	8.6%	76.2%	5,727	8.7%
海外/Overseas	**7,481**	14.8%	92.4%	8,099	12.3%
その他/Others	**1,466**	2.9%	92.5%	1,585	2.4%

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Consolidated SG&A Expenses

■ Decreases in Sales resulted in a decrease in variable costs. In addition, further focus on , reducing executive compensation, reducing rent, reducing SG&A expenses by continuing to curb advertising and commission expenses, etc., resulted in consolidated SG&A expenses showing at 79.8% YoY

(百万円/JPY mil)	FY2021/02				FY2020/02	
	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	**50,590**	100.0%	76.8%	－	65,880	100.0%
販売管理費/SG&A Expenses	**26,535**	52.5%	79.8%	2.1pt	33,232	50.4%
広告費及び販売促進費/ Advertising and promotional cost	**1,208**	2.4%	64.1%	△0.5pt	1,884	2.9%
給与手当/Salaries and wages	**5,038**	10.0%	86.9%	1.2pt	5,800	8.8%
販売手数料(店舗家賃及び販売委託手数料)/Store rent and fee for franchisee	**10,566**	20.9%	77.3%	0.1pt	13,677	20.8%
減価償却費/Depreciation	**867**	1.7%	93.6%	0.3pt	926	1.4%
その他/Others	**8,854**	17.5%	80.9%	0.9pt	10,943	16.6%

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Consolidated Balance Sheet

- Merchandise inventory compared to the end of the previous fiscal year was 95.3% YoY in maintaining the previous year's level of inventory control.

(百万円/JPY mil)	FY 2021/02 (2021/2/28)			FY2020/02 (2020/2/29)	
	金額	構成比	前期末比	金額	構成比
	Amount	Composition	% to previous year end	Amount	Composition
現預金/Cash	**15,924**	41.5%	98.7%	16,133	42.1%
受取手形及び売掛金/Notes and Trade Receivable	**8,001**	20.9%	107.3%	7,455	19.5%
商品/Inventories	**4,918**	12.8%	95.3%	5,163	13.5%
その他流動資産/Other Current Asset	**545**	1.4%	102.5%	532	1.4%
固定資産/Non Current Asset	**8,952**	23.3%	99.5%	8,997	23.5%
総資産/Total Asset	**38,343**	100.0%	100.2%	38,282	100.0%
負債/Liabilities	**17,431**	45.5%	103.8%	16,790	43.9%
純資産/Equity	**20,911**	54.5%	97.3%	21,492	56.1%

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FY2021/02 Full Year Japan Business Income Statement

Domestic PL Results

- Domestic Sales became 75.2% YoY
- Domestic EC Sales increased by 121.2% YoY. In-house EC were 117.1% YoY, with those of 3rd parties becoming 126.7% YoY

(百万円/JPY mil)	Current Term			Previous Term	
	実績	対売上	前年同期比	前年実績	対売上
	Actual	% of Sales	YoY	Actual	% of Sales
売上高/Sales	**44,427**	100.0%	75.2%	59,115	100.0%
（店舗売上/Store Sales）	**32,094**	72.2%	67.7%	47,381	80.2%
（通販売上/EC Sales）	**9,435**	21.2%	121.2%	7,787	13.2%
売上総利益/Gross Profit	**25,927**	58.4%	72.9%	35,578	60.2%
販管費及び一般管理費/SG&A	**25,278**	56.9%	79.7%	31,716	53.7%
営業利益/Operating Profit	**648**	1.5%	16.8%	3,862	6.5%
経常利益/Recurring Profit	**576**	1.3%	15.3%	3,771	6.4%

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FY2021/02 Full Year Overseas Business – China JV Sales and Profit

China JV Sales and Profit

- Chinese wholesale was 90.6% YoY
- Royalties were 86.0% YoY

Japanese Yen

(百万円/JPY mil)	2021年2月期 実績 Actual	2020年2月期 Previous Year	前年同期比 YoY
中国合弁事業からの売上 Sales from China JV			
卸売/Wholesale	5,920	6,531	90.6%
ロイヤリティ/Royalty	420	488	86.0%
売上合計/Sales Total	6,340	7,020	90.3%
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	△177	△24	-
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	320	263	121.4%
ロイヤリティ税抜換算 Royalty after tax	294	342	86.0%
利益合計/Profit Total	437	630	69.4%

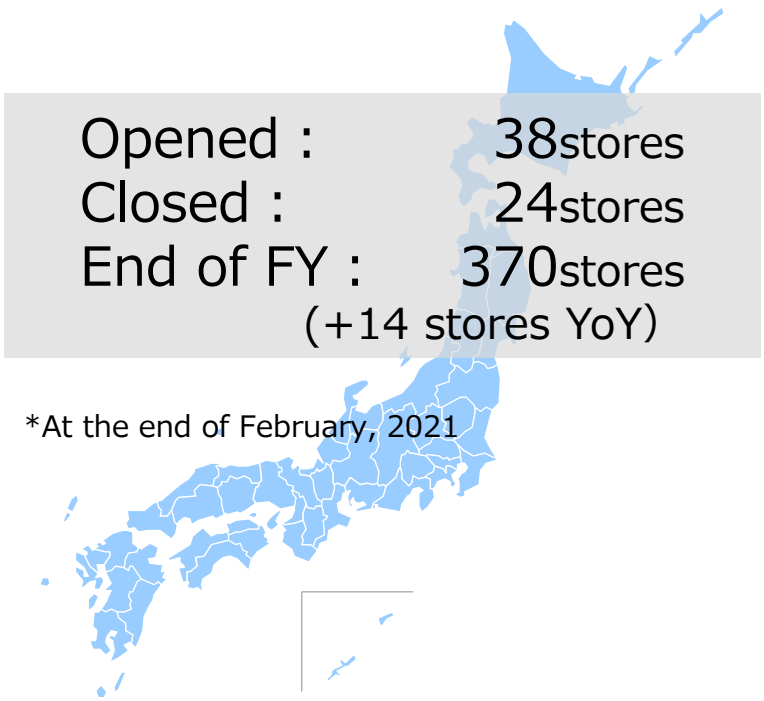
Chinese Yuan

(Million RMB)	2021年2月期 実績 Actual	2020年2月期 Previous Year	前年同期比 YoY
中国合弁事業からの売上 Sales from China JV			
卸売/Wholesale	382	414	92.2%
ロイヤリティ/Royalty	27	31	87.5%
売上合計/Sales Total	409	445	91.9%
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	△11	1	-
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	20	16	123.5%
ロイヤリティ税抜換算 Royalty after tax	19	21	87.5%
利益合計/Profit Total	28	40	70.6%

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FY2021/02 Full Year Store Expansion

JAPAN



Opened : 38stores
Closed : 24stores
End of FY : 370stores
(+14 stores YoY)

*At the end of February, 2021

CHINA



Opened : 46stores
Closed : 32stores
End of FY : 299stores
(+14 stores YoY)

*At the end of December 2020, to be included in the consolidated financial statements

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2 Business Highlights

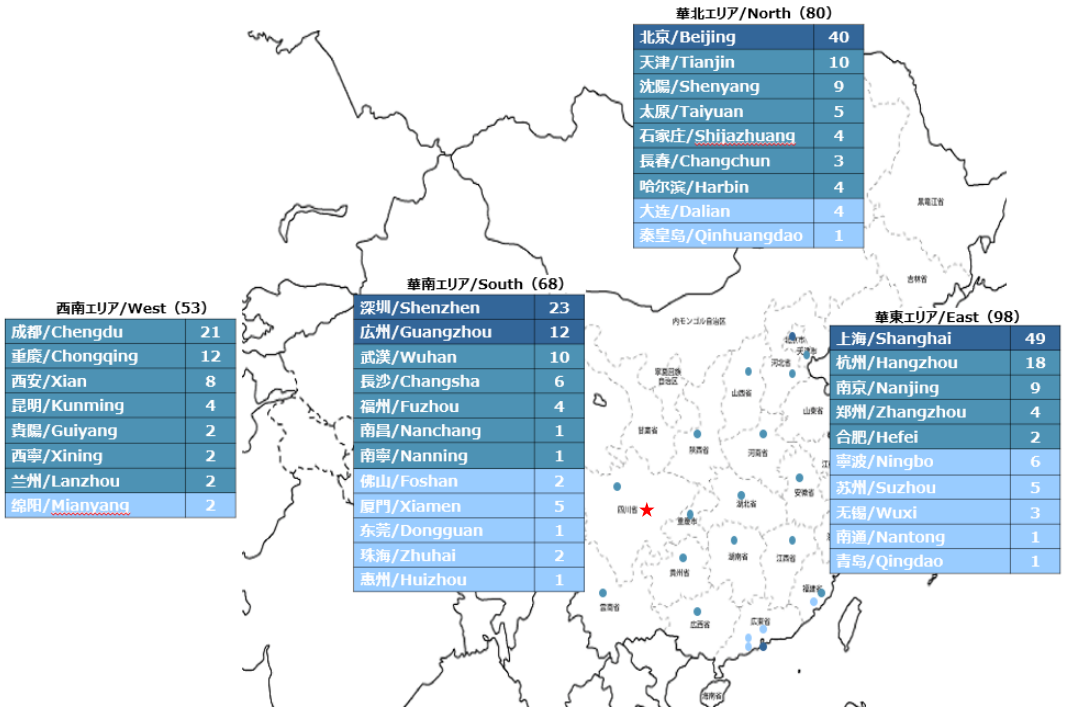
3 Full Year Earnings Outlook

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Opened 300 Stores in China

- On January 30, 2021 “MOUSSY” opened at the “Renhe Spring International Plaza(REHNE)” commercial facility in the center of Chengdu, with Baroque China surpassing 300 stores in mainland China.
- Renhe Spring International Plaza（RENHE) is a commercial complex containing a range of commercial, residential, hotel & serviced apartment, and office facilities with a commercial area of approximately 180,000 square meters. It is a new commercial format that aims to mix elements of “department stores” and “shopping malls” in a new, trendy and global configuration, with areas too for social and family entertainment.





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AZUL BY MOUSSY's Largest Flagship in the Greater Tokyo Area Grand Opening

- AZUL BY MOUSSY opened their largest and newest experience-based store in the Tokyo metropolitan area on the 1st floor of Minatomirai Tokyu Square.
- With a store space reaching nearly 5000 square feet, it is the only space in Japan where one can experience all the elements of the brand such as "Space, Sound, Fragrance, Culture, Person, Black"



Store Interiors created from refurbished recycled material



New Items promoted each season





Upcycled Remade Denim Items



Expansion of the Roomwear Line "THE HOME"

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STYLEMIXER LALAPORT TOKYO-BAY 1F Large Flagship Grand Opening

- On April 3rd, STYLEMIXER opened its largest flagship store at LALAPORT TOKYO-BAY 1F.
- In addition to its ladies' line and men's line, the store offers works by potter Takemura Yoshinori and curated items selected from overseas.
- In addition, as port of our sustainability efforts, STYLEMIXER has abolished free shoppers and rain covers at each of its stores and introduced a system for purchasing eco-bags.



In the center of the store, vintage sofas and beds are placed – providing a cozy space where you can relax while shopping.



VIP Fitting Room created for the Flagship Store.
A special space that expresses the worldview of STYLEMIXER.
Can be used as a shooting spot while fitting or after purchasing products

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Introduction of Business Digitization Platform to AZUL BY MOUSSY

- The Business Digitization Platform “PROFIT AUTOMATION” was introduced to one of our main brands, AZUL BY MOUSSY.

- Containing various aggregation and analysis functionalities and recommendation functions, through PROFIT AUTOMATION it is possible to not just improve business productivity but also quality of judgement and accuracy throughout the product planning and merchandising process, further improve customer relationship management, and strengthen sales.









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E-Content Development Department/Win-Win Working Style

- In consideration for the work-life balance of moms and dads, the “E-Content Development Department” was newly established, with its biggest merit being its centering on creating an atmosphere centered on child-rearing.

- Working through mutual understanding in the work environment acts as the motivation for work and is a crucial component of the department.

- Despite their short working hours, through sharing rules and roles the staff members actively accomplish their goals and work lively.



Employee Moms of the E-Content Development Department

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Full Year Earnings Outlook/ Dividend Policy

(Unit: Million Yen)	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%	347.3%	375	0.7%
1株当たり当期純利益/EPS	**36.2**			10.4	

- **While the outlook remains uncertain currently and we are working on the assumption of a gradual recovery following the impact of the Covid-19 epidemic on the market, we expect sales to reach 59.7 billion yen.**
- **We expect an Operating Profit of 2.3 billion yen, Recurring Profit of 2.2 billion yen, and Net Profit of 1.3 billion yen through continual efforts at making operations more efficient – such as through strengthening proper sales, appropriate inventory control, and thorough SG&A expenses reduction.**

Shareholder Dividends

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

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

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Appendix

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Manufacturer and Retailer of Women's Apparel and Fashion Accessories (SPA) *

- **370 stores in Japan, 299 stores in China,** 4 stores in Hong Kong, 1 store in the U.S., **19 brands** in the portfolio**
- Stable Japanese Business + **Continual Growth in China**
- High inventory turnover and GP margin with efficient business model

*Specialty store retailer of Private label.

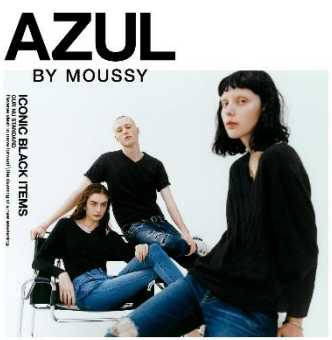
**Domestic information as of February 2021; Overseas information as of December 2020



MOUSSY



SLY





R I M . A R K



ENFÖLD



RODEO CROWNS
WIDE BOWL



någonstans



SHEL'TTER



LAGUA GEM



STACCATO

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History

■ 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	● **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 JPY10bil in just 4 years**
2006	● China business expert, Mr. Murai (current Chairman and CEO) joined the company
2007	● MBO by CLSA and senior management
2008	● **[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	● 1st MOUSSY store opened in Shanghai, China
2012	● **[ENFÖLD] launched. Targeting fashion conscious women in their 30s and 40s** ➢ 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	● CLSA sold all shares to Belle and CDH fund. China JV with Belle started
2016	● **[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







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History

Time	History
2017	● 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	● Developed a new brand “någonstans”
	● 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	● 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	● 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
	● Launched “Crie Conforto” which presents warm “comfort” for adult women

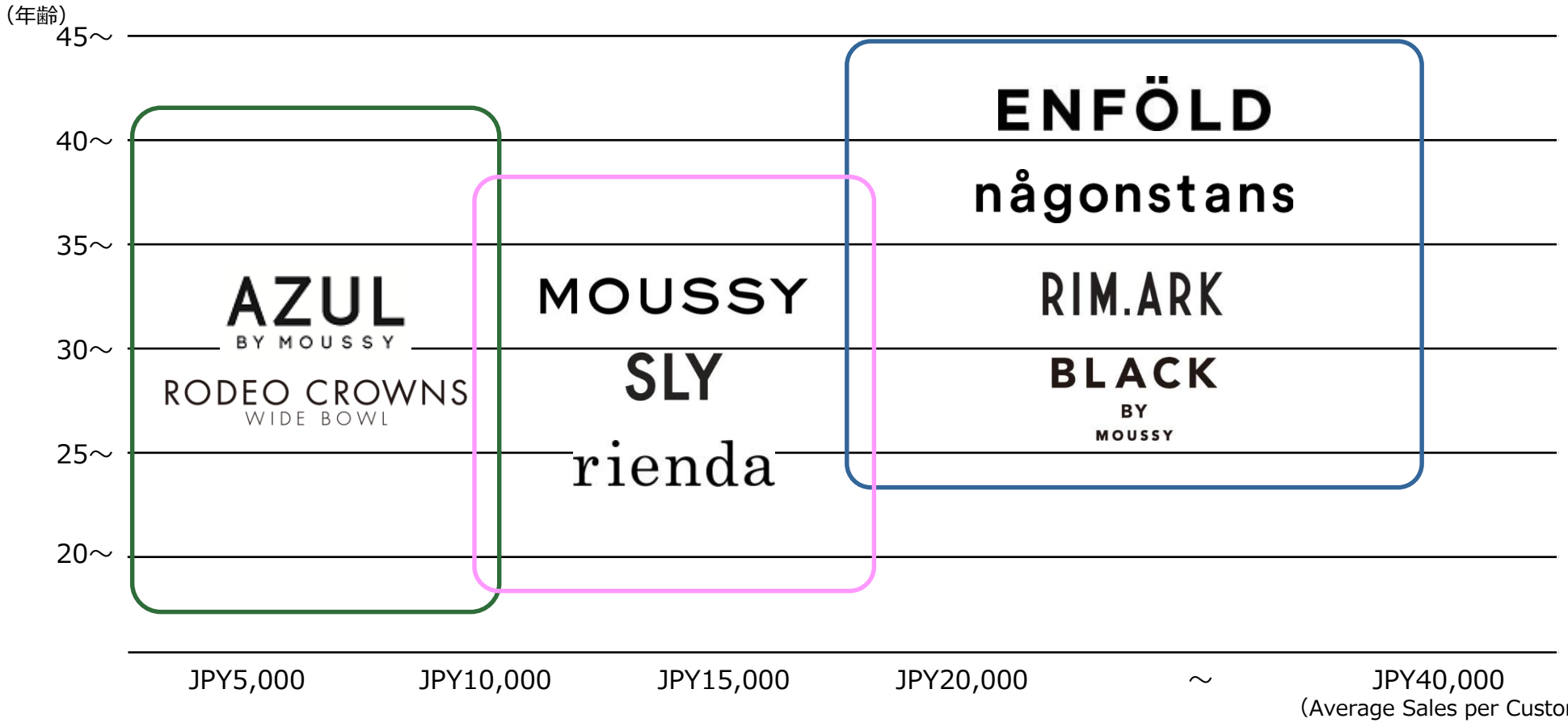






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Brand Portfolio by Age Demographic and Segment Unit Price



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

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High Branding Power Supported by SNS Marketing

Ranking of Instagram Follower Counts for Japanese Fashion Brands

Domestic Ranking	Company Name	Logo	Follower Count	# of Posts
9	MUJI無印良品		2,720,000	3,214
10	UNIQLO Global		2,350,000	2,203
11	A BATHING APE® OFFICIAL		2,280,000	8,075
14	KENZO		1,950,000	448
20	GU		1,360,000	3,596
32	sacaiofficial		1,060,000	2,304
35	UNDERCOVER		986,000	2,066
42	Yohji Yamamoto		825,000	975
56	MOUSSY		715,000	9,549
73	LOWRYS FARM		614,000	2,663
138	SLY		418,000	9,287

Company-Related Instagrammers/YouTubers

marinakamura
- RIM.ARK
- Follower Ct 143,000



@nami_kawamoto
- Follower Ct 51,000
- YouTube Subscribers: 33,200



mi_smile25
- Follower Ct 89,000
- YouTube Subscribers 80,090



misato_muraoka
- Rienda Solaria Plaza Store Manager
- Follower Ct 51,000
- YouTube Subscribers: 2,870



Updated March 31, 2021 from Instagram, YouTube

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High Inventory Turnover and GP Margin

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



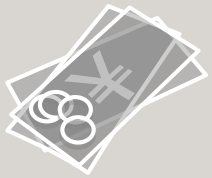
Logistic

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



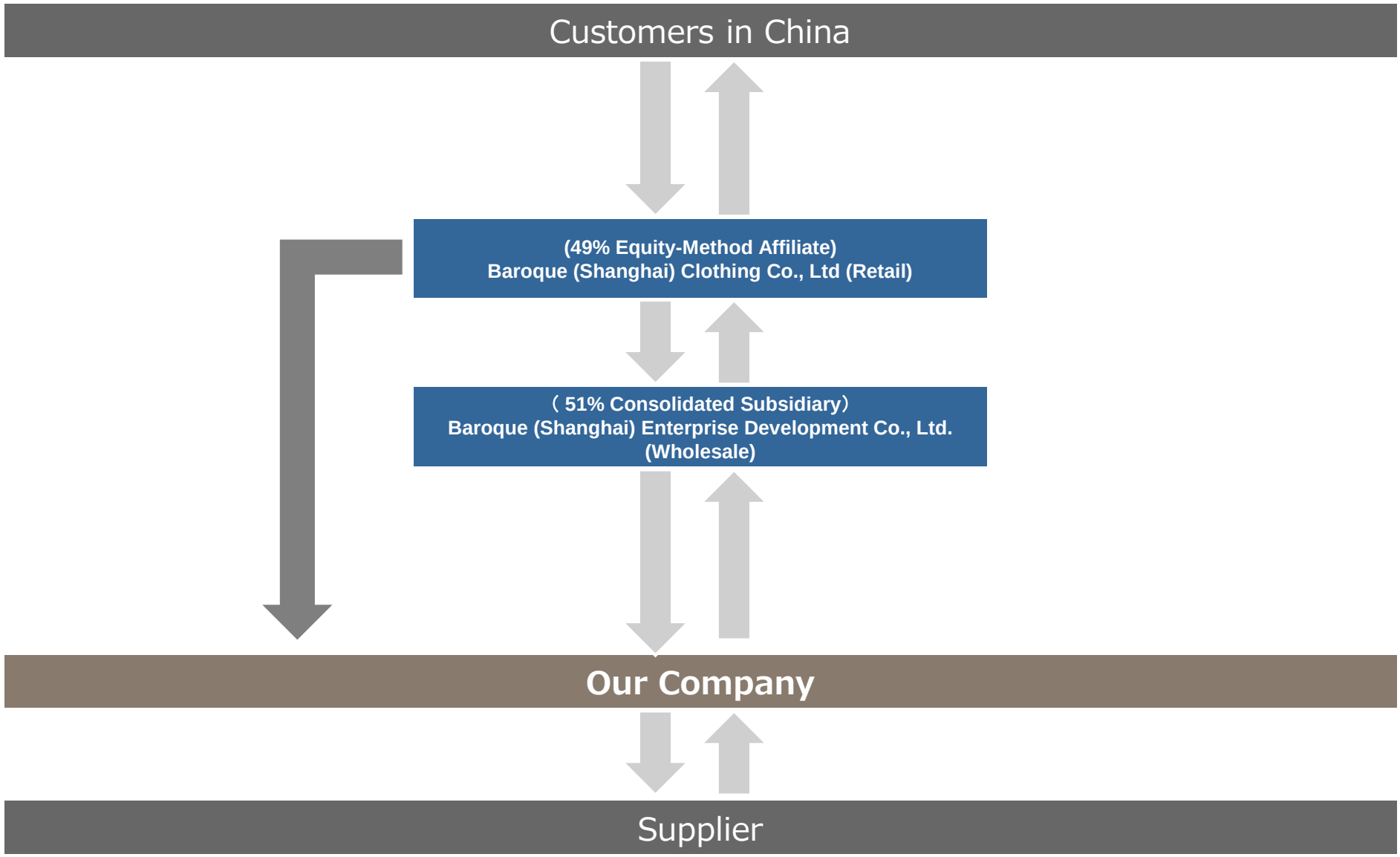
Sales

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



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JV Structure in China



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