




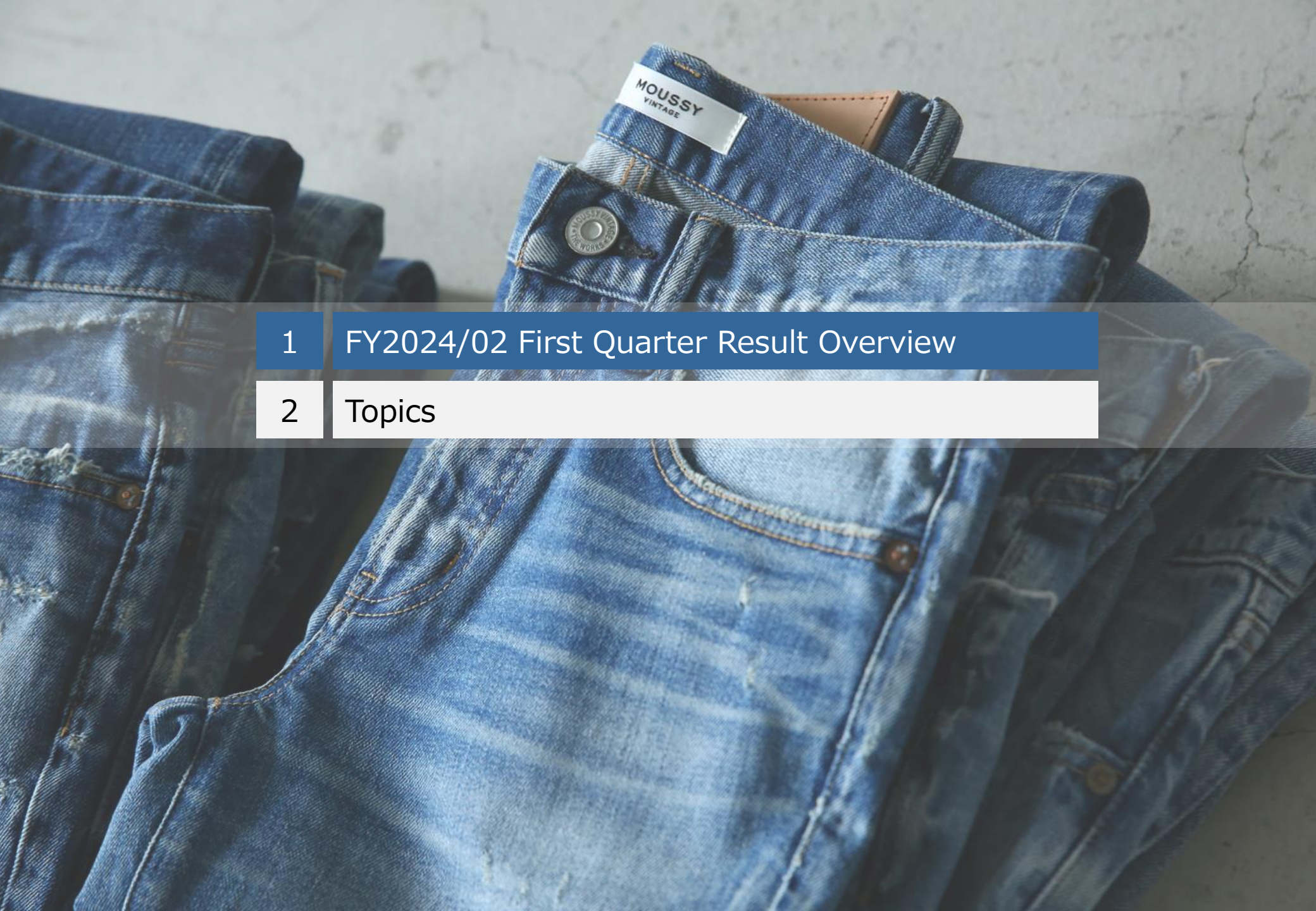
# BAROQUE JAPAN LIMITED

FY2024/02 First Quarter  
Financial Results and Supplementary Information

**July 18, 2023**

Tokyo Stock Exchange Prime Market  
Section: 3548





1 FY2024/02 First Quarter Result Overview

2 Topics

(JPY mil)	FY2024/02		FY2023/02
	1Q	YoY	1Q
<b>Consolidated Sales</b>	<b>14,590</b>	103.7%	14,071
<b>Consolidated Gross Profit</b>	<b>9,185</b>	106.6%	8,617
Gross Profit Ratio	63.0%	+1.8pt	61.2%
Consolidated SG&A	<b>7,959</b>	105.7%	7,527
SG&A Ratio	54.6%	+1.1pt	53.5%
<b>Operating Profit</b>	<b>1,225</b>	112.4%	1,090
Operating Profit Ratio	8.4%	+0.7pt	7.7%
<b>Recurring Profit</b>	<b>1,101</b>	131.5%	837
Recurring Profit Ratio	7.5%	1.5pt	6.0%
<b>Profit attributable to owners of parent</b>	<b>684</b>	171.9%	398
Profit Ratio	4.7%	+1.9pt	2.8%

## **Consolidated Sales 14.59 bil (103.7%YoY)**

- ◆ Domestic sales were 105.9% year-on-year. Both in-store and e-commerce sales were higher than last year due to warmer than normal temperatures and increased demand for going out.
- ◆ In China, sales and profit increased compared to the previous year as economic activity recovered following the end of the Zero-Covid Policy.
- ◆ In the U.S., sales and profits were lower than the previous year.

## **Consolidated Gross Profit 9.18 bil (106.6%YoY)**

- ◆ Domestic business: Consolidated gross ratio increased YoY due to improved costs resulting from shifting production to ASEAN, \*RCEP effect, etc.

\*RECP: Regional Comprehensive Economic Partnership

## **Operating Profit 1.22 bil (112.4%YoY)**

- ◆ Domestic business : Although SG&A expenses increased due to the reopening of the flagship store and increased advertising for key brands, the increase was within plan, and operating income exceeded the same period last year due to an increase in gross profit.

## **Profit attributable to owners of parent 0.68 bil (171.9%YoY)**

- ◆ Due to reduction of share of loss of associates in China JV, Profit attributable to owners of parent was 171.9% YoY.

(JPY mil)	FY2024/02		FY2023/02
	1Q	YoY	1Q
<b>Sales</b>	<b>13,277</b>	105.9%	12,536
(Store Sales)	9,939	106.7%	9,316
(EC Sales)	2,543	108.6%	2,341
<b>Gross Profit</b>	<b>8,545</b>	106.3%	8,040
Gross Profit Ratio	64.4%	+0.3pt	64.1%
SG&A	7,643	106.5%	7,179
SG&A Ratio	57.6%	+0.3pt	57.3%
<b>Operating Profit</b>	<b>901</b>	104.8%	860
Operating Profit Ratio	6.8%	△0.1pt	6.9%
<b>Recurring Profit</b>	<b>896</b>	100.8%	889
Recurring Profit Ratio	6.8%	△0.3pt	7.1%
<b>Net Profit</b>	<b>610</b>	105.6%	578
Profit Ratio	4.6%	△0.0pt	4.6%

## Overseas Business Overview

### China JV

- In the first quarter, with the end of the Zero-Covid policy, the retail environment is recovering after food & beverage industry and travel, and sales related to the China JV were 92.5% YoY.
- Retail company were discouraged from stocking up as a result of last year's Shanghai lockdown, which changed the timing of sales of some products. The sales of wholesale 90.7% due to the impact of this change.
- E-commerce sales were 69.5% YoY.  
(EC ratio : 13.7%)

(JPY mil)	FY2024/02		FY2023/02
	1Q	YoY	1Q
Sales from China JV			
Wholesale	1,149	90.7%	1,267
Royalty	87	125.5%	69
Sales Total	1,237	92.5%	1,337

### U.S. Business

- The company sells high-end Japanese denim through a business model focused on EC and wholesale (to high-end department stores and select stores) in North America. However, sales expanded compared to the pre-Covid period, but sales and profit declined YoY.
- The actual store is 1 store in NY.
- EC sales in the U.S. were 38.4% YoY while EC sales ratio was (including EC specialized wholesalers): 20.1%
- The FY2024/02 1Q cumulative sales were 57.7% YoY.
- Sales compared to the same period of 2019 were 132.6% and operating profit were 91.9%

- The recovery was led by FB and department store brands. This was mainly due to an increase in the inbound ratio.

(JPY mil)	FY2024/02 1Q			FY2023/02 1Q	
	Actual	Composition	YoY	Actual	Composition
Consolidated Sales	<b>14,590</b>		103.7%	14,071	
FB/SB Brands	<b>4,852</b>	33.3%	112.7%	4,306	30.6%
SC Brands	<b>6,463</b>	44.3%	102.7%	6,295	44.7%
Dept. Store Brands	<b>1,429</b>	9.8%	110.6%	1,291	9.2%
Overseas	<b>1,654</b>	11.3%	82.3%	2,010	14.3%
Others	<b>190</b>	1.3%	113.6%	167	1.2%

(JPY mil)	FY2024/02		FY2023/02
	1Q	YoY	1Q
Consolidated Sales	<b>14,590</b>	103.7%	14,071
SG&A Expense	<b>7,959</b>	105.7%	7,527
	54.6%	+1.1pt	53.5%
Advertising and promotional cost	<b>474</b>	136.8%	346
	3.2%	+0.7pt	2.5%
Salaries and wages	<b>1,432</b>	101.5%	1,411
	9.8%	△0.2pt	10.0%
Store rent and fee for franchisee	<b>3,175</b>	103.9%	3,055
	21.8%	+0.1pt	21.7%
Depreciation	<b>217</b>	131.3%	165
	1.5%	+0.3pt	1.2%
Others	<b>2,660</b>	104.4%	2,549
	18.2%	+0.1pt	18.1%



(JPY mil)	FY2024/02 (2023/5/31)			FY2023/02 (2022/5/31)	
	Amount	Composition	YoY	Amount	Composition
Cash	<b>11,661</b>	31.2%	84.6%	<b>13,789</b>	35.5%
Trade Receivables	<b>9,715</b>	26.0%	96.5%	<b>10,071</b>	25.9%
Inventories	<b>6,863</b>	18.4%	121.3%	<b>5,658</b>	14.6%
Other Current Asset	<b>455</b>	1.2%	77.8%	<b>584</b>	1.5%
Non Current Asset	<b>8,639</b>	23.2%	99.0%	<b>8,728</b>	22.5%
Total Asset	<b>37,334</b>	100.0%	96.1%	<b>38,832</b>	100.0%
Liabilities	<b>15,796</b>	42.3%	94.0%	<b>16,812</b>	43.3%
Equity	<b>21,538</b>	57.7%	97.8%	<b>22,019</b>	56.7%

## JAPAN



Opened : 9stores  
Closed : 10stores  
End of FY : 365stores  
(-1stores in FY)  
(-8stores in YoY)

\*As of 31 May 2023

## CHINA JV

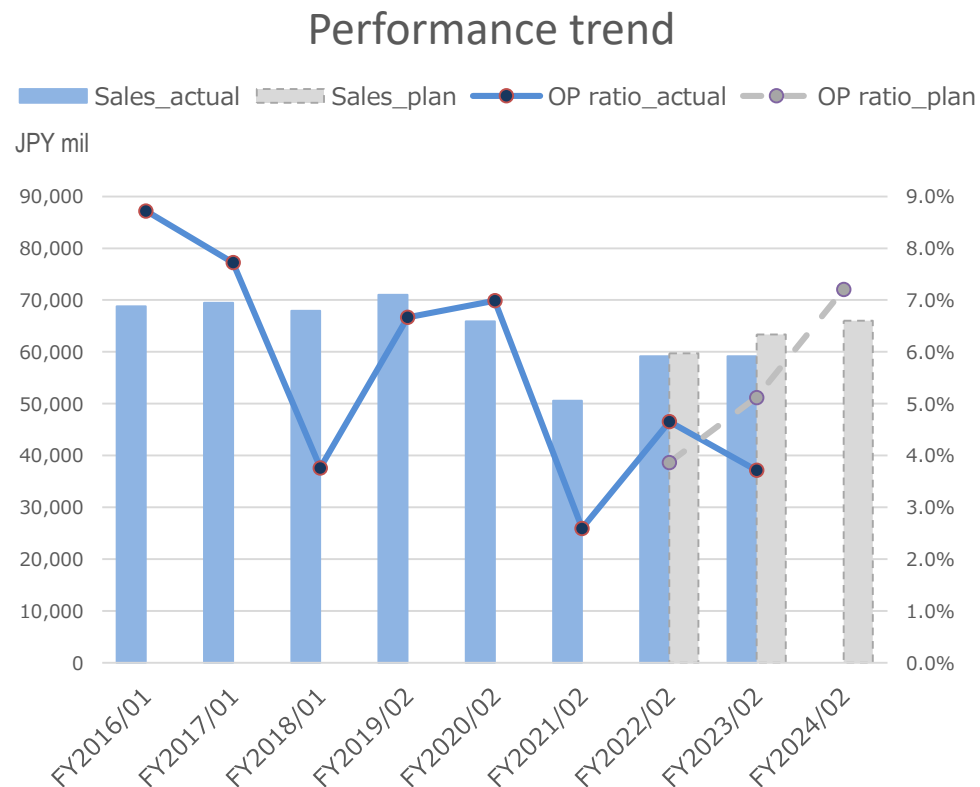


Opened : 4stores  
Closed : 36stores  
End of FY : 294stores  
(-32stores in FY)  
(+36stores in YoY)

\*As of 31 March 2023, 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.**

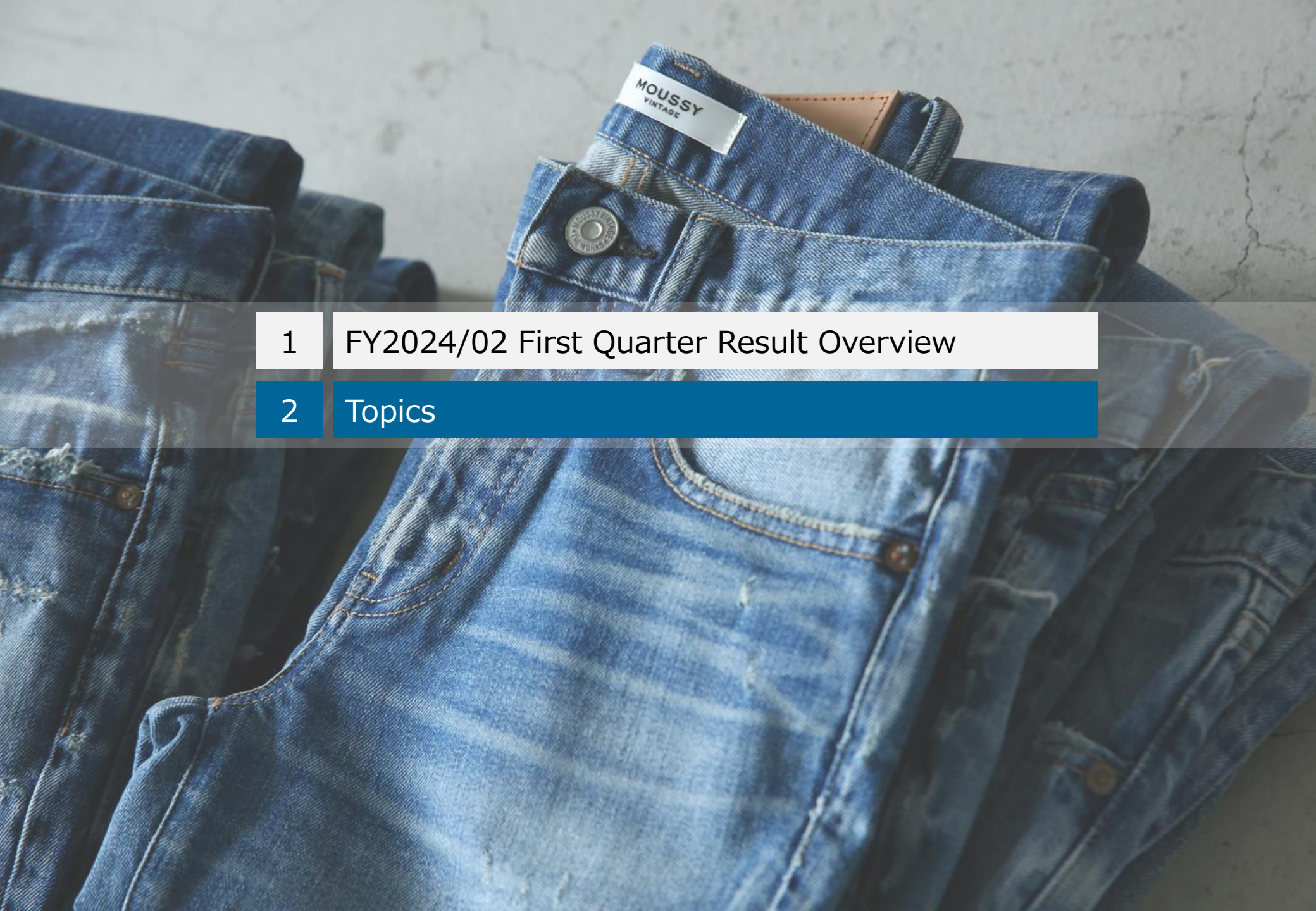
(JPY mil)	FY2024/02	FY2023/02
<b>Consolidated Sales</b>	66,010	58,842
Gross Profit	39,033	33,410
Gross Profit Ratio	59.1%	56.8%
SG&A	34,262	31,259
<b>Operating Profit</b>	4,771	2,150
Operating Profit Ratio	7.2%	3.7%
<b>Recurring Profit</b>	4,585	1,211
Recurring Profit Ratio	6.9%	2.1%
<b>Profit attributable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

2 Topics

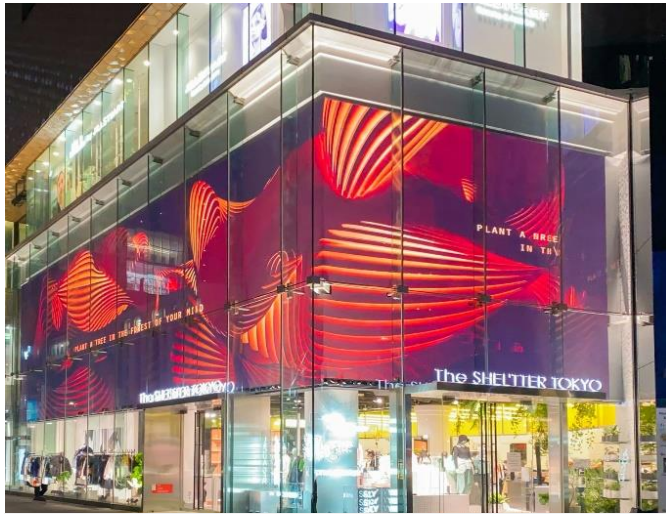
## Rebuild supply chain and promote cost reduction

- Increase production ratio in Southeast Asia  
Production bases concentrated in China have been decentralized and shifted by 20% to ASEAN. \*RCEP is also being used.  
\*RCEP: Regional Comprehensive Economic Partnership
- Improve Loading and warehouse efficiency  
Improvement of logistics efficiency through port consolidation, coordination of departure schedules, mechanization of warehouses, etc.

## Build a organizational structure to pursue stable profits

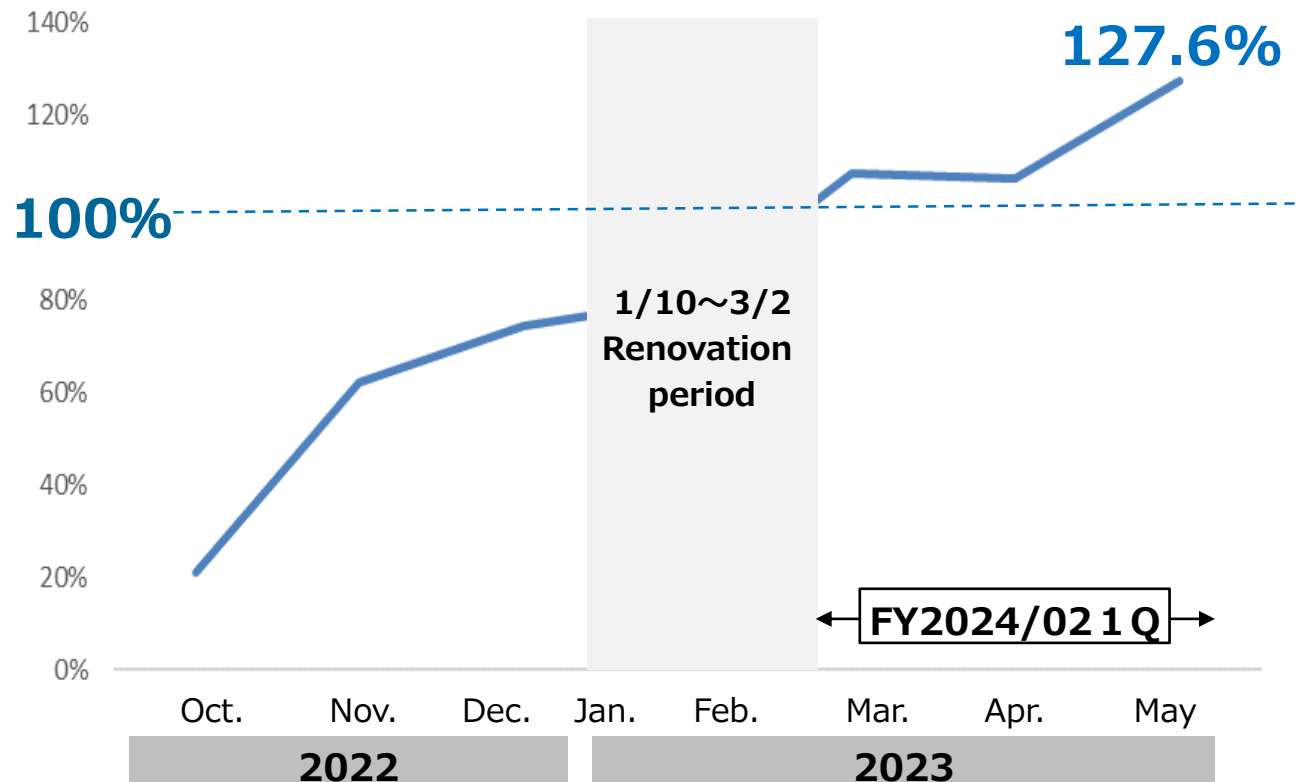
- Create a new domestic business  
Work in a variety of ways to create new value, including holding internal competitions and accelerating M&A.
- Expand overseas sales channels / Speed up the ongoing process in Southeast Asia  
The group currently operates in about 30 countries, through overseas stores and wholesale, and will continue to expand its sales channels by accelerating its expansion into Southeast Asia.

- The sales of the SHEL'TTER TOKYO performed well after the renovation; cumulative sales for the first quarter were up 238.4% YoY and 125.4% pre-Covid.
- With the easing of the border measures on April 29 and the change of the status of the new coronavirus infection to a "category 5 infectious disease" on May 8, the inbound ratio rose sharply and duty-free results exceeded pre-Covid levels.



The SHEL'TTER TOKYO  
Tokyu Plaza Omotesando Harajuku

### The SHEL'TTER TOKYO Recent duty-free sales comparison before Covid



- TUIN greenery is the concept shop of SHEL'TTER GREEN. As a flagship store, it supports customers' overall lifestyle by selling not only plants but also a wide range of gardening goods, pots, organic fragrances, fashion goods, etc.
- Grand opening of "THE OUTLETS SHONAN HIRATSUKA" on April 28, following the opening of the new "AEON Toyokawa" store on April 4.

▼ Large store with outside sales area exceeding 80 tsubo ▼ (1 tsubo ≒ 3.3 m<sup>2</sup>)

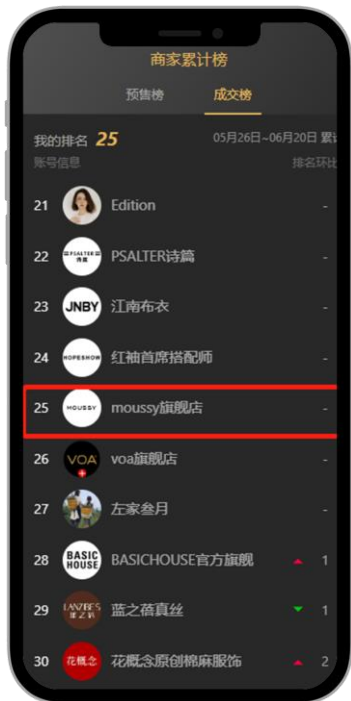


AEON Toyokawa



THE OUTLETS SHONAN HIRATSUKA

- China's annual major EC event, the 618 Shopping Festival started on May 31<sup>st</sup>.
- Total sales across all EC channels reached a record high for the second consecutive year, which was 101.6% compared to the same period last year.
- Live commerce sales on TikTok was 126% YoY. MOUSSY ranked in the top 3 in women's fashion during the period, with a member purchase rate of 84% and an increase of approximately 12,000 new members.



T-mall live commerce achieved **record sales**.  
MOUSSY **ranked 25th** in the women's fashion sector in terms of total live commerce viewers.



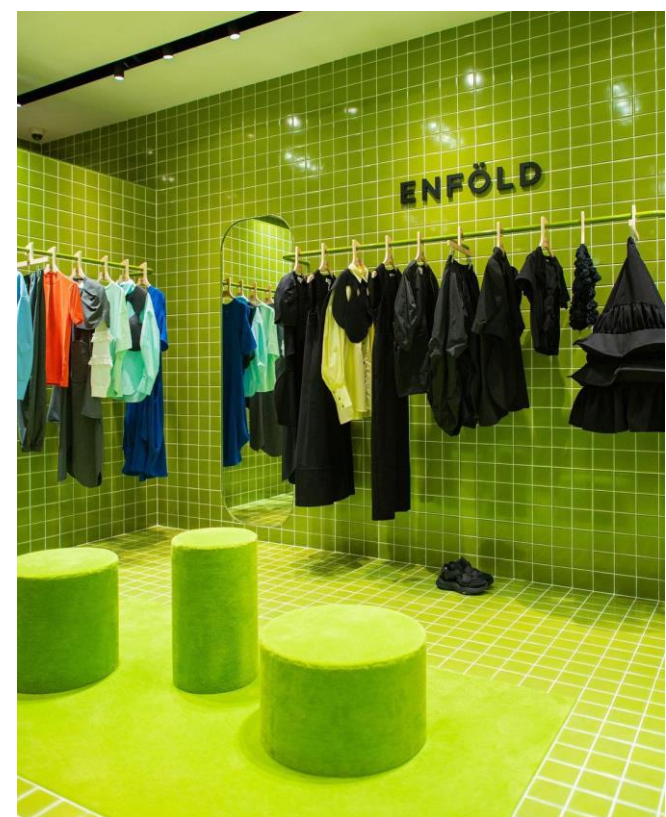
TikTok set new sales record.  
Ranked No.3 in terms of new enrollments during the period.



Many products with sales over 1 million RMB during the period contributed to sales.

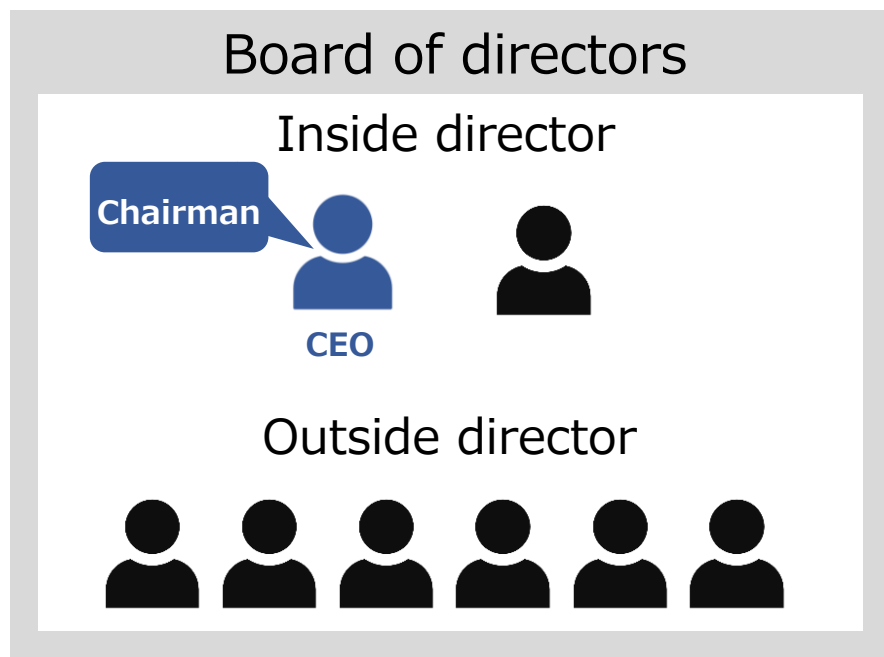


- Third overseas store opened in Myeongdong, South Korea on May 24, 2023.
- The interior design was inspired by the world view of ENFÖLD and the meaning of the brand name "ENFÖLD = wrapping, embracing", with the Gangnam store in yellow and the Busan store in blue, and the store is wrapped in a single green color.
- In the center of the store is a fixture that looks like two people sitting in an embrace, a simple embodiment of the word ENFÖLD (= "embrace," "wrap"), which means to love someone, to be loved by someone, and to love oneself.

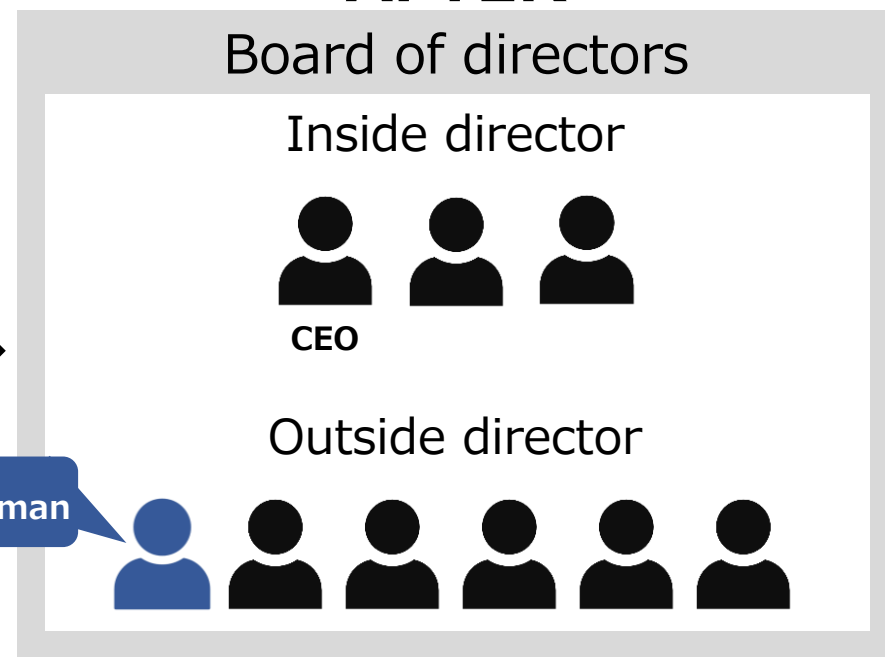


- At the 24th Annual General Meeting of Shareholders held on May 26, 2023, the Articles of Incorporation were amended to allow other directors, including outside directors, to convene and preside over meetings of the Board of Directors, while the power to convene and preside over such meetings was previously limited to the President.
- In the U.S., U.K. and other countries that have taken the lead, it is common practice to separate the supervisory and executive functions. The Company will also promote efforts to improve the effectiveness of corporate governance by strengthening the structure of the Board of Directors as a "monitoring board" that oversees management.

## BEFORE



## AFTER

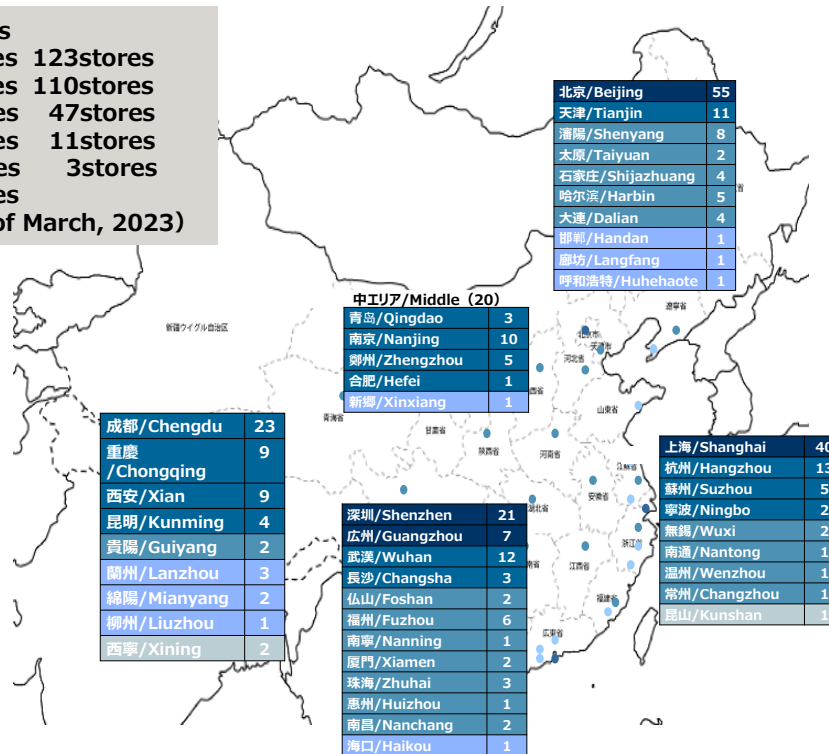




Appendix

- Number of stores in China : 294 stores (as of the end of March, 2023)
- 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 : 294 stores
- 1st tier city: 4cities 123stores
- New 1st tier city: 14cities 110stores
- 2nd tier city: 17cities 47stores
- 3rd tier city: 8cities 11stores
- 4th tier city: 2cities 3stores
- Number of cities : 45cities  
(As of end of March, 2023)



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	The ranking fluctuates each year, and the FY2023 ranking is based on data from FY2022 to early 2023. In this year's New Class 1 cities, Kunming was again ranked as a New Class 1 city, replacing the rapidly growing Foshan.

### City Definition

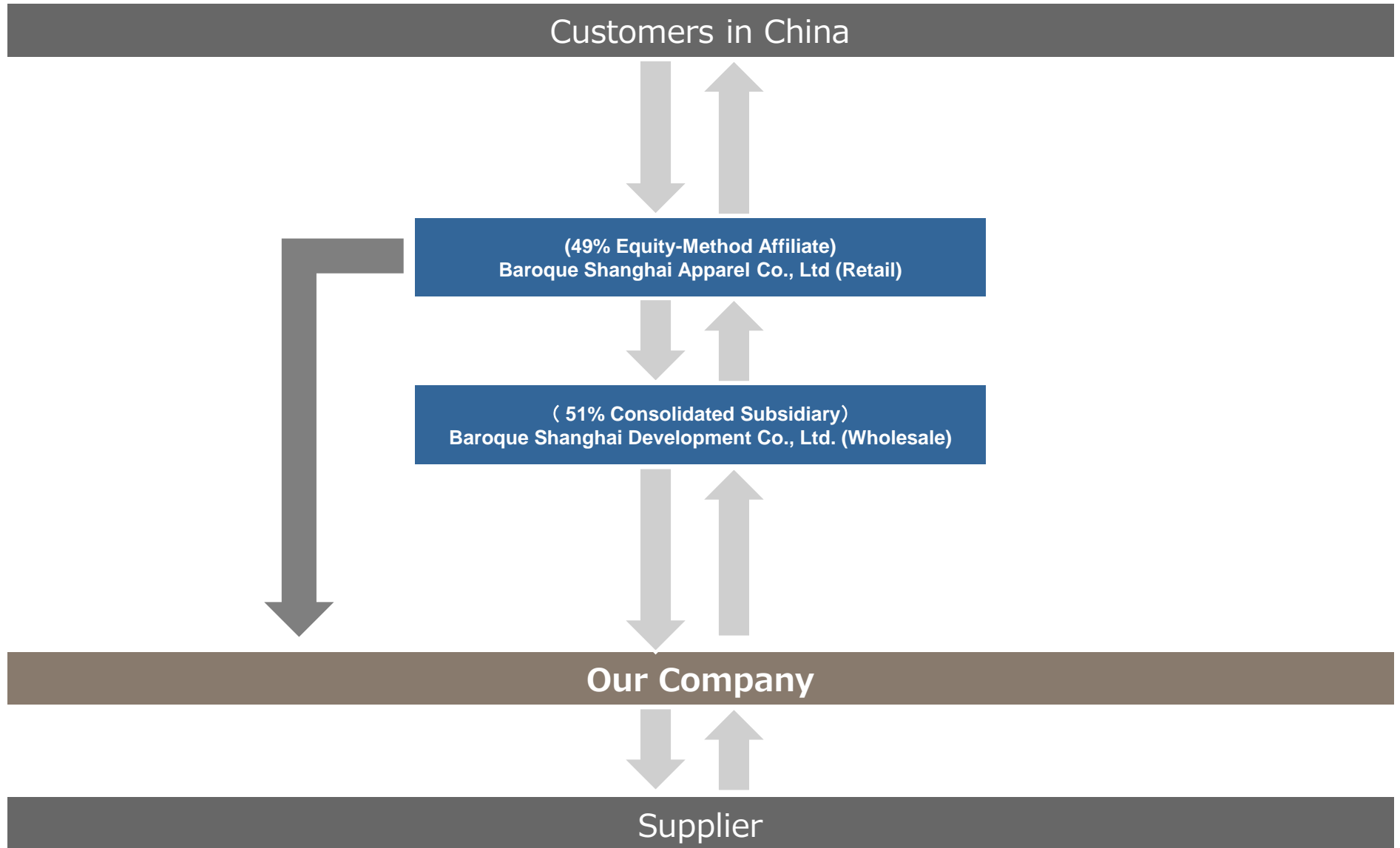
1<sup>st</sup> tier cities (4 cities): Shanghai, Beijing, Guangzhou, Shenzhen

New 1<sup>st</sup> tier cities (15 cities): Chengdu, Chongqing, Hangzhou, Wuhan, Suzhou, Xi'an, Nanjing, Changsha, Tianjin, Zhengzhou, Dongguan, Qingdao, Kunming, Ningbo, Hefei,

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

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

\*The above are grouped based on the " Ranking of cities 2023 Business Attractiveness in China " (The Rising Lab, the big data project of Yicai Media Group, announced on June 1, 2023).



↑ : Merchandise

↓ : Order

↩ : Royalty

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