

BAROQUE JAPAN LIMITED

FY2021/02 Third Quarter Financial Results and Supplementary Information

January 14,2021

Tokyo Stock Exchange First
Section: 3548

- 1 FY2021/02 Third Quarter Result Overview
- 2 Business Highlights
- 3 FY2021/02 Outlook

- Compared to the first half of the fiscal year, the third quarter saw a recovery in consumer confidence. Although the resurgence of the COVID-19 epidemic from the second half of November slowed down domestic business, the accumulated operating and recurring profit remained in the black for the nine months ended on 30 November 2020.
- In China, where the COVID-19 infection has subsided, consumption activities have increased, with remarkable recovery trends seen across Chinese business activities.

Item	Actual	Last Year	YoY	Movement
<u>Consolidated Sales:</u>	36.09bil	48.29bil	74.7%	△12.19bil
<u>Consolidated Operating Profit:</u>	1.18bil	3.94bil	30.1%	△2.75bil
<u>Consolidated Recurring Profit:</u>	0.88bil	3.90bil	22.6%	△3.02bil
<u>Consolidated Net Profit:</u>	0.22bil	2.42bil	9.2%	△2.20bil

Japan Business Overview

- Although the number of customers was affected by consumer restraint on going out due to the reemergence of COVID-19 cases in mid-November, operating and recurring profit for the first nine months of the fiscal year were back in the black.
- We are continuing to sell our products without excessive sales campaigns and while appropriately controlling inventory. Additionally, we will further strengthen our efforts to contain SG&A expenses.

Domestic Sales: ¥31.79 bil (previous year ¥43.26 bil 73.5% YoY)

- ◆ A drop in temperature from October to the first half of November boosted the sales of autumn clothing. This, in addition to an increase in customers' willingness to spend due to government measures and other factors contributed to a recovery in sales. However, from mid-November the number of customers decreased due to the reemergence of COVID-19 cases
- ◆ EC sales operations increased significantly to 122.7% YoY, mainly due to strong sales of pre-order items, especially outerwear. Both in-house EC(120.5%) and those of other companies (125.7%) saw significant YoY increases

Domestic GP: ¥19.06 bil (previous year ¥27.04 bil 70.5% YoY)

- ◆ On a non-consolidated basis during the third quarter, we simultaneously implemented more detailed inventory control with focused efforts on maintaining a careful sales control approach without excessive discounting

Domestic SG&A: ¥18.29 bil (previous year ¥23.66 bil 77.3% YoY)

- ◆ SG&A expenses came in at 77.3% YoY as a result of continuing to curtail advertising and commission expenses, reducing executive compensation, and stepped up company-wide efforts to further reduce expenses

As a result, Domestic OP was ¥0.76 bil (previous year ¥3.37 bil ¥△2.61 bil YoY)

Overseas Business Overview

- In regards to business operations in China, recovery is on a V-shaped recovery trend as personal consumption recovers. U.S business operations also maintained profitability through steady sales. Overseas business, mainly in China and the U.S., contributed in this way to the consolidated results.
- EC sales in China continue to grow significantly. EC sales at the “Double Eleven (双11)” E-commerce event in China increased significantly at 190.8% YoY. Strengthened initiatives such as live commerce, which is more advanced in China were strong factors in this development.

China JV Sales ¥4.26 bil (Previous Year ¥4.94 bil 86.2% YoY)

- ◆ In China, where the COVID-19 epidemic has subsided, the number of customers increased. In September, this number increased to 101.1% YoY and comparable store sales recovered to 96.6% YoY
- ◆ Royalties from Chinese retailers were 88.8% YoY
- ◆ At the end of September, the number of stores totaled at 292(opening: 29, closed:22), up 7 from the end of the previous period

China JV Profit ¥0.08 bil (Previous Year ¥0.39 bil ¥△0.31 bil 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 fiscal year.

Other Overseas Businesses (U.S. Business, Hong Kong Business, etc.)

- ◆ 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 profit and net profit both falling in the black
- ◆ Wholesale activities of ENFÖLD operated from Japan were sluggish due to the impact of the COVID-19 epidemic but saw a recovery trend starting in November
- ◆ Hong Kong retail business showed signs of recovery following September when restrictions on gatherings in response to COVID-19 eased but, due to the resurgence of infections in November, slowed again

Consolidated PL Results

- Compared to second quarter, Consolidated Sales are on a recovery trend and was 74.7% YoY
- Consolidated GP Margin decreased 3.0 pts YoY (59.6%→56.6%)
- Consolidated SG&A expense ratio increased 1.9 pts YoY (51.4%→53.3%)
- Consolidated OP decreased ¥2.75 bil YoY

(百万円/JPY mil)	2021年2月期			2020年2月期	
	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	36,092	100.0%	74.7%	48,292	100.0%
売上総利益/Gross Profit	20,425	56.6%	71.0%	28,765	59.6%
販管費及び一般管理費/SG&A	19,239	53.3%	77.5%	24,820	51.4%
営業利益/Operating Profit	1,186	3.3%	30.1%	3,944	8.2%
経常利益/Recurring Profit	883	2.4%	22.6%	3,903	8.1%
親会社株主に帰属する 四半期純利益/Net Profit	223	0.6%	9.2%	2,423	5.0%

Consolidated Sales Breakdown

- FB/SB brands, operating mainly in urban areas, have been greatly affected by the decrease in the number of customers
- Overseas sales improved compared against the first half of the fiscal year due to recovery in consumption in China and an increase in new store openings

(百万円/JPY mil)	2021年2月期			2020年2月期	
	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	36,092	100.0%	74.7%	48,292	100.0%
FB/SBブランド/FB/SB Brands	11,101	30.8%	73.2%	15,157	31.4%
SCブランド/SC Brands	15,594	43.2%	71.7%	21,736	45.0%
セレクトショップ・百貨店ブランド/ Select Shop・Dept. Store Brands	3,225	8.9%	74.0%	4,358	9.0%
海外/Overseas	5,167	14.3%	88.0%	5,874	12.2%
その他/Others	1,003	2.8%	86.1%	1,165	2.4%

Consolidated SG&A Expenses

- Decreases in Sales resulted in a decrease in variable costs. In addition, further focus on reducing SG&A expenses by continuing to curb advertising and commission expenses, reducing executive compensation, reducing rent, etc., consolidated SG&A expenses showed 77.5%, YoY

(百万円/JPY mil)	2021年2月期				2020年2月期	
	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	36,092	100.0%	74.7%	—	48,292	100.0%
販売管理費/SG&A Expense	19,239	53.3%	77.5%	1.9pt	24,820	51.4%
広告費及び販売促進費/ Advertising and promotional cost	864	2.4%	57.4%	△0.7pt	1,506	3.1%
給与手当/Salaries and wages	3,685	10.2%	85.0%	1.2pt	4,337	9.0%
販売手数料(店舗家賃及び販売委託 手数料)/Store rent and fee for franchisee	7,547	20.9%	74.4%	△0.1pt	10,142	21.0%
減価償却費/Depreciation	663	1.8%	98.6%	0.4pt	672	1.4%
その他/Others	6,478	17.9%	79.4%	1.0pt	8,161	16.9%

Consolidated Balance Sheet

- Merchandise inventory compared to the end of the previous third quarter is at 74.6% YoY (FY2020/02 3Q / 7,892→5,888)

(百万円/JPY mil)	2021年2月期 (2020/11/30)			20年2月期 (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	14,628	37.9%	90.7%	16,133	42.1%
受取手形及び売掛金 /Notes and Trade Receivable	8,661	22.4%	116.2%	7,455	19.5%
商品/Inventories	5,888	15.2%	114.0%	5,163	13.5%
その他流動資産 /Other Current Asset	538	1.4%	101.1%	532	1.4%
固定資産/Non Current Asset	8,904	23.1%	99.0%	8,997	23.5%
総資産/Total Asset	38,620	100.0%	100.9%	38,282	100.0%
負債/Liabilities	18,086	46.8%	107.7%	16,790	43.9%
純資産/Equity	20,534	53.2%	95.5%	21,492	56.1%

Japan Business Income Statement

- Domestic sales became 73.5% YoY
- Domestic EC sales became 122.7% YoY, In-house EC site sales were 120.5%, with those of third parties becoming 125.7% YoY
- Domestic GP Margin decreased 2.6pts YoY

(百万円/JPY mil)	2021年2月期			2020年2月期	
	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	31,798	100.0%	73.5%	43,264	100.0%
(店舗売上/Store Sales)	23,025	72.4%	66.0%	34,906	80.7%
(通販売上/EC Sales)	6,747	21.2%	122.7%	5,498	12.7%
売上総利益/Gross Profit	19,060	59.9%	70.5%	27,040	62.5%
販管費及び一般管理費/SG&A	18,293	57.5%	77.3%	23,663	54.7%
営業利益/Operating Profit	767	2.4%	22.7%	3,377	7.8%
経常利益/Recurring Profit	702	2.2%	21.3%	3,300	7.6%

China JV Sales and Profit

- Chinese wholesale was 86.0% YoY
- Royalties were 88.8% YoY. An increase from the first half

日本円

(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
中国合併事業からの売上 Sales from China JV			
卸売/Wholesale	3,964	4,609	86.0%
ロイヤリティ/Royalty	301	340	88.8%
売上合計/Sales Total	4,265	4,949	86.2%
当期純利益に対する 中国合併事業による利益 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	△343	△9	—
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	212	166	127.1%
ロイヤリティ税抜換算 Royalty after tax	211	238	88.8%
利益合計/Profit Total	80	395	20.2%

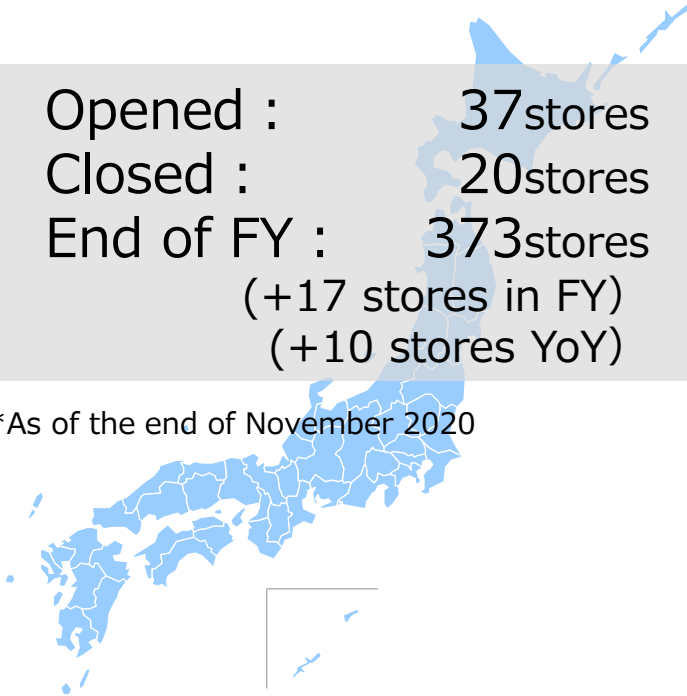
人民元

(単位:百万人民元)	2021年2月期実績 Actual	2020年2月期 Previous Year	前年同期比 YoY
中国合併事業からの売上 Sales from China JV			
卸売/Wholesale	257	290	88.8%
ロイヤリティ/Royalty	19	21	91.6%
売上合計/Sales Total	277	311	89.0%
当期純利益に対する 中国合併事業による利益 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	△22	0	—
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	13	10	131.2%
ロイヤリティ税抜換算 Royalty after tax	13	14	91.6%
利益合計/Profit Total	5	24	20.9%

JAPAN

Opened : 37stores
Closed : 20stores
End of FY : 373stores
(+17 stores in FY)
(+10 stores YoY)

*As of the end of November 2020



CHINA

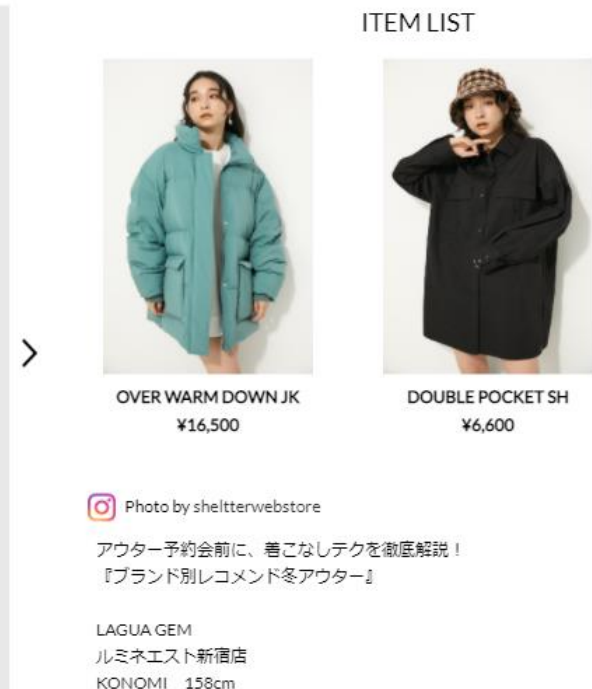
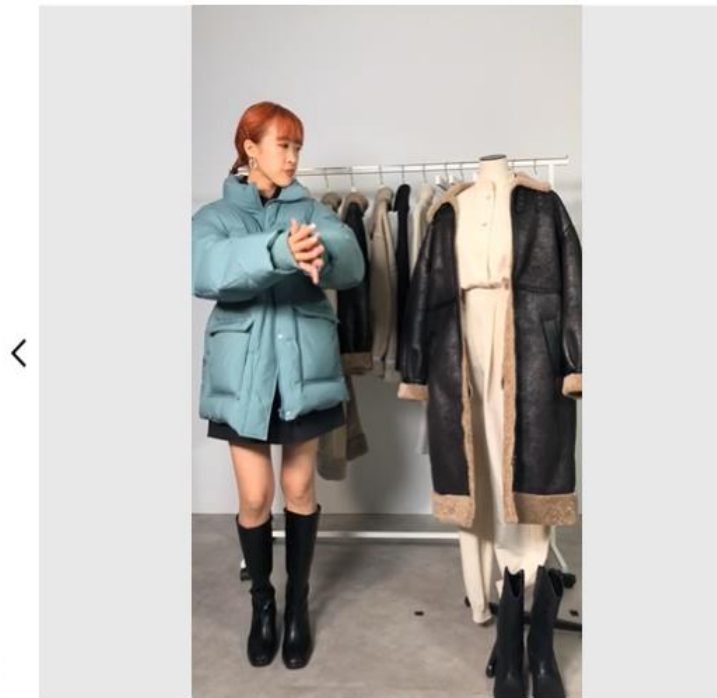
Opened : 29stores
Closed : 22stores
End of FY : 292stores
(+7 in FY)
(+25 YoY)

*As of the end of September 2020



- 1 FY2020/02 Third Quarter Results Overview
- 2 Business Highlights
- 3 FY2021/02 Outlook

- On the official shopping site "SHEL'TTER WEB STORE", new "video" streaming e-commerce contents comprised of content from Instagram Live activities and integrated Instagram post "photo" contents have been released to strengthen the purchasing flow from official Instagram posts
- As consumers are becoming more interested in video contents, we will maximize the usage of digital content by not just relying on traditional SNS channels but also by posting Instagram Live streams, Customer Q&A videos, and by integrating Instagram posts throughout our e-commerce sites



- From the 2020 SS collection onwards, AZUL BY MOUSSY will be renewing its skinny denim, one of the brand’s most popular signature denim items, with eco-friendly materials
- With the hope that this initiative will become a part of and expand the brand concept “NU STANDARD (New Standard)” which was renewed this past fall, Kiko Mizuhara – who is interested in environmental issues, offered to appear in the NU STANDARD “DENIM” CAMPAIGN



HIGH WAIST DENIM WIDE II



A PERFECT DENIM AIR



REPAIR DENIM SKINNY

- “Disney SERIES CREATED by MOUSSY” is a new MOUSSY line that was rolled out April 2018. This time, MOUSSY presents a retro casual denim set-up designed with characters wearing the mouse ear hats of the 「MICKEY MOUSE CLUB」 scattered over the various collection pieces
- This setup first appeared during the announcement of the 2020 AUTUMN COLLECTION as a reference sample. But since it was received with such a great response it was decided that it would be developed into a MICKEY MOUSE BIRTHDAY COLLECTION with products made-to-order based on customer feedback



- As part of its environmental activities, STYLEMIXER has collaborated with manufacturers to produce and sell products (3 items in 2020AW) that utilize leftover fabric generated during the production process that would normally be discarded



Volume Sleeve Wool Coat



Stand Collar Short Coat



No Collar Wool Coat

- Using environmentally friendly materials, the brand aims to produce modest, everyday clothes that are friendly to both people and the Earth and can be worn by all ages

Brand Concept

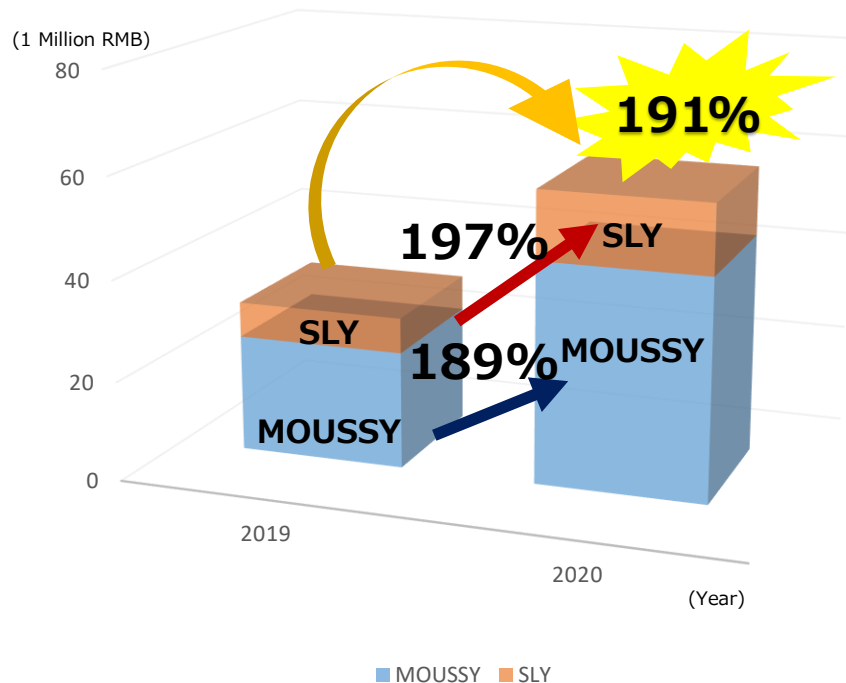
By wearing
Comfortable clothes that make you gentle
It is not just about the wearer
It becomes something greater in sharing
one's joy with others
A brand that inherits the strong
And flexible spirit of MOUSSY
A brand for adult women



- Active use of recycled polyesters, organic cotton, and LWG-certified (certified as having environmentally friendly processing) leather
- Uses materials considered to have a particular low environmental impact in the apparel industry such as plant-derived TENCEL fiber (woven fabrics) and ECOVERO (knitted fabric)
- Woven labels are made of recycled polyester for the warp and cotton and recycled polyester for the weft

- In Nov. 2020 “Double Eleven” (双11) Sales increased significantly YoY, with MOUSSY at 189% and SLY at 197%
- Customer numbers also increased YoY with MOUSSY at 163% and SLY 168%

Double Eleven MOUSSY, SLY Sales Trends



- The presence of MOUSSY and SLY in T-Mall has expanded alongside sales growth until now
- As a result, brand visibility to the general public has increased on the T-Mall platform, securing good positions on the platform during large scale EC events in China such as “Double Eleven” and the “618 Sale”



- 1 FY2021/02 Third Quarter Result Overview
- 2 Business Highlights
- 3 FY2021/02 Outlook

(単位:百万円)	2021年2月期計画 FY2021/02 Outlook			2020年2月期 実績 FY2020/02 (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	52,547	100.0%	79.8%	65,880	100.0%
売上総利益/Gross Profit	29,029	55.3%	76.7%	37,837	57.4%
販管費/SG&A	27,479	52.3%	82.7%	33,232	50.4%
営業利益/Operating Profit	1,550	2.9%	33.7%	4,604	7.0%
経常利益/Recurring Profit	1,178	2.2%	25.7%	4,586	7.0%
親会社株主に帰属する当期純利益 /Net Profit	312	0.6%	10.9%	2,871	4.4%
1株当たり当期純利益/EPS	8.67			79.22	

- **There is no change to the full-year earnings outlook for FY 2021/02 announced on October 15,2020**
Sales declined in the first half of the fiscal year due to the impact of the COVID-19 epidemic, but are expected to recover gradually in the second half, with sales forecasted at 52.5 billion yen
- We expect an Operating Profit of 1.5 billion yen, Reoccurring Profit of 1.1 billion yen, and Net Profit of 0.3 billion yen by improving of our conversion rate by reducing sales discount promotion, appropriate inventory control, and reduction of SG&A expenses

Shareholder Dividends

- **The annual dividend for FY2021/02 is planned to be 32 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 vary depending on various factors such as the end of the coronavirus epidemic

Appendix

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

- **373** stores in Japan, **292** stores in China, 4 stores in Hong Kong, 1 store in the U.S., **19 brands** in the portfolio**
- Stable Japanese Business + **Continuously Growing China Business**
- Efficient business model with **High Inventory Turnover and GPM**

*Specialty store retailer of Private label.

**As of November 2020 for Japan September 2020 for Overseas.



MOUSSY



SLY



AZUL
BY MOUSSY
OUR NEW STANDARD
We look towards the future by being here now.
Remember again to move forward to the creating of a new business.



rienda



ENFÖLD



RODEO CROWNS
WIDE BOWL



någonstans



SHEL'TTER






LAGUA GEM



STACCATO

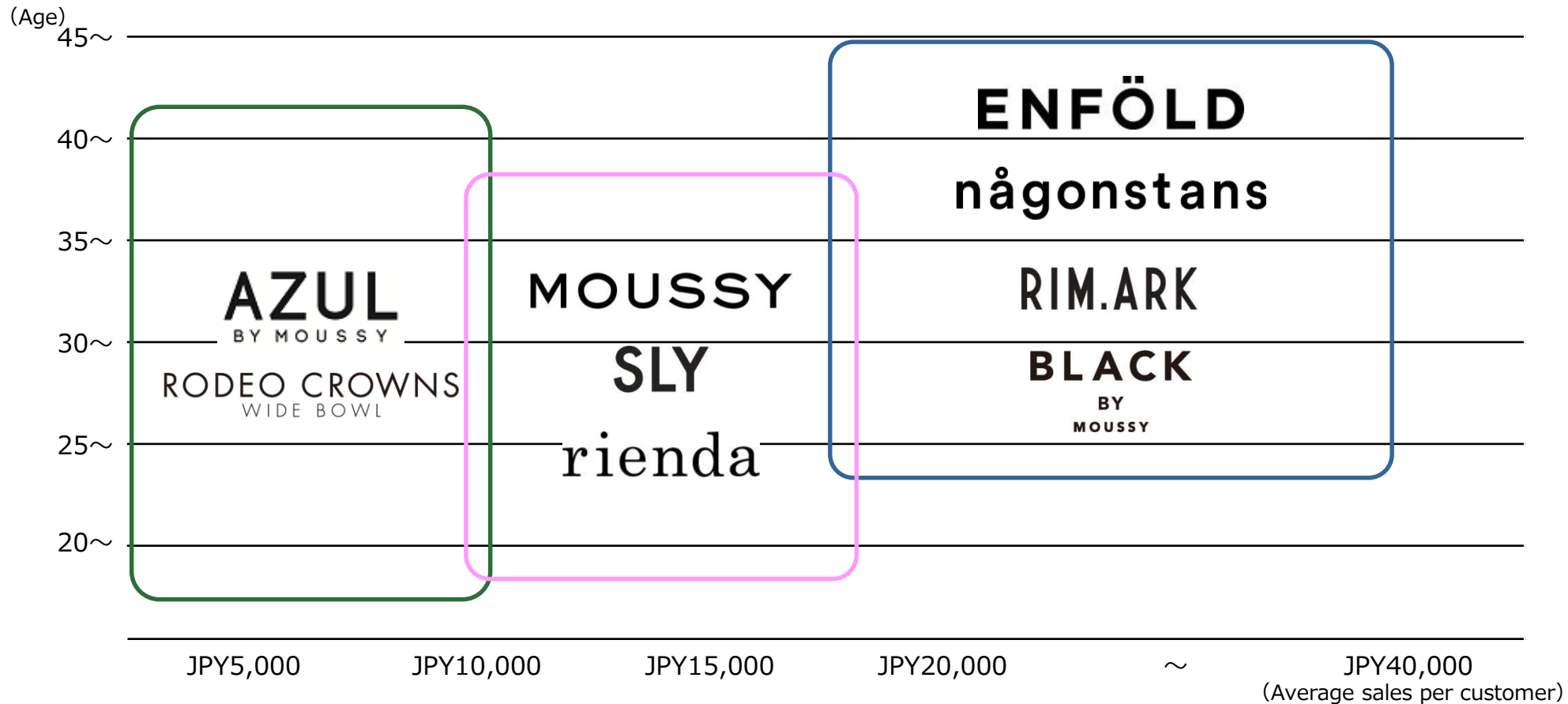
- Our founding spirit of “making what we want” has never changed, and our business has expanded globally – supported by our loyal customers both domestic and overseas.

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 JPY10bil 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 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	<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
	<ul style="list-style-type: none"> Started selling “adidas x MOUSSY”, a collection jointly developed with Adidas Japan Co., Ltd
	<ul style="list-style-type: none"> 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"> Developed a new brand “nagonstans”
	<ul style="list-style-type: none"> 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
	<ul style="list-style-type: none"> Launched STYLEMIXER official website, an editorial EC platform curated by popular influencers
2019	<ul style="list-style-type: none"> Ayaka Murohara (ex SLY sales staff) winner of “2017 NEXT IS YOU – Fashion Icon section” launched “LAGUNA GEM”
	<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
	<ul style="list-style-type: none"> Launched “HeRIN.CYE”, a brand that maximizes the daily lives of women living in the modern age
	<ul style="list-style-type: none"> Launched “Crie Conforto” which presents warm “comfort” for adult women














Balanced Brand Portfolio Across a Wide Range of Customer Demographics



% 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

Ranking of Instagram Follower Counts for Japanese Fashion Brands

Domestic Ranking	Company Name	Logo	Followers	# of Posts
9	MUJI無印良品		2,620,000	2,951
10	UNIQLO Global		2,360,000	2,093
11	A BATHING APE® OFFICIAL		2,270,000	7,987
14	KENZO		1,950,000	354
19	GU		1,320,000	3,206
31	sacaiofficial		1,010,000	2,234
34	UNDERCOVER		961,000	1,991
42	Yohji Yamamoto		807,000	923
51	MOUSSY		712,000	9,243
69	LOWRYS FARM		607,000	2,564
135	SLY		421,000	9,072

In-house Instagrammers/ YouTubers

marinakamura

- RIM.ARK
- Follower Count 142,000



mi_smile25

- Follower Count 79,000
- YouTube Subs 61,900



@nami_kawamoto

- Follower Count 50,000
- YouTube Subs 28,300



misato_muraoka

- rienda Solaria Plaza Store Mngr.
- Follower Count 51,000



As of December 31, 2020 Instagram, YouTube

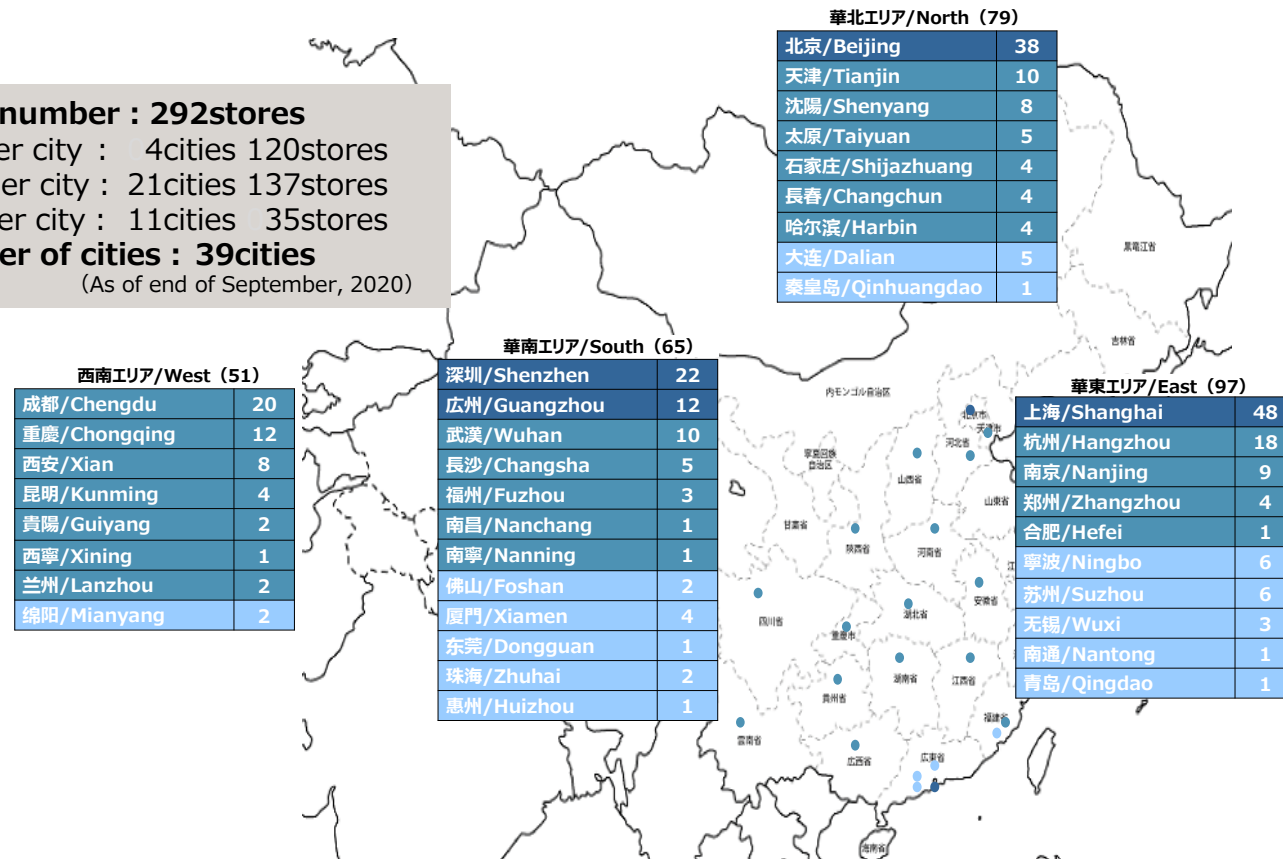
- In third quarter of FY 2021/02 the number of stores opened was 29 and closed was 22, resulting in a net increase of 7 stores

■ Store number : 292stores

- 1st tier city : 4cities 120stores
- 2nd tier city : 21cities 137stores
- 3rd tier city : 11cities 35stores

■ Number of cities : 39cities

(As of end of September, 2020)



City Definition

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

2nd tier cities (27 cities): Harbin, Shenyang, Changchun, Hohhot, Shijiazhuang, Taiyuan, Tianjin, Hangzhou, Hefei, Nanjing, Fuzhou, Haikou, Nanchang, Nanning, Wuhan, Changsha, Jinan, Zhengzhou, Lanzhou, Ürümqi, Xi'an, Xining, Yinchuan, Chengdu, Chongqing, Guiyang, Kunming

3rd tier cities: Other Cities

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

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



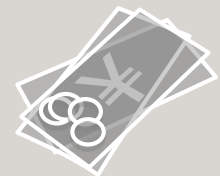
Logistic

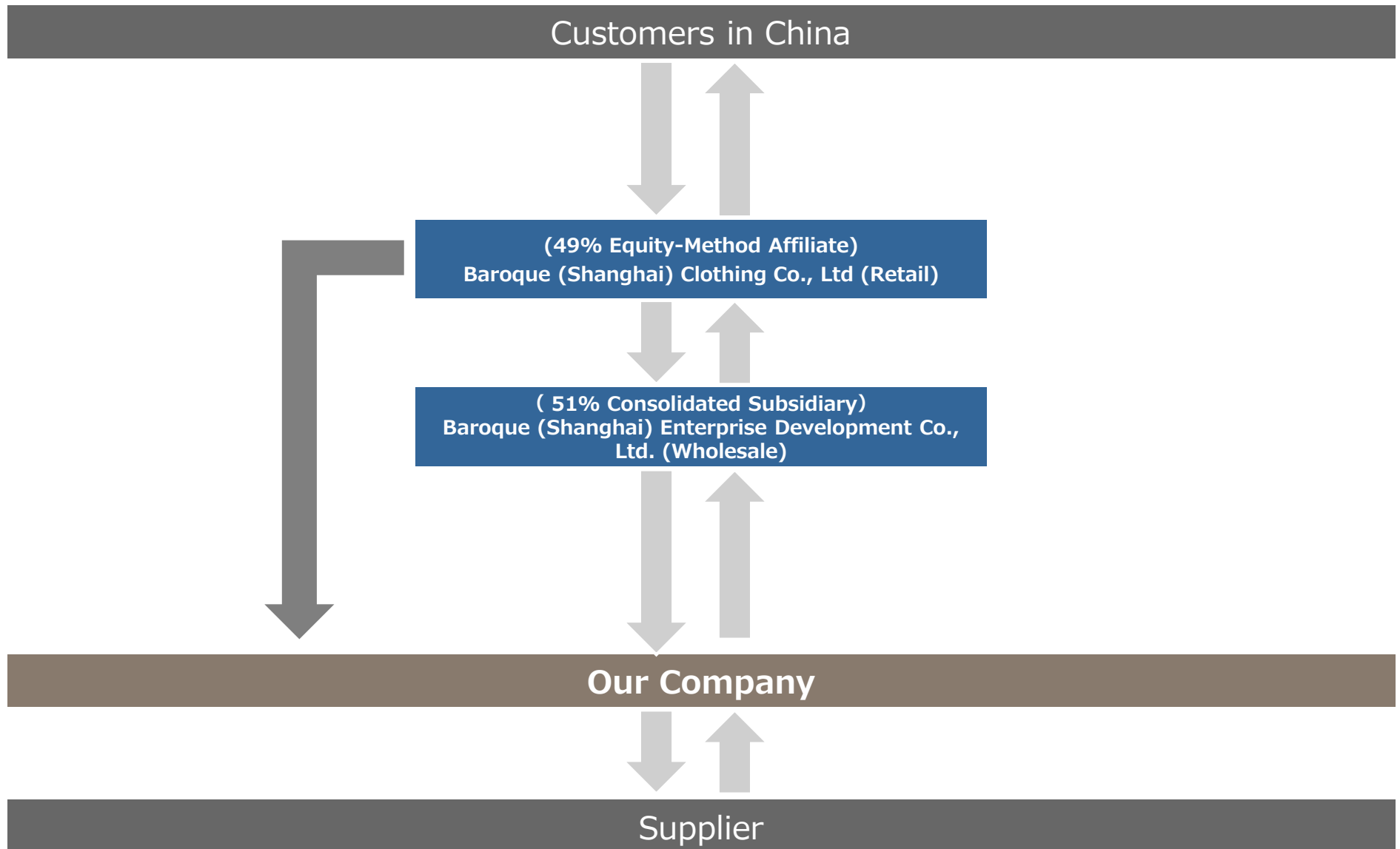
- Logistic and Warehouse Cost Reduction by utilizing Belle's Distribution Network
- In-house inspection center



Sales

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





↑ : Merchandise

↓ : Order

↩ : Royalty

- This document refers to the industry trends and business contents related to Baroque Japan Limited, and the future prospects based on the current plans, estimates, prospects, or forecasts by Baroque Japan Limited
- Inherent to these forward-looking statements are various risks and uncertainties. Risks, uncertainties, and other factors either already known or yet unknown may cause results that differ from what is contained in said forward-looking statements
- The actual future business content and business results of Baroque Japan Limited Co., Ltd. May differ from the future outlook described in this document
- The statements regarding the future prospects in this material are made by Baroque Japan Limited based on currently available information; even if there is new information, future events, etc. going forward, we undertake no obligation to update or change any statement regarding future prospects contained within this material.