



# BAROQUE JAPAN LIMITED

FY2024/02 Full Year  
Financial Results and Supplementary Information

**April 15, 2024**

Tokyo Stock Exchange Prime Market

Stock code 3548





1 FY2024/02 Full Year Result Overview

2 Review of the Medium-Term Management Plan and Future Initiatives

(JPY mil)	FY2024/02		FY2023/02
	Full year		Full year
		YoY	
<b>Consolidated Sales</b>	<b>60,290</b>	102.5%	58,842
<b>Consolidated Gross Profit</b>	<b>34,264</b>	102.6%	33,410
Gross Profit Ratio	56.8%	+0.0pt	56.8%
Consolidated SG&A	<b>32,309</b>	103.4%	31,259
SG&A Ratio	53.6%	+0.5pt	53.1%
<b>Operating Profit</b>	<b>1,954</b>	90.9%	2,150
Operating Profit Ratio	3.2%	▲0.5pt	3.7%
<b>Recurring Profit</b>	<b>2,022</b>	167.0%	1,211
Recurring Profit Ratio	3.4%	+1.3pt	2.1%
<b>Profit attributable to owners of parent</b>	<b>945</b>	387.7%	243
Profit Ratio	1.6%	+1.2pt	0.4%

## **Consolidated Sales 60.29 bil (102.5% YoY)**

---

- ◆ Domestic sales were 103.1% year-on-year. Winter demand slowed due to a warm winter, but spring demand remained strong. As a result, both store and e-commerce sales were higher than the same period of previous fiscal year.
- ◆ In China, sales increased compared to previous fiscal year as economic activity recovered.
- ◆ In the U.S., sales were lower than previous fiscal year due to a reduction of consumer spending.

## **Consolidated Gross Profit 34.26 bil (102.6% YoY)**

---

- ◆ Consolidated gross profit increased year-on-year due to a focus on sales at appropriate prices in the domestic business, a reduction in the purchase cost ratio, etc.

## **Operating Profit 1.95 bil (90.9% YoY)**

---

- ◆ In the domestic business, gross profit increased, but not enough to offset the increase in SG&A expenses. As a result, operating income declined year-on-year.
- ◆ In addition, consolidated operating profit decreased year-on-year due to the negative impact of the U.S. business.

## **Profit attributable to owners of parent 0.9 bil (387.7% YoY)**

---

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

(JPY mil)	FY2024/02		FY2023/02
	Full year		Full year
		YoY	
<b>Sales</b>	<b>54,798</b>	103.1%	53,142
(Store Sales)	<b>40,666</b>	104.5%	38,921
(EC Sales)	<b>10,620</b>	100.6%	10,557
<b>Gross Profit</b>	<b>32,113</b>	104.0%	30,883
Gross Profit Ratio	58.6%	+0.5pt	58.1%
SG&A	<b>30,961</b>	104.3%	29,691
SG&A Ratio	56.5%	+0.6pt	55.9%
<b>Operating Profit</b>	<b>1,151</b>	96.6%	1,191
Operating Profit Ratio	2.1%	▲0.1pt	2.2%
<b>Recurring Profit</b>	<b>1,668</b>	143.1%	1,165
Recurring Profit Ratio	3.0%	+0.8pt	2.2%
<b>Net Profit</b>	<b>1,066</b>	153.5%	695
Profit Ratio	1.9%	+0.6pt	1.3%

## China JV

- While the previous fiscal year was affected by Covid-19, the current fiscal year has seen a recovery in sales conditions. As a result, wholesale sales landed at 105.3% YoY as the sales situation recovered. Sales related to the China joint venture business increased 103.4% YoY.
- The number of stores decreased by 82 stores to a total of 244 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 97.9% YoY. (EC ratio : 19.3%)

Sales from China JV (JPY mil)	FY2024/02		FY2023/02
	Full year		Full year
		YoY	
Wholesale	5,164	105.3%	4,905
Royalty	271	76.8%	353
Sales Total	5,435	103.4%	5,258

## 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.

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

(JPY mil)	FY2024/02 Full year			FY2023/02 Full year	
	Actual	Composition	YoY	Actual	Composition
Consolidated Sales	60,290		102.5%	58,842	
FB/SB Brands	19,076	31.6%	107.8%	17,703	30.1%
SC Brands	27,571	45.7%	101.0%	27,291	46.4%
Dept. Store Brands	5,697	9.5%	102.1%	5,578	9.5%
Overseas	7,140	11.8%	95.3%	7,491	12.7%
Others	805	1.3%	103.6%	776	1.3%

(JPY mil)	FY2024/02		FY2023/02
	Full year		Full year
		YoY	
Consolidated Sales	<b>60,290</b>	102.5%	58,842
SG&A Expense	<b>32,309</b>	103.4%	31,259
	53.6%	+0.5pt	53.1%
Advertising and promotional cost	<b>1,814</b>	111.5%	1,627
	3.0%	+0.2pt	2.8%
Salaries and wages	<b>5,749</b>	100.5%	5,721
	9.5%	▲0.2pt	9.7%
Store rent and fee for franchisee	<b>13,065</b>	101.4%	12,881
	21.7%	▲0.2pt	21.9%
Depreciation	<b>862</b>	119.1%	724
	1.4%	+0.2pt	1.2%
Others	<b>10,817</b>	105.0%	10,305
	17.9%	+0.4pt	17.5%



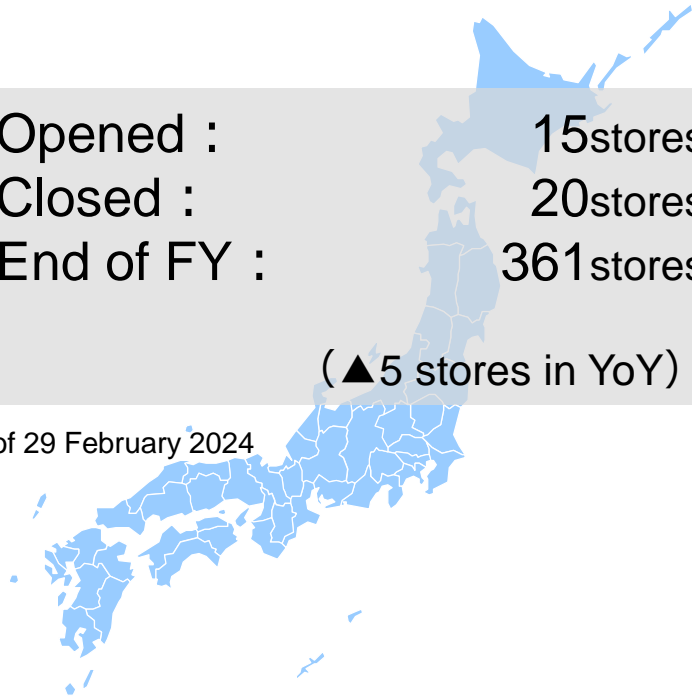
(JPY mil)	FY2024/02(2024/02/29)			FY2023/02(2023/02/28)	
	Amount	Composition	YoY	Amount	Composition
Cash	12,181	32.7%	82.6%	14,744	39.6%
Trade Receivables	9,613	25.8%	119.8%	8,023	21.5%
Inventories	5,489	14.7%	92.8%	5,917	15.9%
Other Current Assset	366	1.0%	73.4%	499	1.3%
Non Current Asset	9,609	25.8%	119.2%	8,061	21.6%
Total Asset	37,261	100.0%	100.0%	37,245	100.0%
Liabilities	15,058	40.4%	99.3%	15,159	40.7%
Equity	22,202	59.6%	100.5%	22,085	59.3%

## JAPAN

Opened : 15stores  
Closed : 20stores  
End of FY : 361stores

(▲5 stores in YoY)

\*As of 29 February 2024

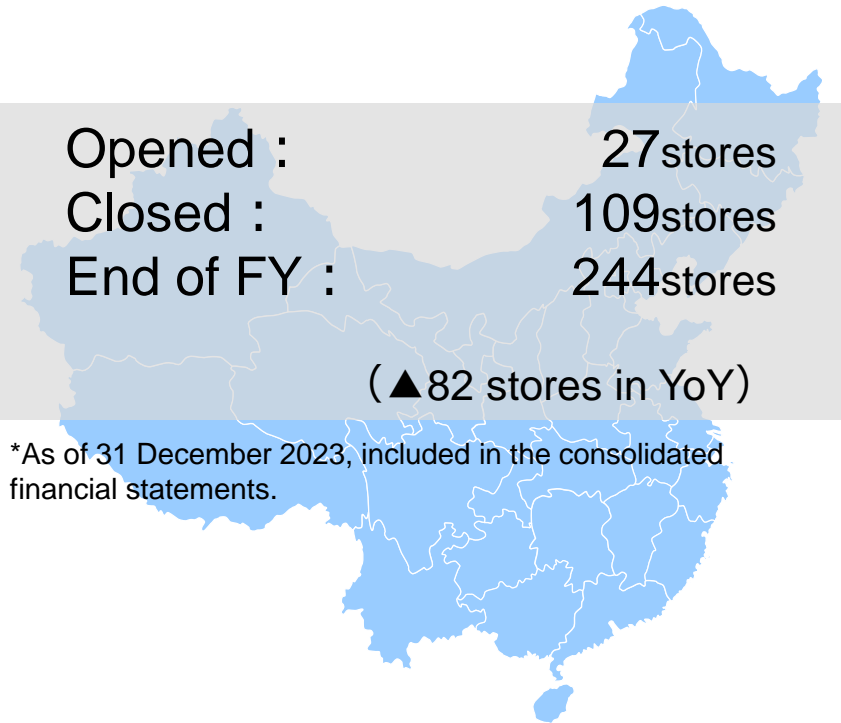


## CHINA JV

Opened : 27stores  
Closed : 109stores  
End of FY : 244stores

(▲82 stores in YoY)

\*As of 31 December 2023, included in the consolidated financial statements.

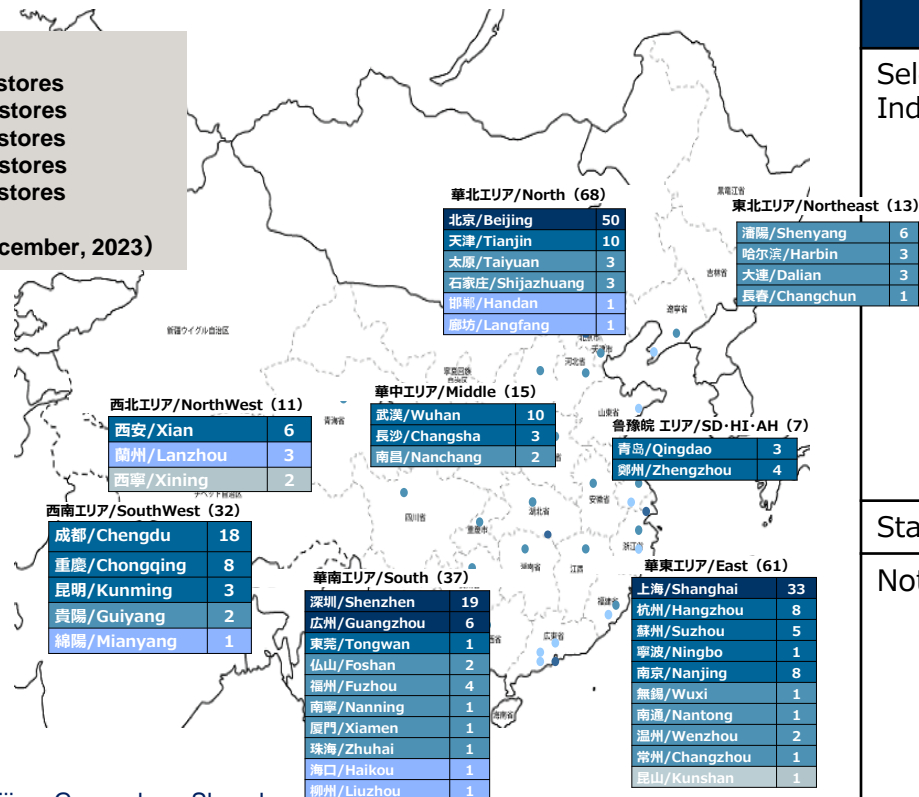


- Number of stores in China : 244 stores (as of the end of December, 2023)
- From September 1, 2023, due to area reorganization, changed from 5 areas (East, West, South, North, and Middle) to 8 areas (East, South, North, Middle, Northeast, Northwest, Southwest, SD•HI•AH)
- It is common to classify cities 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 : 244 stores

- 1<sup>st</sup> tier city: 4cities 108stores
- New 1<sup>st</sup> tier city: 14cities 88stores
- 2<sup>nd</sup> tier city: 17cities 37stores
- 3<sup>rd</sup> tier city: 6cities 8stores
- 4<sup>th</sup> tier city: 2cities 3stores

■ Number of cities : 43cities  
(As of end of December, 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,

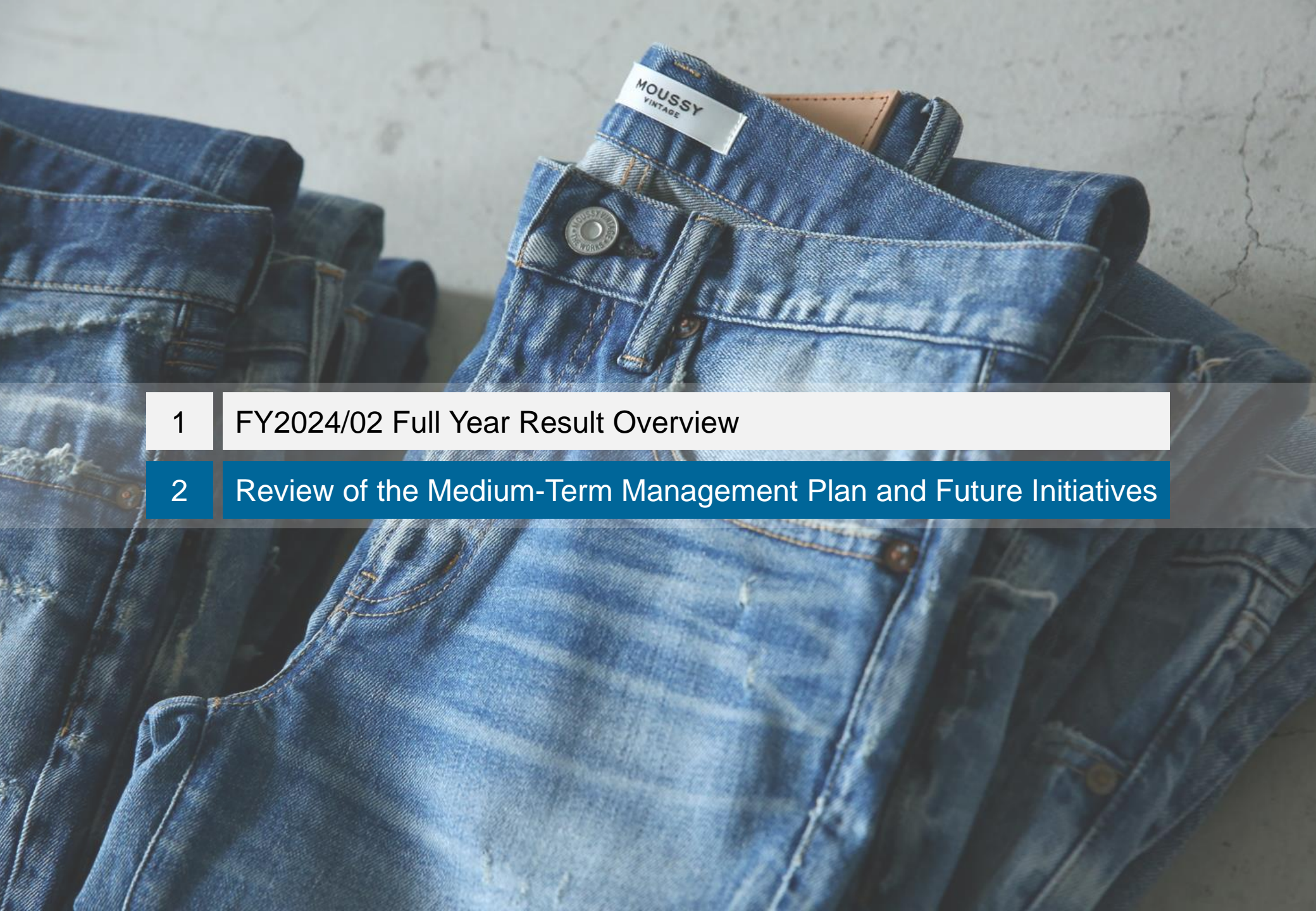
2<sup>nd</sup> tier cities (30 cities): Buddha Mountain, Shenyang, Jinan, Wuxi, Xiamen, Fuzhou, Wenzhou, Jinhua, Harbin, Dalian, Guiyang, Nanning, Quanzhou, Shijiazhuang, Changchun, Changzhou, Nanchang, Huizhou, Changzhou, Jiaying, Xuzhou, Nantong, Taiyuan, Baoding, Zhuhai, Zhongshan, Taizhou, Linyi,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

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

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).



1

FY2024/02 Full Year Result Overview

2

Review of the Medium-Term Management Plan and Future Initiatives

- Focus on improving profitability while growing the sales in the domestic business. Accelerate structural reforms in China and the U.S. business, and aim to improve profitability globally on a consolidated basis.

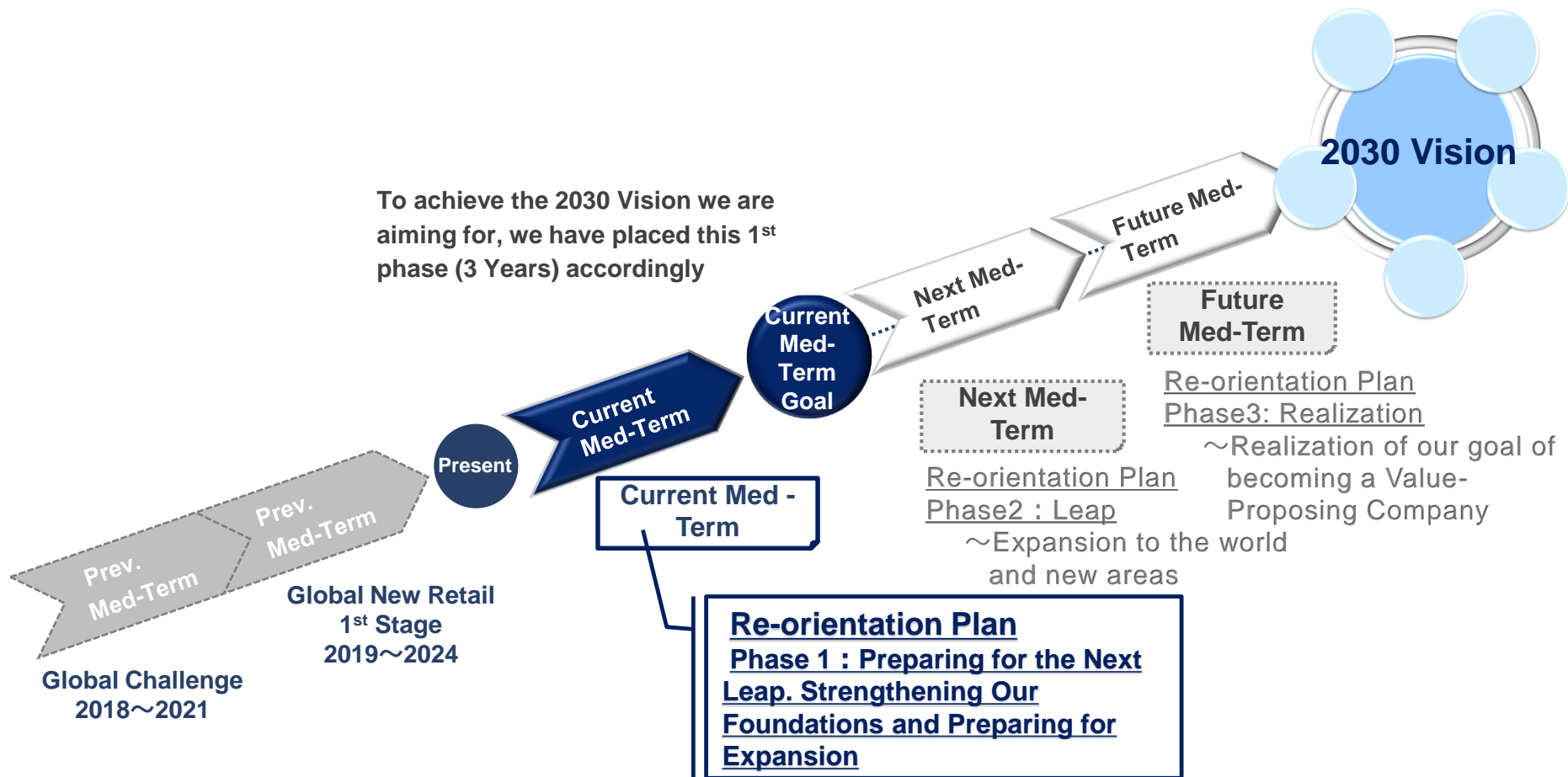
(JPY mil)	FY2025/02		FY2024/02
	Forecast	YoY	Actual
<b>Consolidated Sales</b>	<b>63,288</b>	105.0%	60,290
<b>Gross Profit</b>	<b>37,059</b>	108.2%	34,264
Gross Profit Ratio	58.6%	+1.8pt	56.8%
Consolidated SG&A	<b>34,708</b>	107.4%	32,309
SG&A Ratio	54.8%	+1.2pt	53.6%
<b>Operating Profit</b>	<b>2,350</b>	120.3%	1,954
Operating Profit Ratio	3.7%	+0.5pt	3.2%
<b>Recurring Profit</b>	<b>2,061</b>	102.0%	2,022
Recurring Profit Ratio	3.3%	▲0.1pt	3.4%
<b>Profit attributable to owners of par</b>	<b>1,204</b>	127.4%	945
Profit Ratio	1.9%	+0.3pt	1.6%
<b>EPS</b>	<b>33.42</b>	127.4%	26.24

## Shareholder Dividends

- The annual dividend for FY2025/02 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 might be changed depending on various factors.

- The fiscal year ending February 2024 is the final year of the medium-term management plan “Re-orientation Plan Phase 1”.









...over 3 years, after establishing a new normal post-corona, strive to set this period as an opportunity to get back on a growth track





# Progress of the Medium-Term Management Plan : Phase 1 Management Indicators Goals & Results

Phase1 Indicators Goals	FY2024/02 Goals	FY2024/02 Results
Operate Profit Ratio	7.5~8.0%	3.2%
Inventory turnover	5.5~6.0 turnovers	4.6 turnovers
Overseas Growth Index	①+20 stores/year ②Launch in 30 countries	①▲82 stores ②Launch in 30 countries
ROE	13.0~15.0%	4.9%

Field	Key Strategies	Key Policies	Detail	Progress	Reflection and future initiatives
Domestic Apparel Business	Narrowing Down	Selection and Concentration	Rebranding/Brand Abolition		The group is working on brand reform and elimination, but still in the middle of the process. Strategically select and focus on brands where management resources should be intensively invested.
			Scrap-and-Build Stores		The company has embarked on a store scrap-and-build program to improve its domestic performance, but there is still a long way to go. Visualize and organize potentially unprofitable stores, taking into account the macro environment, such as demographics and regional characteristics.
	Constitutional Reform	Improvement of Profit Margin	Manufacturing Curtailment		Reduced the number of product numbers and implemented a QR system, but failed to eliminate excess inventory. Clarify business strategy on a brand-by-brand basis and develop optimal purchasing balance.
			New Retail Realization		Digital signage and RFID tags have been implemented, but there is still a long way to go. Define a new retail image that can improve customer satisfaction based on primary store information and clarify areas where investment is needed.
		Improvement of Brand Competitiveness	Increase Brand Value and Recognition		Efforts to increase brand awareness through the reopening of the flagship store and social networking by influencers and employees have been made, but there is still a long way to go. Redefine promotional strategies for each urban and suburban area.
	Initiatives to Strengthen Brand and sales Channels			Struggle to win customers in stores and own e-commerce. In terms of brand axis, review the conventional product development process and thoroughly pursue the originality of the brand. In terms of sales channels, further deepen the shopping experience in stores and the company's own e-commerce site.	
	Sustainability Initiatives			Product development that seeks environmentally friendly manufacturing backgrounds and materials, as well as the use of recycled resources and low toxic emissions materials for accessories such as hang tags and branding.	

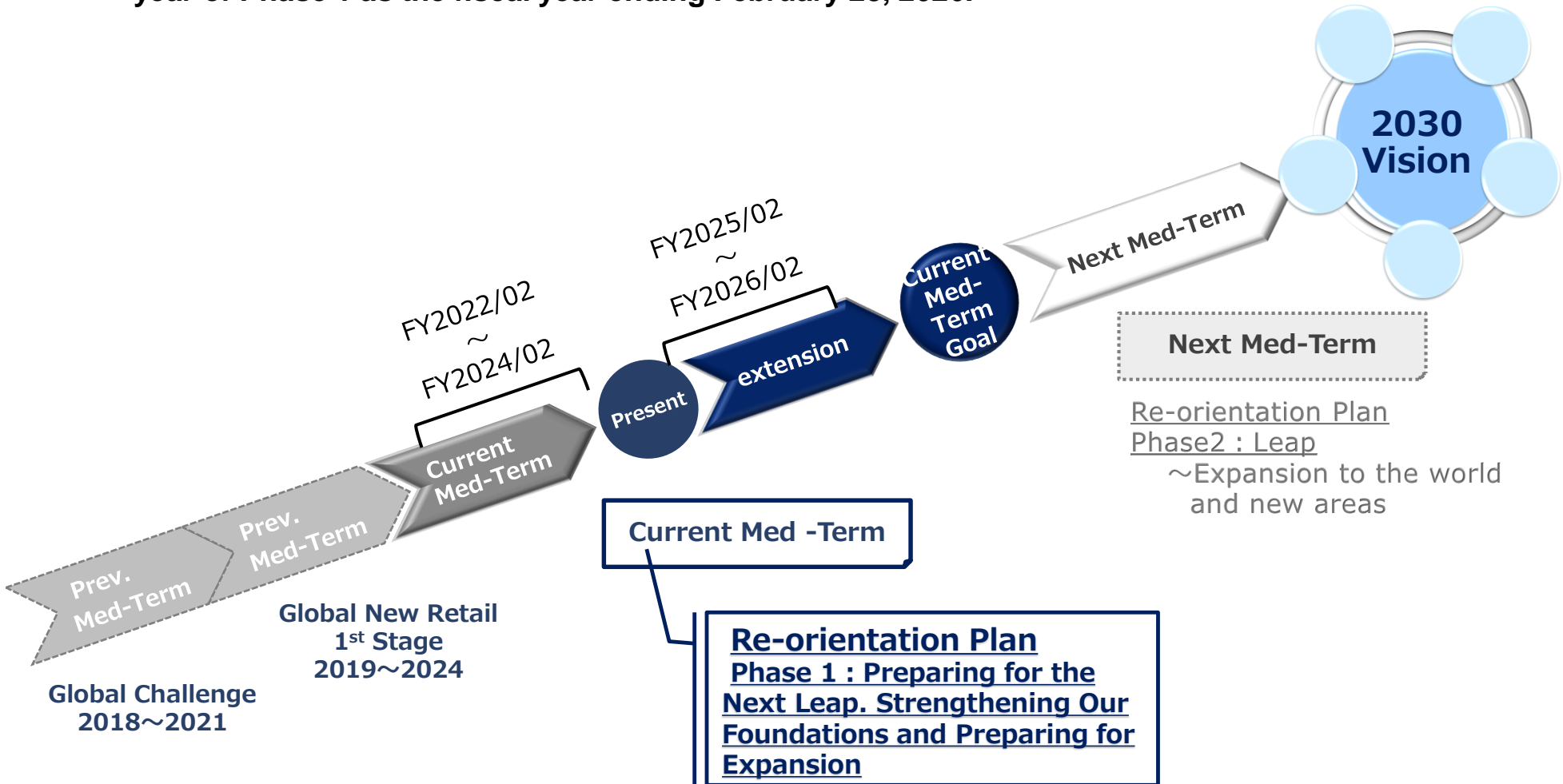


Field	Key Strategies	Key Policies	Detail	Progress	Reflection and future initiatives
China JV	Steady Growth	Maintaining Continuous Growth	Maintain Net Store Growth Speed		As China's economic growth has slowed to a crawl due to weak consumer confidence, sluggish exports and a property slump, the company has shifted its strategy from traditional sales growth to profit-seeking and is now cutting unprofitable stores.
		Strengthening Business Management System	Improving Independence/Competitiveness of China JV		The company is still unable to surpass its peak sales. In order to strengthen product development for MOUSSY and SLY, which have already been launched, a domestic planning team will be dispatched to further strengthen the local production system by sharing know-how. In addition, we will promote the development of high-end brands such as MOUSSY VINTAGE and ENFÖLD to cultivate the affluent market.
			Strengthen Group Management		Employees from the Chinese joint venture will be transferred to the domestic market to further improve the quality of communication between Group companies.
New business	New Business Creation	Development of Baroque New Business Policy			Since the launch of the SHEL'TTER GREEN business, the creation of new businesses with profitability and growth potential is still a long way off. Clarify new business policies such as markets to be entered, investment scale and timeframe, etc. THE SHEL'TTER TOKYO will be used as a base for test marketing of new businesses.
Sustainability	Sustainability Initiatives	Clarification of Sustainability Goals			Medium- and long-term quantitative sustainability targets have been set for each of the environmental, social and human issues. In addition, the company as a whole has formulated the details of initiatives to achieve the targets and is promoting them in cooperation with the relevant divisions. In addition, the CDP score was upgraded from D minus to B.
		Clarification of Addressable Issues	Cross-Divisional Initiatives		

Field	Key Strategies	Key Policies	Detail	Progress	Reflection and future initiatives
Business Infrastructure	Development of Infrastructure to Support Business	Scrap-and-Build Store Dev. Policy Promotion	Collaboration and Promotion Between Store Development and Business Divisions		See a measure of the domestic apparel business, Scrap-and-Build Stores.
		Aggressive Investment to Prepare for Growth	including New Retail related investments		A core system replacement project is underway to standardize operations, centrally manage data across the value chain, and prepare for expanded collaboration with future technology innovations.
		Supply Chain Update	Cooperation and Promotion between Production and Business Divisions		Reduce procurement costs by shifting to ASEAN production and direct trade with China, but strengthening gross margin and shortening lead time remain challenges. Design optimal production and commercial distribution based on the brand business strategy, and thoroughly implement production without overproduction through integrated management of planning, merchandising, and production.
		Strengthening Training and Placement Through Personnel System Reform			A career development system has been put in place with position-based training programs and by ensuring flexibility in transfers from stores to headquarters, but there is still some way to go in strengthening training and placement. Define the experience and skills required for each department to deliver value to customers, and examine the workforce issues and actions to be strengthened through gap analysis.

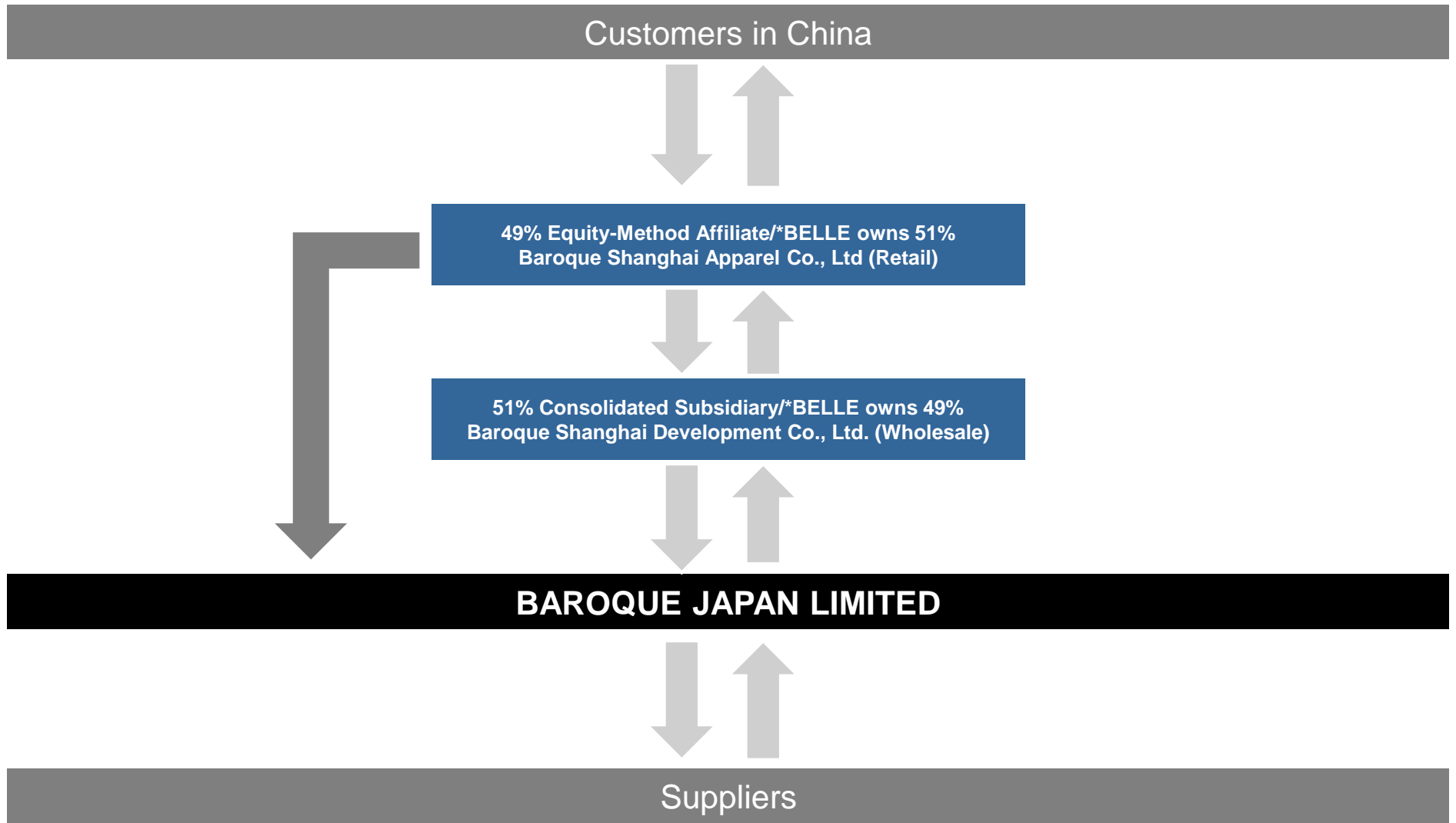
# Progress of the Medium-Term Management Plan : Roadmap Change

- Initially, Phase 1 was to last three years in order to establish a new normal after Covid-19 and return the company to a growth path. However, due to the difficult performance in Japan and overseas, the group decided to extend the preparation period for the leap from three to five years and set the final year of Phase 1 as the fiscal year ending February 28, 2026.





Appendix



↑ : Merchandise

↓ : Order

↙ : Royalty

\*BELLE : BELLE INTERNATIONAL HOLDINGS LIMITED

- **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 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.**
- **If there is any inconsistency or conflict between English and Japanese versions of this information, the Japanese version shall prevail.**