BAROQUE JAPAN LIMITED

FY2024/02 Third Quarter
Financial Results and Supplementary Information

January 15, 2024

Tokyo Stock Exchange Prime Market

Stock code 3548


MOUSSY
VINTAGE

FY2024/02 Third Quarter Summary

(JPY mil)	FY2024/02 3Q Cumulative	YoY	FY2023/02 3Q Cumulative
Consolidated Sales	**44,236**	102.9%	42,987
Consolidated Gross Profit	**25,678**	102.4%	25,085
Gross Profit Ratio	58.0%	▲0.4pt	58.4%
Consolidated SG&A	**23,878**	103.0%	23,189
SG&A Ratio	54.0%	+0.1pt	53.9%
Operating Profit	**1,800**	94.9%	1,895
Operating Profit Ratio	4.1%	▲0.3pt	4.4%
Recurring Profit	**1,989**	160.1%	1,242
Recurring Profit Ratio	4.5%	+1.6pt	2.9%
Profit attributable to owners of parent	**1,188**	288.6%	411
Profit Ratio	2.7%	+1.7pt	1.0%

FY2024/02 Third Quarter Summary

Consolidated Sales 44.23 bil （102.9% YoY）

- ◆ Domestic sales were 103.5% year-on-year. Although the warm winter has slowed the movement of demand for winter clothes, both store and e-commerce sales were higher than the same period of previous fiscal year.
- ◆ In China, sales increased compared to the same period of previous fiscal year as economic activity recovered.
- ◆ In the U.S., sales were lower than the same period of previous fiscal year due to a reduction of consumer spending.

Consolidated Gross Profit 25.67 bil（102.4% YoY）

- ◆ Consolidated gross increased year-on-year due to the group have promoted initiatives such as a focus on selling at appropriate price.

Operating Profit 1.80 bil （94.9% YoY）

- ◆ In the domestic business, although SG&A expenses increased due to increased advertising for key brands, etc., domestic operating profit increased year-on-year due to higher gross profit.
- ◆ On the other hand, consolidated operating profit decreased year-on-year due to the negative impact of the U.S. business.

Profit attributable to owners of parent 1.18 bil（288.6% YoY）

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

FY2024/02 Third Quarter Summary/Domestic Business

(JPY mil)	FY2024/02 3Q Cumulative	YoY	FY2023/02 3Q Cumulative
Sales	**40,026**	103.5%	38,690
（Store Sales）	**29,601**	104.5%	28,316
（EC Sales）	**7,687**	101.7%	7,557
Gross Profit	**24,156**	104.3%	23,165
Gross Profit Ratio	60.4%	+0.5pt	59.9%
SG&A	**22,913**	104.3%	21,972
SG&A Ratio	57.2%	+0.4pt	56.8%
Operating Profit	**1,243**	104.3%	1,192
Operating Profit Ratio	3.1%	+0.0pt	3.1%
Recurring Profit	**1,282**	113.1%	1,134
Recurring Profit Ratio	3.2%	+0.3pt	2.9%
Net Profit	**822**	121.4%	677
Profit Ratio	2.1%	+0.3pt	1.8%

FY2024/02 Third Quarter Summary/Overseas Business

China JV

- In the previous fiscal year, the Shanghai lockdown was lifted, and even after that, there were intermittent restrictions on activities in various parts of China. In the current fiscal year, wholesale sales landed at 115.6% YoY as the sales situation recovered. Sales related to the China joint venture business increased 113.5% YoY.
- The number of stores decreased by 58 stores to a total of 268 stores compared to the end of the previous fiscal year. 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 99.6% YoY.（EC ratio：17.8%）

Sales from China JV（JPY mil）	FY2024/02 3Q Cumulative	YoY	FY2023/02 3Q Cumulative
Wholesale	4,057	115.6%	3,509
Royalty	228	86.1%	265
Sales Total	4,285	113.5%	3,774

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.

FY2024/02 Third Quarter/Consolidated Sales Breakdown

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

(JPY mil)	FY2024/02 3Q Cumulative			FY2023/02 3Q Cumulative	
	Actual	Composition	YoY	Actual	Composition
Consolidated Sales	44,236		102.9%	42,987	
FB/SB Brands	13,903	31.4%	107.0%	12,992	30.2%
SC Brands	19,802	44.8%	101.3%	19,552	45.5%
Dept. Store Brands	4,313	9.8%	102.6%	4,202	9.8%
Overseas	5,526	12.5%	97.0%	5,697	13.3%
Others	691	1.6%	127.3%	542	1.3%

FY2024/02 Third Quarter/Consolidated SG&A Expense

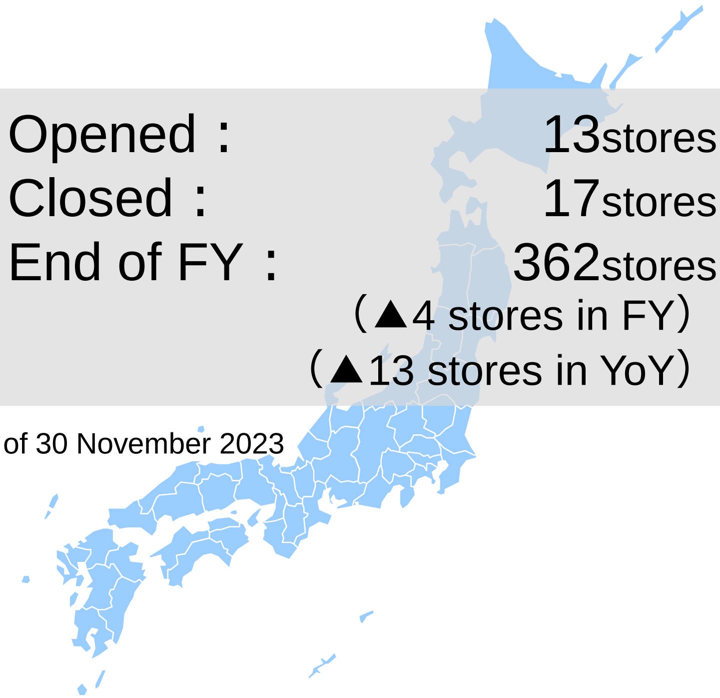
(JPY mil)	FY2024/02 3Q Cumulative	FY2024/02 3Q Cumulative YoY	FY2023/02 3Q Cumulative
Consolidated Sales	**44,236**	102.9%	42,987
SG&A Expense	**23,878**	103.0%	23,189
	54.0%	+0.1pt	53.9%
Advertising and promotional cost	**1,356**	114.9%	1,180
	3.1%	+0.4pt	2.7%
Salaries and wages	**4,310**	100.1%	4,304
	9.7%	▲0.3pt	10.0%
Store rent and fee for franchisee	**9,529**	101.1%	9,429
	21.5%	▲0.4pt	21.9%
Depreciation	**668**	122.1%	547
	1.5%	+0.2pt	1.3%
Others	**8,013**	103.7%	7,726
	18.1%	+0.1pt	18.0%

FY2024/02 Third Quarter/Consolidated Balance Sheet

(JPY mil)	FY2024/02(2023/11/30)			FY2023/02(2022/11/30)	
	Amount	Composition	YoY	Amount	Compostion
Cash	10,304	25.7%	89.0%	11,579	29.5%
Trade Receivables	11,909	29.8%	109.5%	10,874	27.7%
Inventories	7,909	19.8%	104.2%	7,589	19.3%
Other Current Assset	511	1.3%	68.7%	744	1.9%
Non Current Asset	9,386	23.5%	110.6%	8,490	21.6%
Total Asset	40,022	100.0%	101.9%	39,279	100.0%
Liabilities	17,351	43.4%	104.7%	16,569	42.2%
Equity	22,670	56.6%	99.8%	22,709	57.8%

FY2024/02 Third Quarter Store Expansion

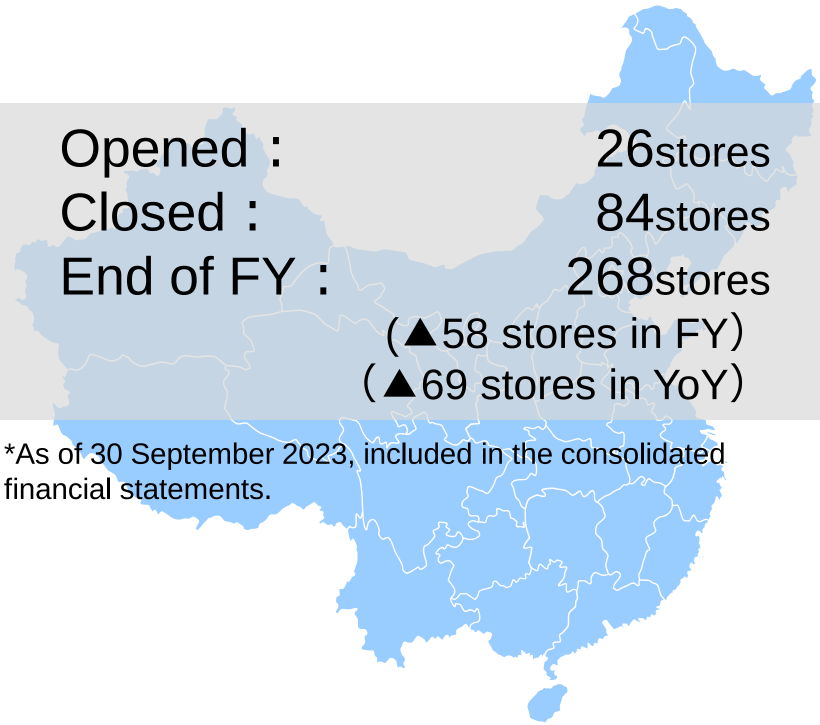
JAPAN



Opened : 13stores
Closed : 17stores
End of FY : 362stores
(▲4 stores in FY)
(▲13 stores in YoY)

*As of 30 November 2023

CHINA JV



Opened : 26stores
Closed : 84stores
End of FY : 268stores
(▲58 stores in FY)
(▲69 stores in YoY)

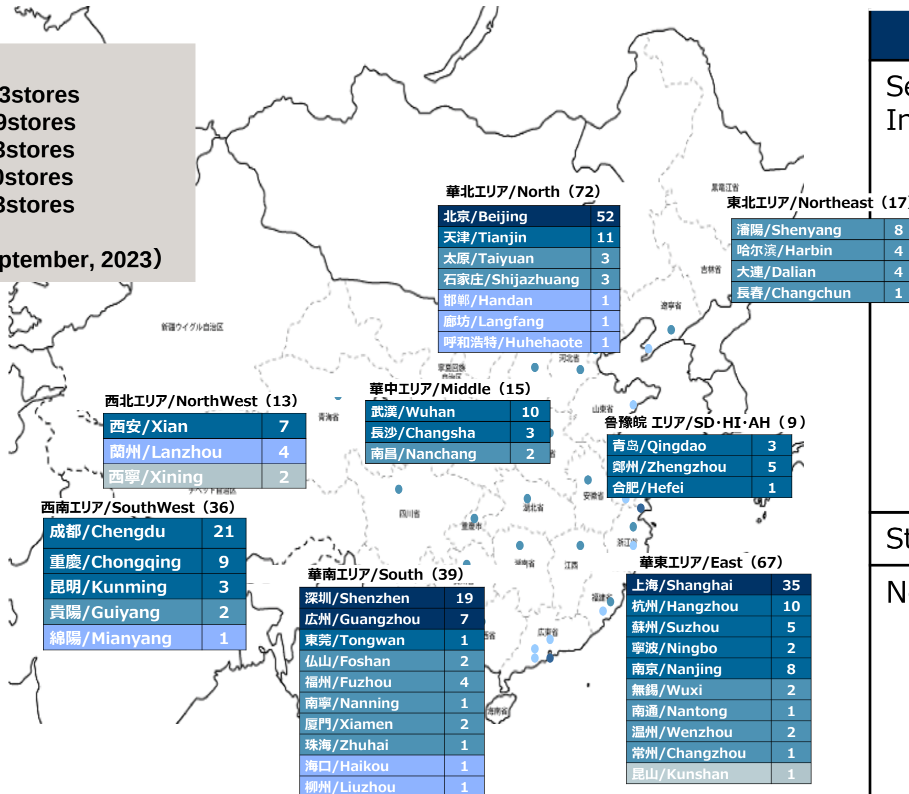
*As of 30 September 2023, included in the consolidated financial statements.

Stores in China JV

- Number of stores in China ：268 stores（as of the end of September, 2023）
- From September 1, 2023, due to area reorganization, changed from 5 areas (East, West, South, North, and Middle) to 8 areas (East, South, North, Middle, Northeast, Northwest, Southwest, SD･HI･AH)
- 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：268 stores
- 1st tier city: 4cities 113stores
- New 1st tier city: 15cities 99stores
- 2nd tier city: 17cities 43stores
- 3rd tier city: 7cities 10stores
- 4th tier city: 2cities 3stores

■Number of cities： 45cities
（As of end of September, 2023）



華北エリア/North（72）

北京/Beijing	52
天津/Tianjin	11
太原/Taiyuan	3
石家庄/Shijazhuang	3
邯郸/Handan	1
廊坊/Langfang	1
呼和浩特/Huhehaote	1

東北エリア/Northeast（17）

瀋陽/Shenyang	8
哈尔滨/Harbin	4
大連/Dalian	4
長春/Changchun	1

西北エリア/NorthWest（13）

西安/Xian	7
蘭州/Lanzhou	4
西寧/Xining	2

華中エリア/Middle（15）

武漢/Wuhan	10
長沙/Changsha	3
南昌/Nanchang	2

魯豫皖 エリア/SD･HI･AH（9）

青岛/Qingdao	3
鄭州/Zhengzhou	5
合肥/Hefei	1

西南エリア/SouthWest（36）

成都/Chengdu	21
重慶/Chongqing	9
昆明/Kunming	3
貴陽/Guiyang	2
綿陽/Mianyang	1

華南エリア/South（39）

深圳/Shenzhen	19
広州/Guangzhou	7
東莞/Tongwan	1
仏山/Foshan	2
福州/Fuzhou	4
南寧/Nanning	1
厦門/Xiamen	2
珠海/Zhuhai	1
海口/Haikou	1
柳州/Liuzhou	1

華東エリア/East（67）

上海/Shanghai	35
杭州/Hangzhou	10
蘇州/Suzhou	5
寧波/Ningbo	2
南京/Nanjing	8
無錫/Wuxi	2
南通/Nantong	1
温州/Wenzhou	2
常州/Changzhou	1
昆山/Kunshan	1

City Ranking Overview	
Selection Index	・Enrichment of commercial facilities ・Functionality as a hub of the city ・Citizen's activity ・Diversity of lifestyle ・Future possibilities, 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.
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

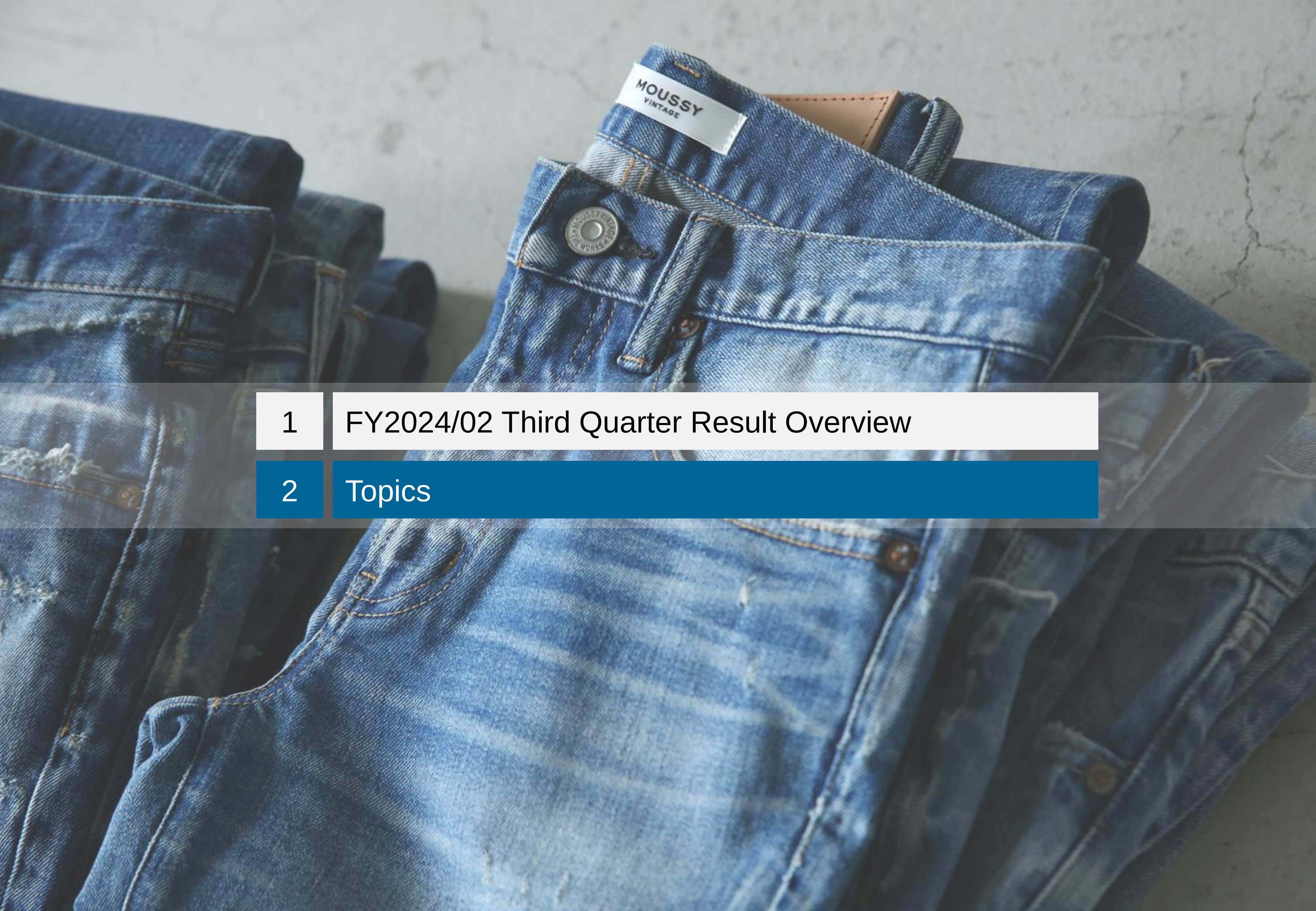
1st tier cities (4 cities): Shanghai, Beijing, Guangzhou, Shenzhen

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, Jiaxing, 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).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Revision to the Full-Year Financial Results Forecast

(JPY mil)	FY2024/02 (Previous forecast)	% to Sales	FY2024/02 (Current forecast)	% to Sales	Change vs previous forecast	% to previous forecast
Consolidated Sales	66,010	100.0%	59,988	100.0%	▲6,022	90.9%
Consolidated Gross Profit	39,033	59.1%	34,001	56.7%	▲5,032	87.1%
Consolidated SG&A	34,262	51.9%	32,261	53.8%	▲2,001	94.2%
Operating Profit	4,771	7.2%	1,740	2.9%	▲3,031	36.5%
Recurring Profit	4,585	6.9%	1,820	3.0%	▲2,765	39.7%
Profit attributable to owners of parent	2,750	4.2%	1,000	1.7%	▲1,750	36.4%
EPS	76.35		27.76		▲48.59	–

- **Full-year forecast revised downward based on recent performance.**
- **Due to the worsening of the climate change issue and other factors, consolidated gross profit in the domestic business deteriorated and deviated from the forecast due to an increase in the discount rate and loss on valuation of inventory compared with the forecast at the beginning of the period. In the overseas business, China JV recovered, but the U.S. business did not support the consolidated results, and the profit items in the consolidated results did not reach the forecast at the beginning of the period.**

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.

Domestic business current condition and future initiatives

Domestic business current condition

- Increasing of record-breaking hot days and unusually warm winters due to global warming and other serious climate change issues.
- Consumer mindset and purchasing behavior changed after Covid-19.
- High prices and decline in real wages have impact on personal economy.

Domestic business future initiatives

- The group continues to make improvements in resolving issues in domestic business where profitability is declining.
- Focus on MD optimization for the next fiscal year, and also focus on promoting SCM reform.
- Also, accelerated consideration of restructuring the organization.
- The group will further strengthen our efforts to create new businesses and promote the development of new businesses that leverage our strengths, such as sales platforms.

Promotion of supply chain management (SCM) reform

■We have set cost improvement through supply chain restructuring as a key strategy, and will promote new initiatives in addition to existing measures..

Increasing the ASEAN production ratio	The ASEAN production ratio increased by +9% 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 ▲2.0% year-on-year.
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.
NEW Suppliers Selection and Concentration	From Third quarter, supplier selection and concentration to further improve production efficiency

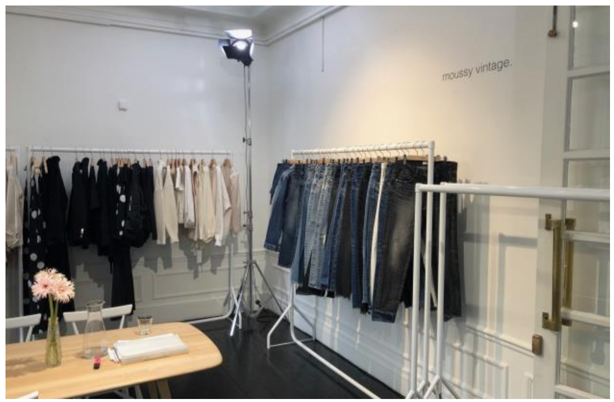
*RCEP：Regional Comprehensive Economic Partnership

Cost improvement through promotion of the above initiatives

U.S. business／Strategies

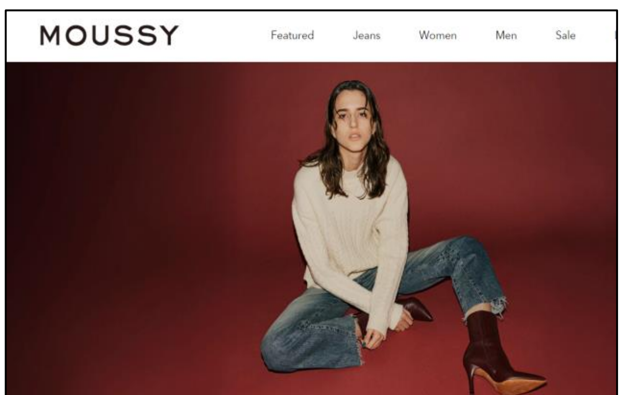
- We are continually actively working towards recovery by restructuring our production capabilities and implementing channel-specific strategies and initiatives.
- For wholesale sales, in addition to North America, sales representatives were assigned to Europe, and efforts were made to expand sales channels through exhibitions, etc., resulting in an overall recovery in orders received.
- In-house e-commerce is currently developing digital marketing initiatives to increase the e-commerce conversion rate.
- Also, we continue to build awareness of our key brand MOUSSY VINATGE through enhanced marketing strategies.

Wholesale



In addition to the North American market, we will also focus on expanding sales channels in the European market.

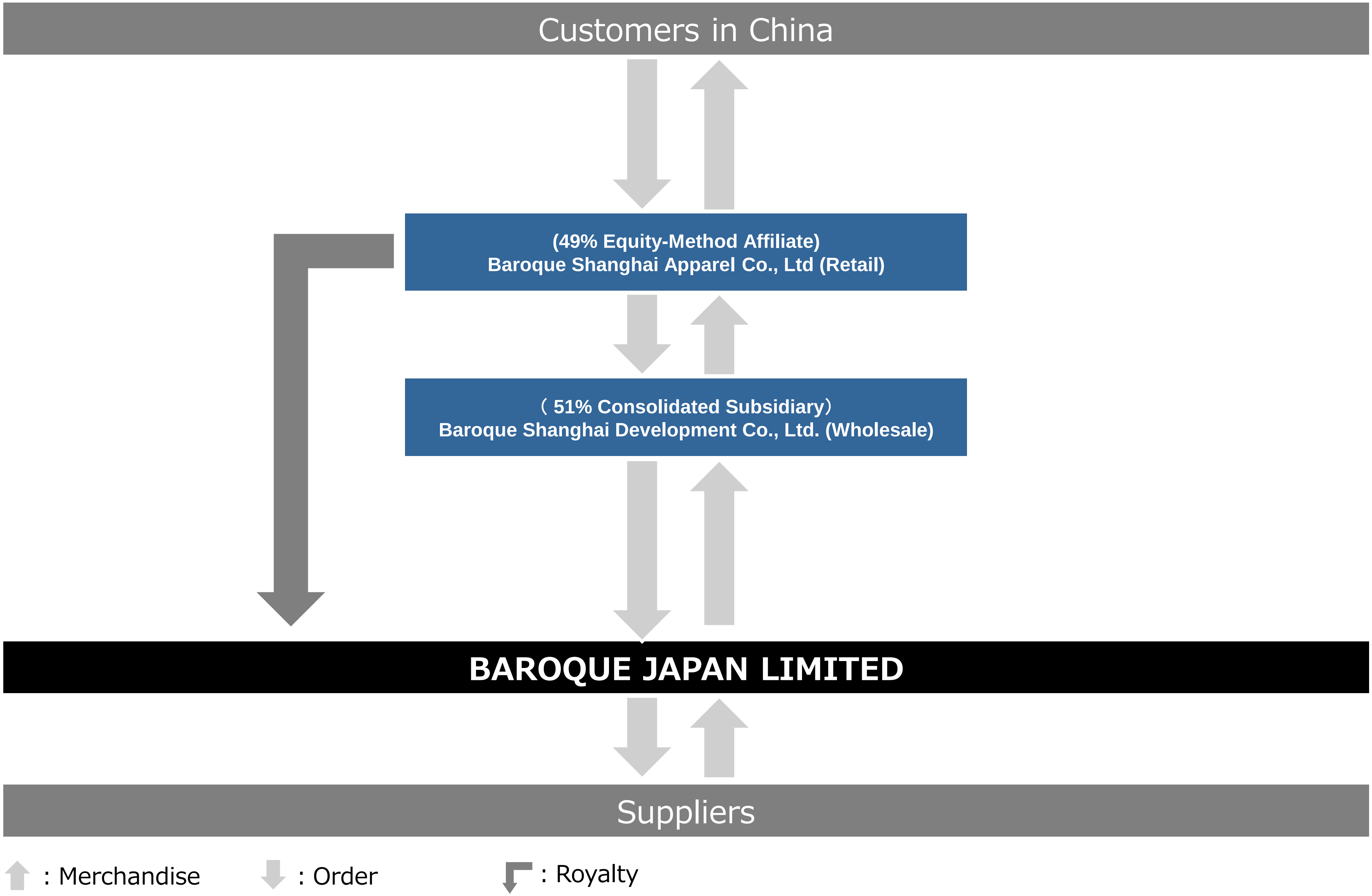
In-house e-commerce



Implementing Digital Marketing to Increase the e-commerce conversion rate

Appendix

China JV Structure



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- **The actual future business content and business results of BAROQUE JAPAN LIMITED May differ from the future outlook described in this document**

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