




BAROQUE JAPAN LIMITED

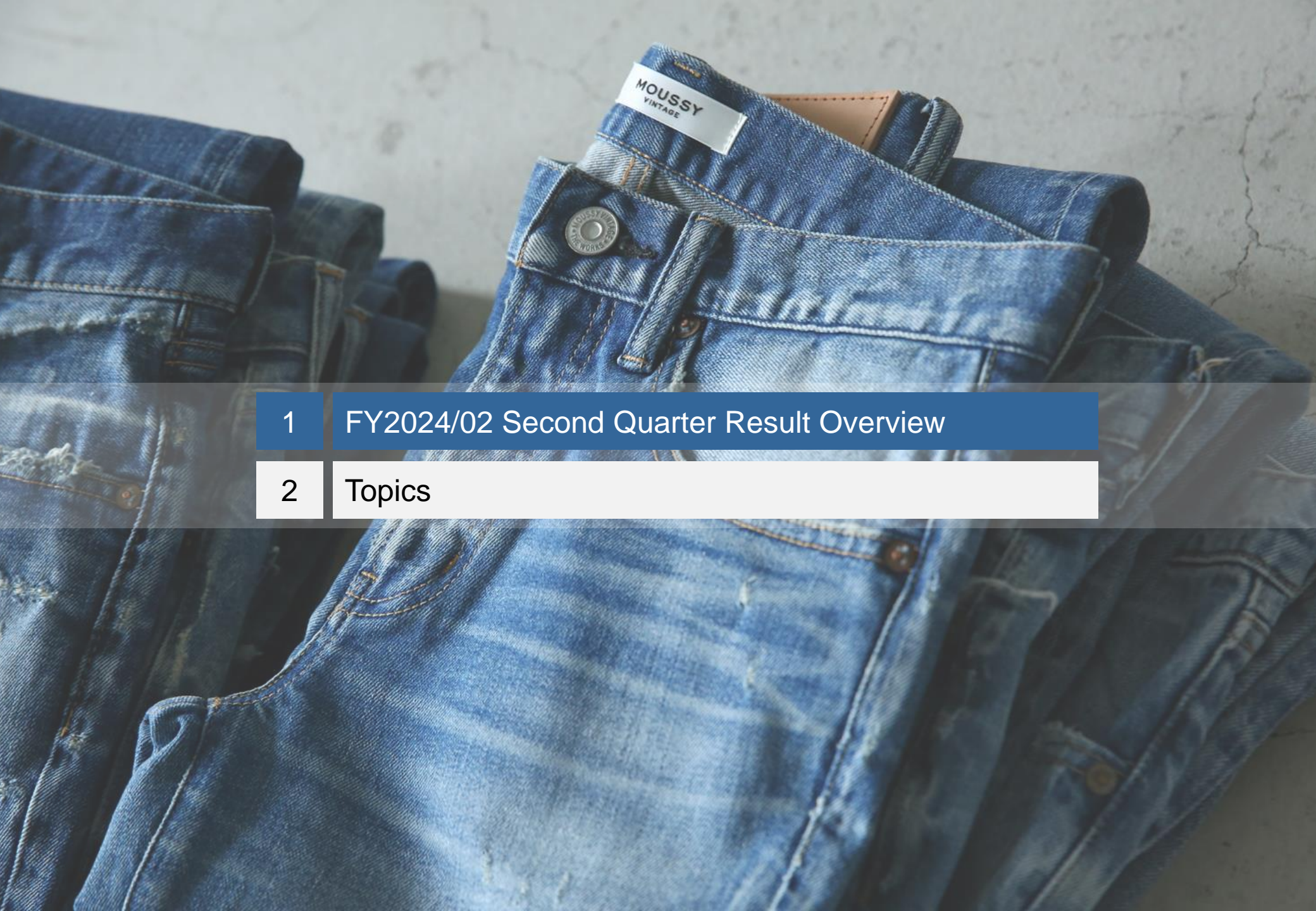
FY2024/02 Second Quarter
Financial Results and Supplementary Information

October 16, 2023

Tokyo Stock Exchange Prime Market

Stock code 3548





1 FY2024/02 Second Quarter Result Overview

2 Topics

(JPY mil)	FY2024/02		FY2023/02
	2Q Cumulative		2Q Cumulative
		YoY	
Consolidated Sales	28,440	105.4%	26,987
Consolidated Gross Profit	16,521	105.4%	15,673
Gross Profit Ratio	58.1%	+0.0pt	58.1%
Consolidated SG&A	15,611	104.6%	14,931
SG&A Ratio	54.9%	▲0.4pt	55.3%
Operating Profit	909	122.6%	741
Operating Profit Ratio	3.2%	+0.5pt	2.7%
Recurring Profit	1,040	375.2%	277
Recurring Profit Ratio	3.7%	+2.7pt	1.0%
Profit attributable to owners of parent	596	—	▲ 164
Profit Ratio	2.1%	—	—

Consolidated Sales 28.44 bil (105.4% YoY)

- ◆ Domestic sales were 105.4% 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 increased compared to the previous year as economic activity recovered.
- ◆ In the U.S., sales were lower than the same period of previous fiscal year due to a reduction in U.S. consumer spending.

Consolidated Gross Profit 16.52 bil (105.4% YoY)

- ◆ Domestic business: Consolidated gross ratio increased by refraining from excessive discounts and focusing on selling products at appropriate prices, as well as implementing cost improvements associated with the ASEAN production shift.

Operating Profit 0.9 bil (122.6% YoY)

- ◆ Domestic business : Although SG&A expenses increased due to the strengthening of advertising and promotion efforts 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 0.59 bil (same period last year was ▲0.16 bil)

- ◆ Due to reduction of share of loss of associates in China JV, Profit attributable to owners of parent exceeded the same period last year.

(JPY mil)	FY2024/02		FY2023/02
	2Q Cumulative		2Q Cumulative
		YoY	
Sales	25,939	105.4%	24,607
(Store Sales)	19,338	107.9%	17,924
(EC Sales)	4,925	103.0%	4,782
Gross Profit	15,438	106.2%	14,533
Gross Profit Ratio	59.5%	+0.4pt	59.1%
SG&A	14,977	106.1%	14,110
SG&A Ratio	57.7%	+0.4pt	57.3%
Operating Profit	461	109.2%	422
Operating Profit Ratio	1.8%	+0.1pt	1.7%
Recurring Profit	485	116.2%	418
Recurring Profit Ratio	1.9%	+0.2pt	1.7%
Net Profit	288	145.1%	198
Profit Ratio	1.1%	+0.3pt	0.8%

China JV

- In the first quarter, we implemented changes in the timing of sales for certain products carried over from last year's Shanghai lockdown. As a result, purchases from wholesalers were restrained. However, with the recovery in sales during the second quarter, our wholesale sales for the first half of the year landed at 116.7%. Regarding sales from China JV were 115.2% year-on-year.
- The number of stores decreased by 39 stores to a total of 287 stores compared to the end of the previous period. We have focused on maintaining our store presence in areas less affected by the real estate downturn in China, primarily in Beijing and Shanghai, while closing unprofitable stores in regional areas.
- E-commerce sales were 103.0% YoY. (EC ratio : 19.0%)

Sales from China JV (JPY mil)	FY2024/02		FY2023/02 2 Q Cumulative
	2 Q Cumulative	YoY	
Wholesale	2,323	116.7%	1,991
Royalty	178	98.2%	181
Sales Total	2,502	115.2%	2,173

U.S. Business

- The U.S. business experienced a decline in sales and profit year-on-year, mainly due to the contraction in U.S. consumer spending. However, we are currently implementing strategies and measures aimed at future recovery.

- In each segment of the FB/SB brands, SC brands, and Dept. store brands growth that exceeded year-on-year.

(JPY mil)	FY2024/02 2Q Cumulative		
	Actual	Composition	YoY
Consolidated Sales	28,440		105.4%
FB/SB Brands	9,194	32.3%	110.4%
SC Brands	12,866	45.2%	104.4%
Dept. Store Brands	2,750	9.7%	107.1%
Overseas	3,224	11.3%	94.5%
Others	405	1.4%	114.2%

FY2023/02 2Q Cumulative	
Actual	Composition
26,987	
8,330	30.9%
12,322	45.7%
2,567	9.5%
3,411	12.6%
355	1.3%

(JPY mil)	FY2024/02		FY2023/02
	2Q Cumulative		2Q Cumulative
		YoY	
Consolidated Sales	28,440	105.4%	26,987
SG&A Expense	15,611 54.9%	104.6% ▲0.4pt	14,931 55.3%
Advertising and promotional cost	875 3.1%	120.8% +0.4pt	725 2.7%
Salaries and wages	2,884 10.1%	100.0% ▲0.6pt	2,883 10.7%
Store rent and fee for franchisee	6,226 21.9%	103.5% ▲0.4pt	6,013 22.3%
Depreciation	423 1.5%	118.6% +0.2pt	357 1.3%
Others	5,201 18.3%	105.0% ▲0.1pt	4,952 18.4%

(JPY mil)	FY2024/02(2023/08/31)			FY2023/02(2022/08/31)	
	Amount	Composition	YoY	Amount	Compostion
Cash	12,243	33.1%	90.8%	13,479	35.5%
Trade Receivables	10,109	27.3%	103.3%	9,782	25.8%
Inventories	6,018	16.3%	108.2%	5,563	14.7%
Other Current Assset	511	1.4%	77.1%	663	1.7%
Non Current Asset	8,111	21.9%	95.6%	8,485	22.3%
Total Asset	36,994	100.0%	97.4%	37,973	100.0%
Liabilities	16,075	43.5%	100.7%	15,959	42.0%
Equity	20,919	56.5%	95.0%	22,014	58.0%

JAPAN



Opened : 10stores
Closed : 17stores
End of FY : 359stores
(▲7 stores in FY)
(▲10 stores in YoY)

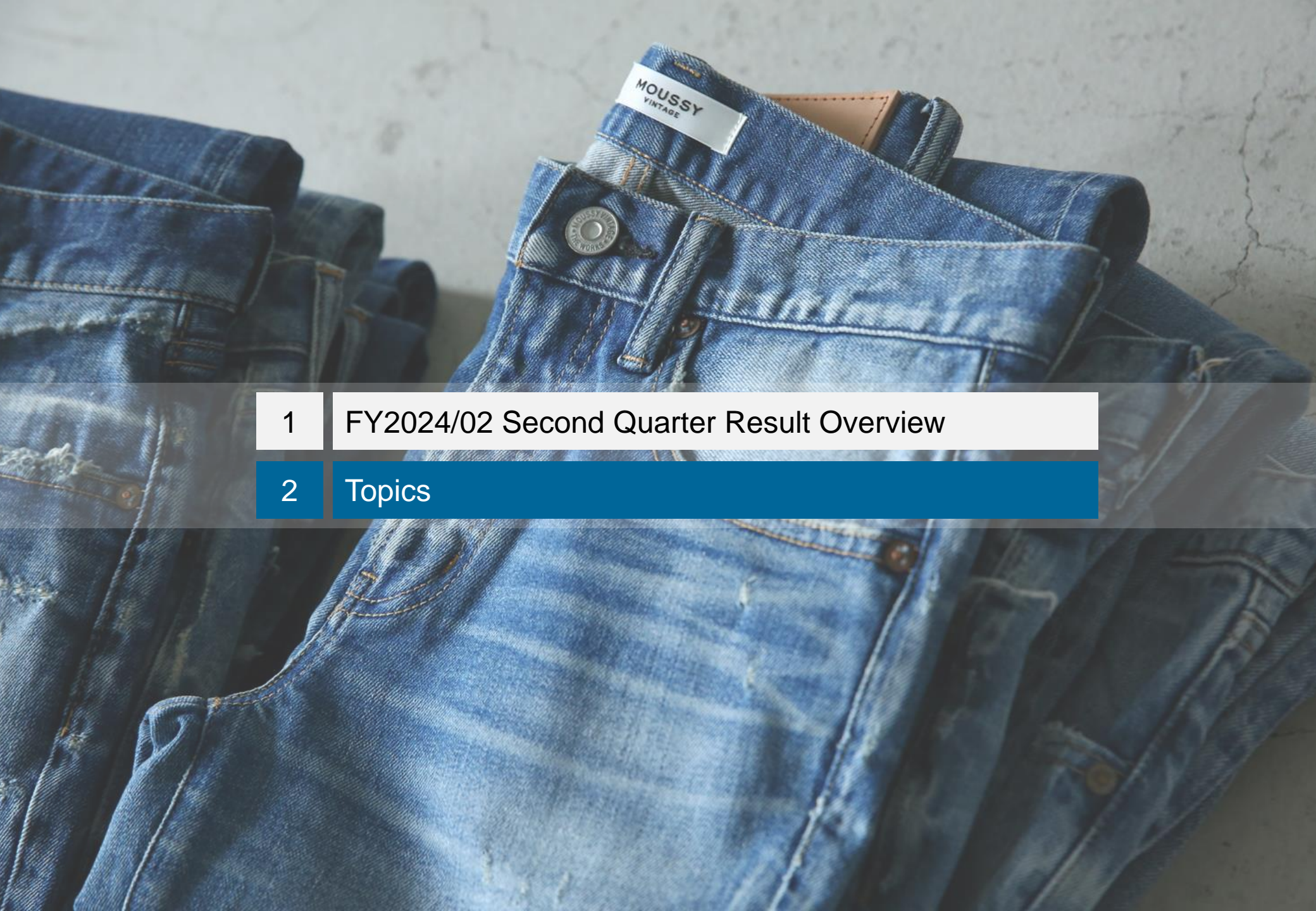
*As of 31 August 2023

CHINA JV



Opened : 11stores
Closed : 50stores
End of FY : 287stores
(▲39 stores in FY)
(▲47 stores in YoY)

*As of 30 June 2023, included in the consolidated financial statements.



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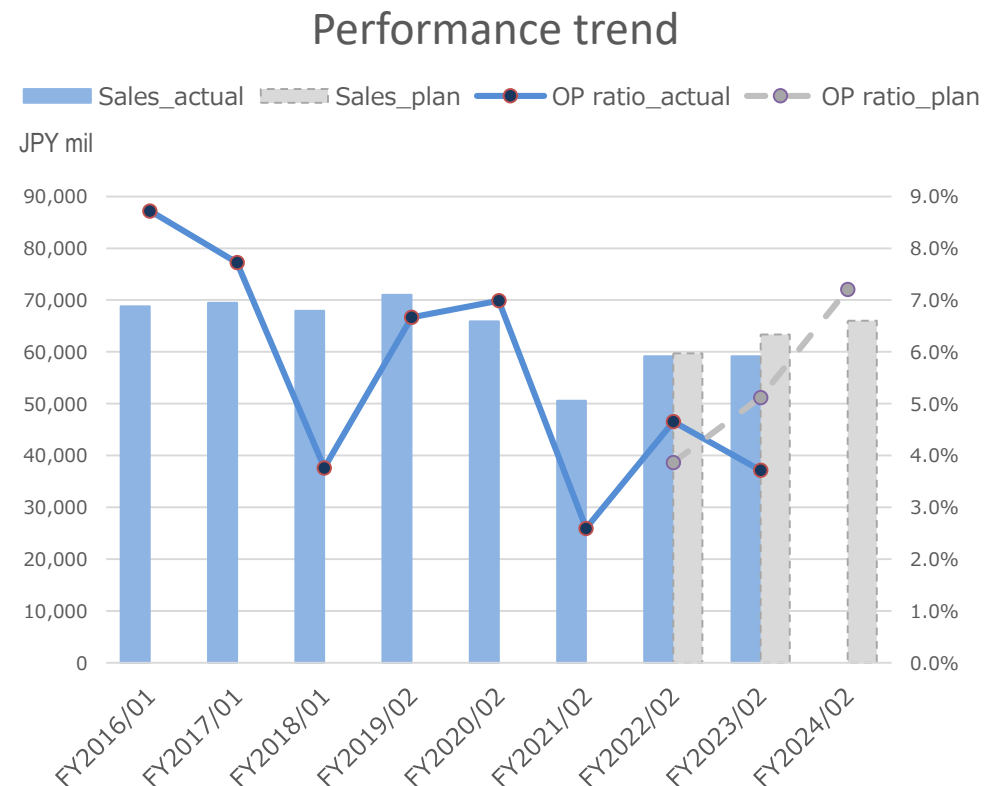
FY2024/02 Second Quarter Result Overview

2

Topics

- 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
Consolidated Sales	66,010	58,842
Gross Profit	39,033	33,410
Gross Profit Ratio	59.1%	56.8%
SG&A	34,262	31,259
Operating Profit	4,771	2,150
Operating Profit Ratio	7.2%	3.7%
Recurring Profit	4,585	1,211
Recurring Profit Ratio	6.9%	2.1%
Profit attributable to owners of parent	2,750	243
Profit Ratio	4.2%	0.4%
EPS	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.

1. Domestic business

Sales channel strategy

- New initiatives aimed at expanding e-commerce sales
- Offline store expansion strategy stemming from online operations
- Appointment of Young female department heads
- Strength in sales force (STAFF OF THE YEAR 2023)
- Promotion of supply chain management (SCM) reform

2. Overseas Business

Further expansion

- Globalization strategy in China
- Future strategies for U.S. business

3. Sustainability

The goals for 2030

- Our sustainability initiatives towards 2030

- On Monday, September 4, 2023, our e-commerce exclusive brand "MIEL CRISHUNANT" was launched on ZOZOTOWN.
- We conducted extensive SNS marketing, including platforms like Instagram and TikTok, and collaborated with numerous influencers to reach a wide range of potential customers across different age groups, focusing on increasing brand awareness.



LOVE ALL, PLAY FASHION

ファッションを楽しむことは人生を楽しむこと。
全ての人が、すべてのものに
愛と優しさをもって
人生を楽しみながら
自分の道を切り開いていけるように。



◀ Best-seller items

We incorporate domestic and international trends into our designs aiming to propose clothing that can be easily coordinated by anyone. This approach helps us explore new customer segments and expand our customer base.

- HeRIN.CYE, which started selling online, opened its first physical store at Lumine Shinjuku 2 on Friday, September 8, 2023.
- They offer a curated selection of innovative domestic and international brand items filtered through their unique lens, creating a space where visitors can enjoy new creations.
- They are actively using environmentally friendly materials, such as repurposed reclaimed wood for box fixtures, shelves, and some mirrors, as well as interior materials made from waste materials like coal ash from power plants and used coffee beans at the checkout counter.



- We have been continuously appointing young female employees as department heads, and currently, we have four female department heads actively contributing to our organization.
- Following last year's appointment of Ms. Nomura as the department head for SLY, this year we welcomed three more female department heads: Ms. Deguchi from STYLEMIXIER in April, Ms. Ishikawa from EC(e-commerce) in May, and Ms. Takahashi from STACCATO in June.
- Our efforts to expand opportunities for women also aim to enhance our brand value and foster further business expansion.



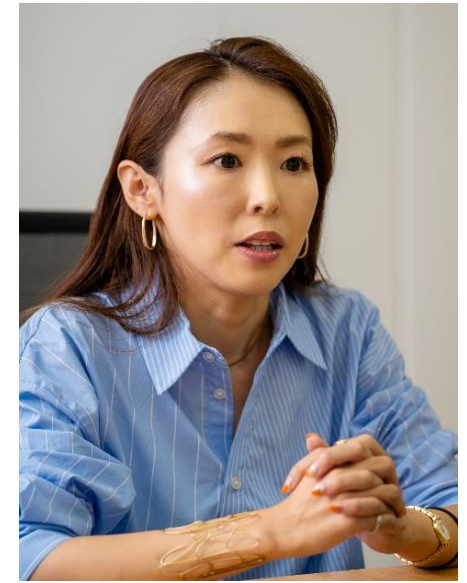
SLY
Chihiro Nomura



STYLEMIXIER
Manami Deguchi



EC
Megumi Ishikawa



STACCATO
Rina Takahashi

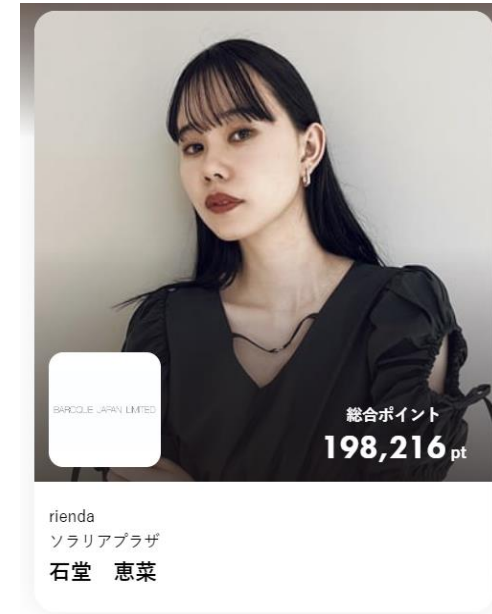
- In the "STAFF OF THE YEAR 2023" contest held on September 28th, which aimed to showcase various customer service skills, two of our company's sales staff members, Rena Uetake and Keina Ishido, made it to the final round.
- Among approximately 1,300 brands and 80,000 participants nationwide, Rena Uetake from “rienda Shinjuku LUMINE EST store” achieved 4th prize. She won this prestigious award by providing customer service that truly resonated with customers' needs and displaying a high-level customer service skill that touched hearts. She is recognized as a “charismatic store staff the Reiwa era”.



Rena Uetake from “rienda Shinjuku LUMINE EST store” achieved 4th prize



Rena Uetake form “rienda Shinjuku LUMINE EST” and Keina Ishido from “rienda SOLARIA PLAZA”, made it to the final round.



■ We have identified the reconstruction of the supply chain and cost improvement as key priorities for this fiscal year. Up to this point, we have been implementing the following measures and initiatives.

Increasing the ASEAN
production ratio

The ASEAN production ratio increased by +8% year-on-year, due to the optimization of production facilities, which helped to control production costs.

Reducing
trade-related expense

Due to the reduction in tariff rates due to the utilization of *RCEP, as well as improvements in port consolidation and container loading rates, our overall trade-related expenses decreased by ▲2.3% year-on-year.

*RCEP : Regional Comprehensive Economic Partnership

Improving
cost ratios

The improvement in the ASEAN production ratio and the reduction in trade-related expenses have led to an improvement in the cost ratio.

Optimizing the QR
(Quick Response) system

By optimizing production facilities and reducing lead times, we are able to respond promptly to the market's needs.

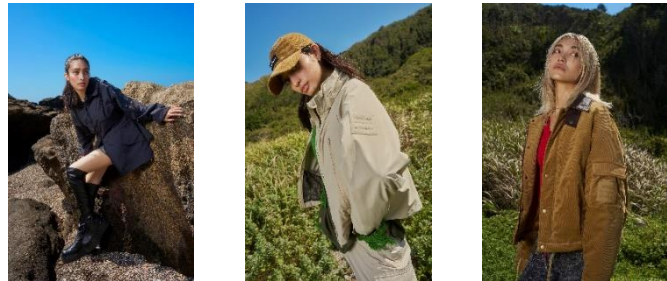
- From Friday, September 8th, we have launched a collaboration project with the well-known American outdoor brand "WILD THINGS" exclusively in China
- We have chosen the highly popular Chinese singer *Yu Wenwen as the visual model for this collaboration.

*Yu Wenwen has received numerous awards, including the New Artist of the Year at the "China Music Award," which is China's largest music awards event.

- Furthermore, we are inviting design proposals for a POP-UP SHOP that will utilize AI-generated content on China's popular social network, Xiaohongshu (RED).



MOUSSY | WILD THINGS



Products in collaboration with "WILD THINGS" specifically for the Chinese market.



▲ We have chosen the highly popular Chinese singer *Yu Wenwen as the visual model for this collaboration
*With 6.6 million followers on Weibo.

▼ We are currently seeking design proposals that utilize AI-generated content for Xiaohongshu (RED), a popular Chinese social media, and we will incorporate these designs into the decoration of our POP-UP SHOP.



- Our U.S. business experienced a decline in revenue and profit compared to the same period last year, primarily due to the contraction in U.S. consumer spending. However, we are actively working towards recovery by restructuring our production capabilities and implementing channel-specific strategies and initiatives.
- For wholesale sales, we have placed sales representatives in Europe and are focusing on expanding our sales channels in Europe through exhibitions.
- We are dedicating efforts to Direct-to-Consumer (D2C) initiatives to enhance our in-house e-commerce, aiming to increase the proportion of sales through this channel.
- Regarding our marketing operations, in addition to our store in New York, we are considering establishing an antenna shop on the West Coast.

Wholesale



**Expanding sales channels
in Europe market**

In-house e-commerce



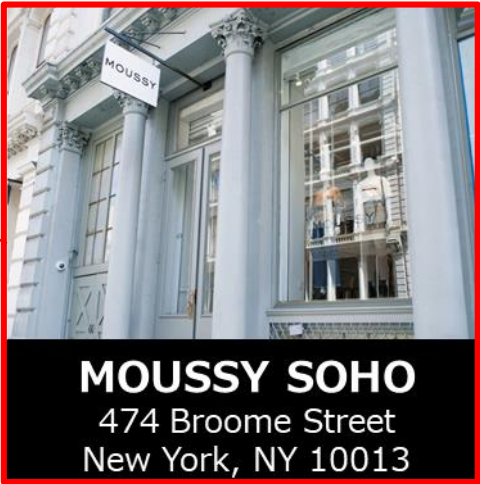
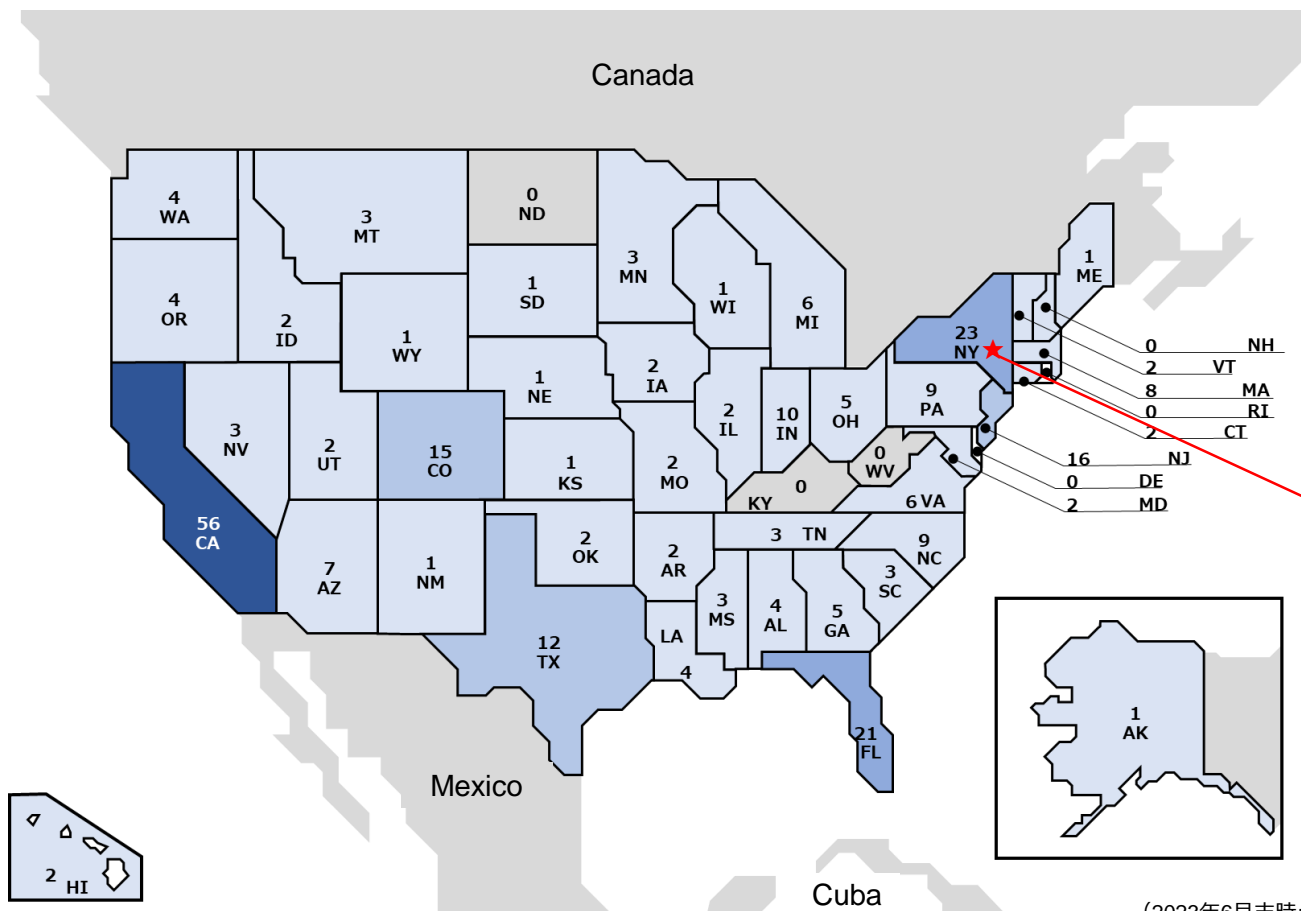
Focusing on D2C

Marketing operation



**Considering establishing an
antenna shop on the West Coast**

- 1 directly operated shop in NY.
- We primarily focus on wholesale operations in North America, partnering with luxury department stores such as Neiman Marcus and Saks Fifth Avenue, as well as high-end select shops.
- Also expanded our presence to certain regions within Canada and the European Union, including France, Germany, and Switzerland.



(2023年6月末時点)

- Our company has disclosed its commitment to sustainability through its medium-term business plan, TCFD (Task Force on Climate-related Financial Disclosures), CDP (Carbon Disclosure Project), and other initiatives. We have set the following indicators and goals for key themes and are intensifying our efforts towards achieving these goals by 2030.

Topics	Indicators & Goals	Initiatives
Sustainable production to avoid overproduction	Our company aims to achieve zero final remaining inventory waste and zero incineration of inventory	<ul style="list-style-type: none"> Managing Remaining Inventory Levels Participation in Clothing Collection and Donation
Reducing CO2 emissions	<p>SCOPE 1、2 Reduce CO2 emissions by 50%.</p> <p>SCOPE 3 Reduce the CO2 emissions per garment by 20%.</p>	<ul style="list-style-type: none"> Promotion of LED Bulb Conversion Transition to Renewable Energy Strengthening the Reuse of Store Interiors
Actively utilizing environmentally friendly materials	Our company aims to use environmentally friendly materials in more than 50% of its clothing products.	<ul style="list-style-type: none"> Develop * "M_"



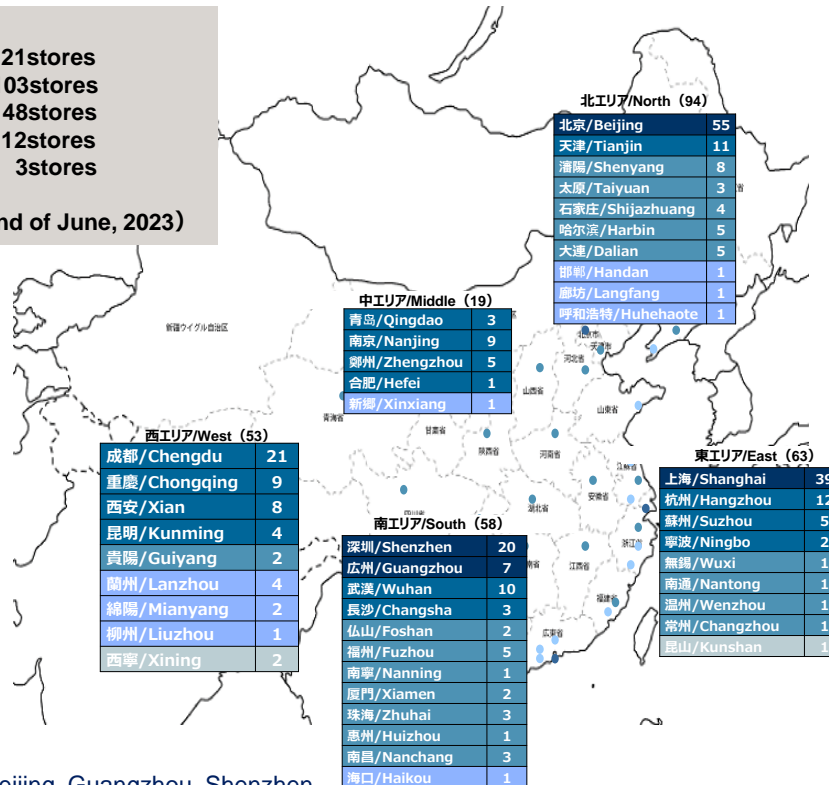
* "M_" (M underbar) is a line created by MOUSSY with a focus on production background and materials, designed for environmentally-conscious adult women. For more details, please visit the website at <https://www.moussy.ne.jp/m/>



Appendix

- Number of stores in China : 287 stores (as of the end of June, 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 : 287 stores
- 1st tier city: 4cities 121stores
- New 1st tier city: 14cities 103stores
- 2nd tier city: 17cities 48stores
- 3rd tier city: 8cities 12stores
- 4th tier city: 2cities 3stores
- Number of cities : 45cities (As of end of June, 2023)



City Definition

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

New 1st tier cities (15 cities): Chengdu, Chongqing, Hangzhou, Wuhan, Suzhou, Xi'an, Nanjing,

Changsha, Tianjin, Zhengzhou, Dongguan, Qingdao, Kunming, Ningbo, Hefei,

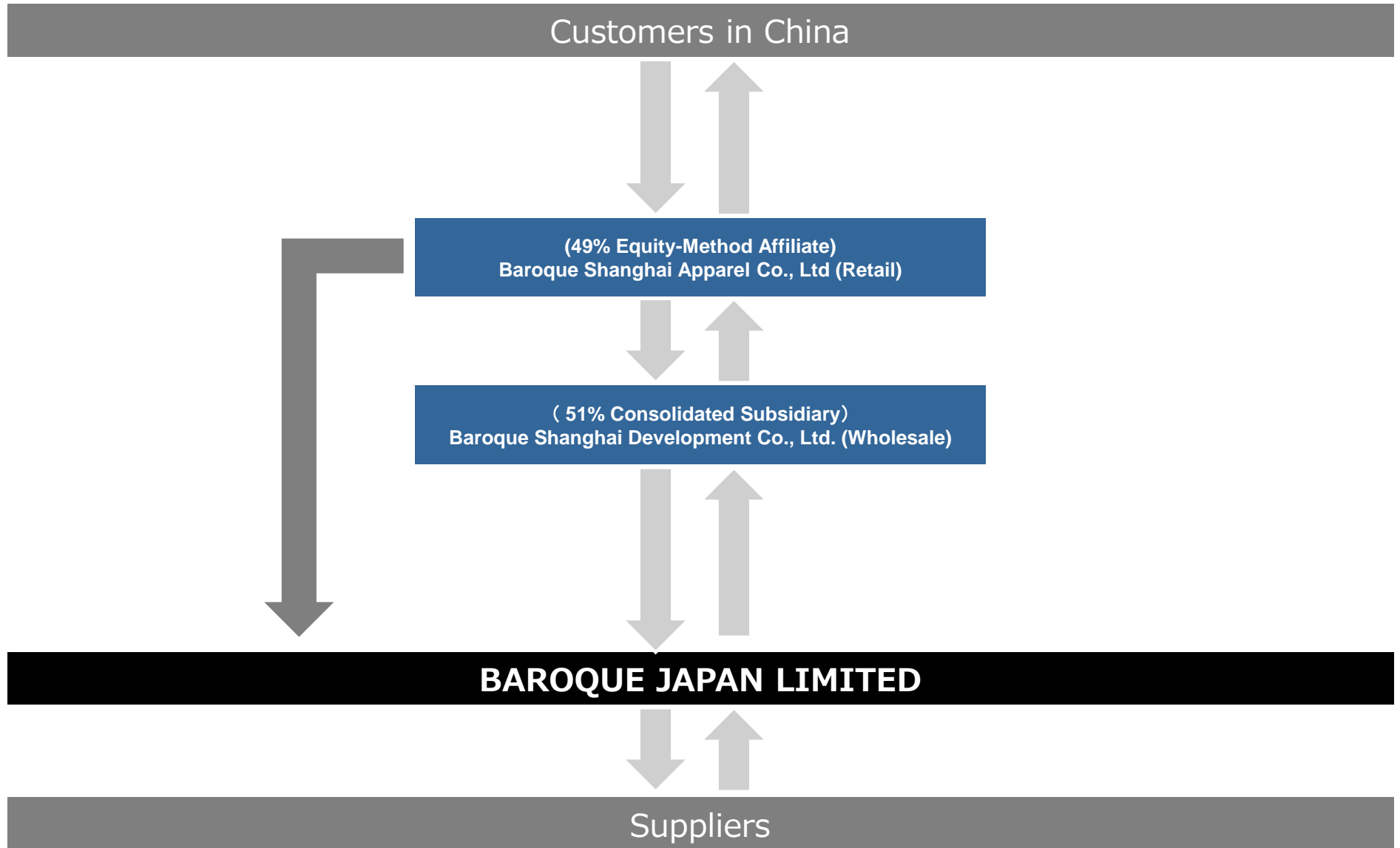
2nd tier cities (30 cities): Buddha Mountain, Shenyang, Jinan, Wuxi, Xiamen, Fuzhou, Wenzhou, Jinhua, Harbin, Dalian, Guiyang, Nanning, Quanzhou, Shijiazhuang, Changchun, Changzhou, Nanchang, Huizhou, Changzhou, Jiaying, Xuzhou, Nantong, Taiyuan, Baoding, Zhuhai, Zhongshan, Taizhou, Linyi, Weifang, Yantai,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

3rd 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).

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



↑ : Merchandise

↓ : Order

↩ : Royalty

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