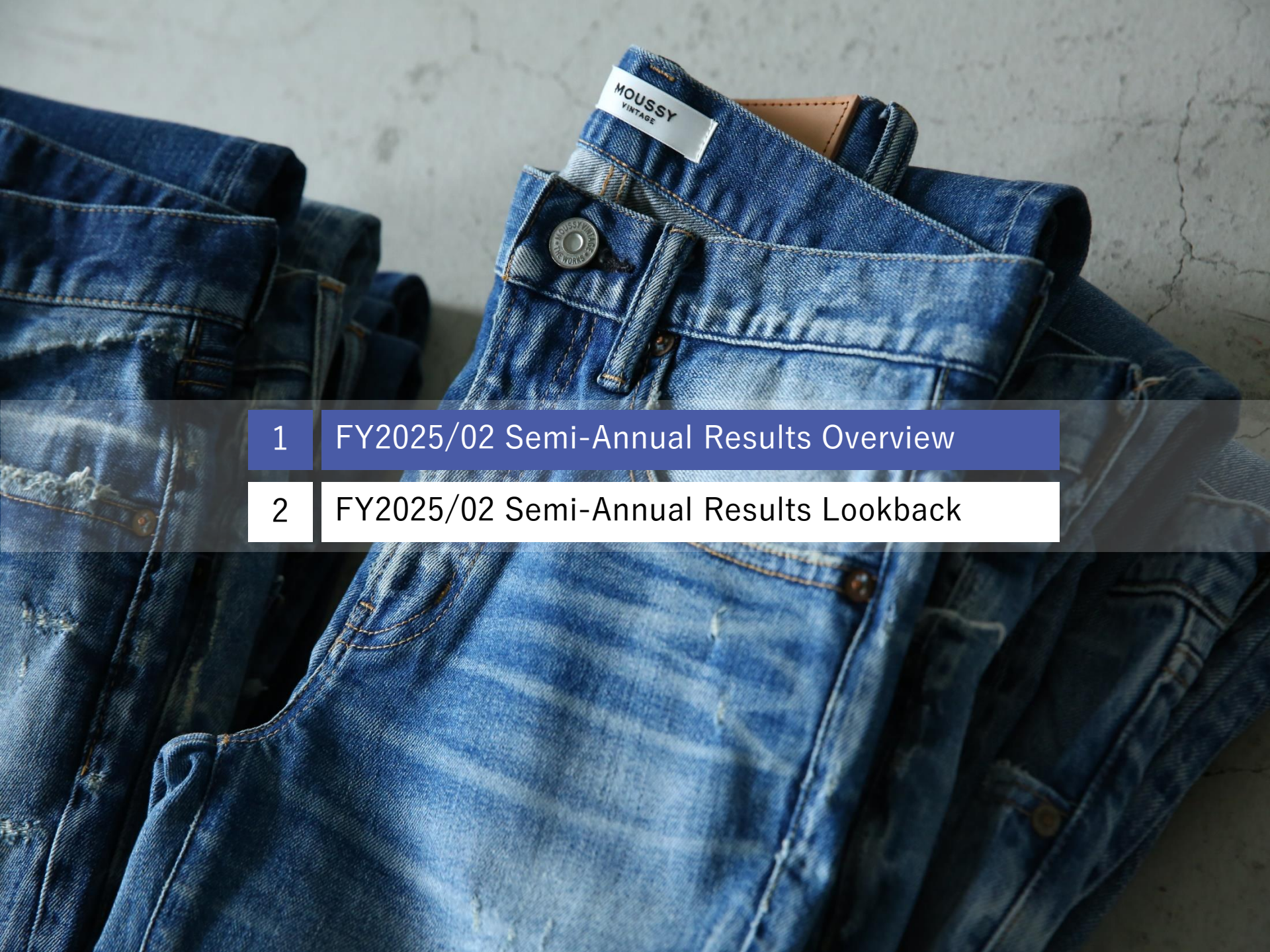


BAROQUE JAPAN LIMITED

FY2025/02 Semi-Annual Financial Results and Supplementary Information

October 15, 2024

Tokyo Stock Exchange Prime Market
Stock code 3548



1 FY2025/02 Semi-Annual Results Overview

2 FY2025/02 Semi-Annual Results Lookback

FY2025/02 Semi-Annual Consolidated Results Summary

(JPY mil)	FY2025/02 Semi-Annual		FY2024/02 Semi-Annual
		YoY	
Net Sales	**27,713**	97.4%	28,440
Gross Profit	**15,991**	96.8%	16,521
Gross Profit Ratio	57.7%	▲0.4pt	58.1%
SG&A Expenses	**15,885**	101.8%	15,611
SG&A-to-Sales Ratio	57.3%	+2.4pt	54.9%
Operating Profit	**106**	11.7%	909
Operating Profit Ratio	0.4%	▲2.8pt	3.2%
Ordinary Profit	**▲ 284**	-	1,040
Ordinary Profit Ratio	▲1.0%	▲4.7pt	3.7%
Profit attributable to owners of parent	**▲ 390**	-	596
Profit Ratio	▲1.4%	▲3.5pt	2.1%

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FY2025/02 Semi-Annual Consolidated Results Summary

Net Sales 27.71 bil (97.4% YoY)

- Domestic sales were 97.7% year-on-year. While the average purchase amount per customer was strong, the decline in the number of customers affected store sales, especially for the SC brands. On the other hand, sales of department store brands grew to 102.8% year-on-year.
  EC sales increased to 102.1% of the same period in the previous fiscal year.
- We will accelerate the scrapping of brands and stores that are unlikely to grow, and concentrate management resources on new businesses and other growth areas.
- The China JV saw a year-on-year decline in revenue due to the scrapping of unprofitable stores in addition to the difficult environment for consumer spending.
- In the U.S., orders recovered as a result of the stabilization of product supply, and sales increased year-on-year.

Gross Profit 15.99 bil (96.8% YoY)

- In the domestic business, gross profit was 96.5% year-on-year due to factors such as the soaring purchase cost ratio, sluggish growth in discount sales, and an increase in loss on valuation of goods.

Operating Profit 0.1 bil (11.7% YoY)

- Due to factors such as the impact of an increase in SG&A expenses in the domestic business compared to the same period of last year, the decrease in gross profit was not covered.

Loss attributable to owners of parent ▲0.39 bil (same period last year was 0.59 bil)

- Due to the share of loss of entities accounted for using equity method of 365 million yen from the China joint venture, the result was lower than the same period last year.

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FY2025/02 Semi-Annual Domestic Business

(JPY mil)	FY2025/02 Semi-Annual		FY2024/02 Semi-Annual
		YoY	
Net Sales	**25,340**	97.7%	25,939
(Store Sales)	**18,824**	97.3%	19,338
(EC Sales)	**5,030**	102.1%	4,925
Gross Profit	**14,898**	96.5%	15,438
Gross Profit Ratio	58.8%	▲0.7pt	59.5%
SG&A Expenses	**15,106**	100.9%	14,977
SG&A-to-Sales Ratio	59.6%	+1.9pt	57.7%
Operating Profit	**▲ 208**	-	461
Operating Profit Ratio	▲0.8%	▲2.6pt	1.8%
Ordinary Profit	**▲ 282**	-	485
Ordinary Profit Ratio	▲1.1%	▲3.0pt	1.9%
Profit	**▲ 294**	-	288
Profit Ratio	▲1.2%	▲2.3pt	1.1%

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China JV

- Due to the suppression of purchase, sales from China JV were 82.9% year-on-year. A share of loss of entities accounted for using equity method of 365 million yen was recorded due to losses on valuation of goods.
- Due to sluggish growth in retail sales, royalties were 46.1% year-on-year.
- The number of stores decreased by 34 compared to the end of the last fiscal year to 210. We will continue our strategy of maintaining the number of stores, particularly in Beijing and Shanghai, where the impact of the economic downturn in China is minimal, and scrapping unprofitable directly operated stores in regional areas. In addition, we will strengthen the shift to franchising and e-commerce for stores.

(JPY mil)	FY2025/02 Semi-Annual		FY2024/02 Semi-Annual	
	Amount	YoY	Amount	YoY
Sales from China JV				
Wholesale	1,991	85.7%	2,323	116.7%
Royalty	82	46.1%	178	98.2%
Total sales	2,073	82.9%	2,502	115.2%
Profit from China JV				
Equity-method investment gain	▲ 365	-	11	-
51% of JV subsidiary	32	24.7%	131	114.0%
Royalty after tax	57	46.1%	125	98.2%
Total profit	▲ 275	-	267	-

U.S. Business

- In the U.S. business, wholesale sales remained strong as orders recovered with the stabilization of product supply. In addition, EC sales also grew, resulting in year-on-year increases in sales and profits.

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FY2025/02 Semi-Annual Consolidated Sales Breakdown

(JPY mil)	FY2025/02 Semi-Annual			FY2024/02 Semi-Annual	
	Actual	Composition	YoY	Actual	Composition
Net Sales	27,713		97.4%	28,440	
FB/SB Brands	9,230	33.3%	100.4%	9,194	32.3%
SC Brands	12,109	43.7%	94.1%	12,866	45.2%
Dept. Store Brands	2,828	10.2%	102.8%	2,750	9.7%
Overseas	3,130	11.3%	97.1%	3,224	11.3%
Others	414	1.5%	102.3%	405	1.4%

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FY2025/02 Semi-Annual Consolidated SG&A Expenses

(JPY mil)	FY2025/02 Semi-Annual		FY2024/02 Semi-Annual
		YoY	
Net Sales	**27,713**	97.4%	28,440
SG&A Expenses	**15,885** 57.3%	101.8% +2.4pt	15,611 54.9%
Advertising and promotional cost	**937** 3.4%	107.0% +0.3pt	875 3.1%
Salaries and wages	**2,902** 10.5%	100.6% +0.4pt	2,884 10.1%
Store rent and fee for franchisee	**6,204** 22.4%	99.7% +0.5pt	6,226 21.9%
Depreciation	**475** 1.7%	112.2% +0.2pt	423 1.5%
Others	**5,365** 19.4%	103.1% +1.1pt	5,201 18.3%

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FY2025/02 Semi-Annual Consolidated Balance Sheet

(JPY mil)	FY2025/02(2024/08/31)			FY2024/02(2023/08/31)	
	Amount	Composition	YoY	Amount	Composition
Cash and Deposits	10,374	27.1%	84.7%	12,243	33.1%
Accounts Receivable - Trade	11,707	30.6%	115.8%	10,109	27.3%
Merchandise	5,610	14.7%	93.2%	6,018	16.3%
Other Current Assets	368	1.0%	72.2%	511	1.4%
Non-Current Assets	10,152	26.6%	125.2%	8,111	21.9%
Total Assets	38,215	100.0%	103.3%	36,994	100.0%
Liabilities	16,866	44.1%	104.9%	16,075	43.5%
Net Assets	21,348	55.9%	102.1%	20,919	56.5%

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FY2025/02 Semi-Annual Store Openings & Closures

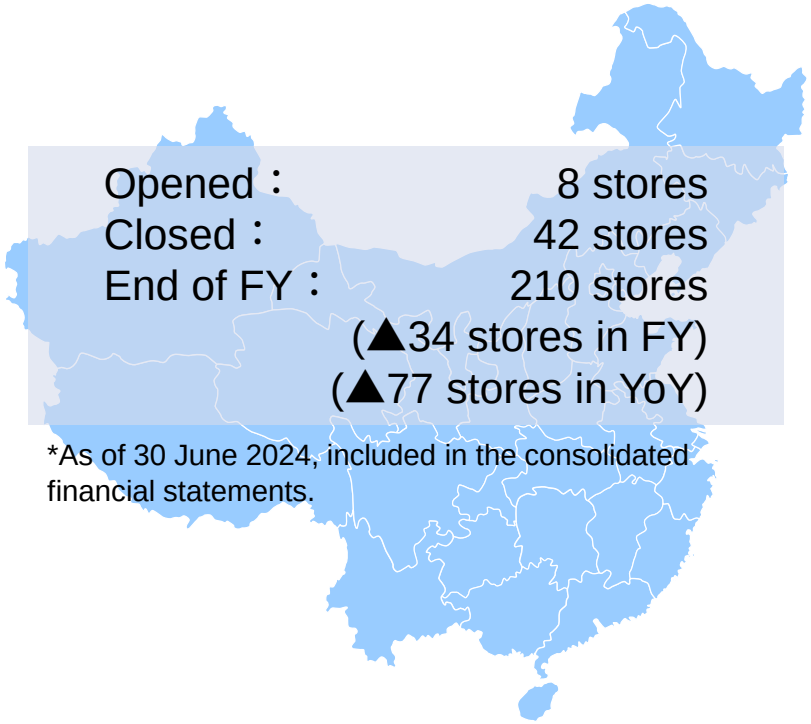
JAPAN



Opened：	10 stores
Closed：	14 stores
End of FY：	357 stores
	(▲4 stores in FY)
	(▲2 stores in YoY)

*As of 31 August 2024

CHINA JV



Opened：	8 stores
Closed：	42 stores
End of FY：	210 stores
	(▲34 stores in FY)
	(▲77 stores in YoY)

*As of 30 June 2024, included in the consolidated financial statements.

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Stores in China JV

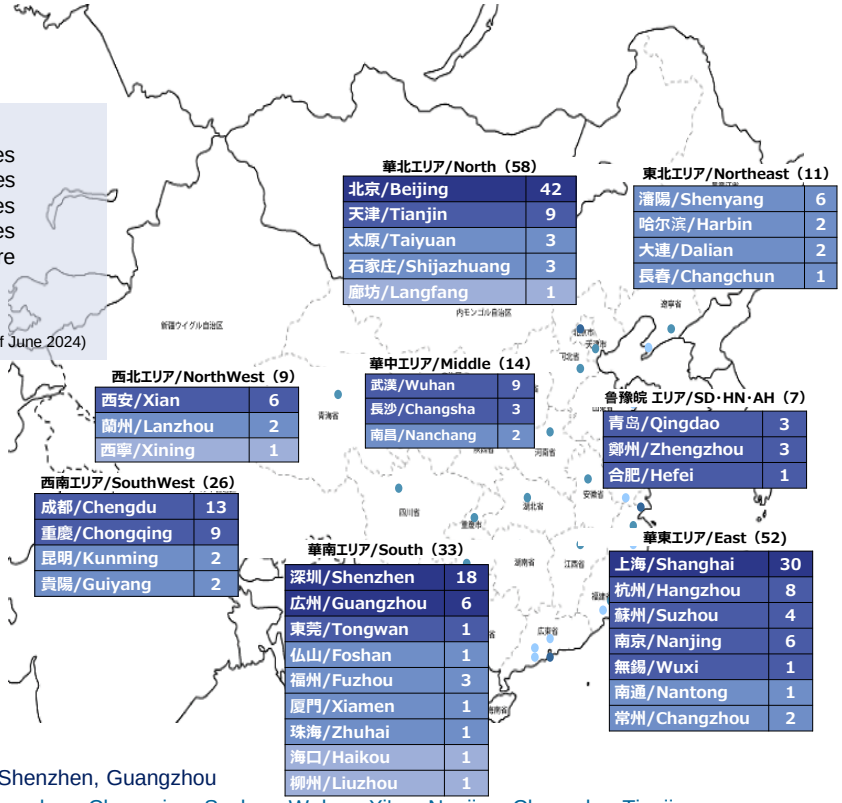
- Number of stores in China: 210 stores (as of the end of June 2024)
- From September 1, 2023, due to area reorganization, changed from 5 areas (East, West, South, North, and Middle) to 8 areas (East, South, North, Middle, Northeast, Northwest, Southwest, SD・HN・AH)
- It is common to classify cities based 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：210 stores

• 1st tier city:	4 cities	96 stores
• New 1st tier city:	14 cities	76 stores
• 2nd tier city:	16 cities	34 stores
• 3rd tier city:	3 cities	3 stores
• 4th tier city:	1 city	1 store

■Number of cities：38 cities

(As of end of June 2024)



華北エリア/North（58）

北京/Beijing	42
天津/Tianjin	9
太原/Taiyuan	3
石家庄/Shijazhuang	3
廊坊/Langfang	1

東北エリア/Northeast（11）

瀋陽/Shenyang	6
哈尔滨/Harbin	2
大連/Dalian	2
長春/Changchun	1

華中エリア/Middle（14）

武漢/Wuhan	9
長沙/Changsha	3
南昌/Nanchang	2

西北エリア/NorthWest（9）

西安/Xian	6
蘭州/Lanzhou	2
西寧/Xining	1

鲁豫皖 エリア/SD·HN·AH（7）

青岛/Qingdao	3
郑州/Zhengzhou	3
合肥/Hefei	1

西南エリア/SouthWest（26）

成都/Chengdu	13
重慶/Chongqing	9
昆明/Kunming	2
貴陽/Guiyang	2

華南エリア/South（33）

深圳/Shenzhen	18
広州/Guangzhou	6
東莞/Tongwan	1
仏山/Foshan	1
福州/Fuzhou	3
厦門/Xiamen	1
珠海/Zhuhai	1
海口/Haikou	1
柳州/Liuzhou	1

華東エリア/East（52）

上海/Shanghai	30
杭州/Hangzhou	8
蘇州/Suzhou	4
南京/Nanjing	6
無錫/Wuxi	1
南通/Nantong	1
常州/Changzhou	2

City Ranking Overview	
Selection Index	・Enrichment of commercial facilities ・Functionality as a hub of the city ・Citizen's activity ・Diversity of lifestyle ・Future possibilities, etc. Based on the above indicators, 337 cities in China are comprehensively ranked up to 1st tier, new 1st tier, 2nd tier, 3rd tier, 4th tier, and 5th tier.
Start Year	2016 (announced once a year)
Notes	The ranking fluctuates each year, and the FY2024 ranking is based on data from FY2023 to early 2024.

City Definition

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

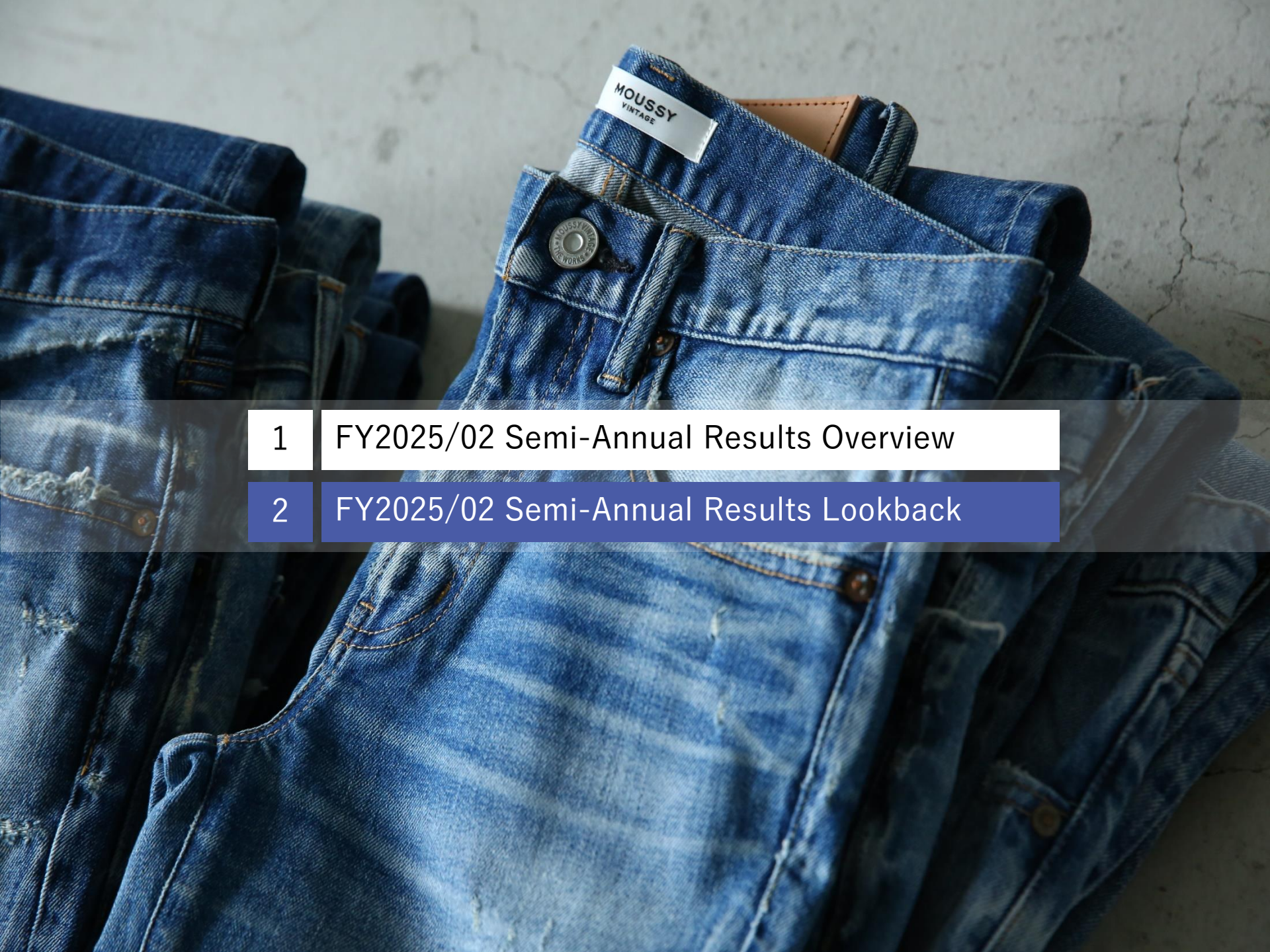
New 1st tier cities (15 cities): Chengdu, Hangzhou, Chongqing, Suzhou, Wuhan, Xi'an, Nanjing, Changsha, Tianjin, Zhengzhou, Dongguan, Wuxi, Ningbo, Qingdao, Hefei ,

2nd tier cities (30 cities): Foshan, Shenyang, Kunming, Jinan, Xiamen, Fuzhou, Wenzhou, Changzhou, Dalian, Shijiazhuang, Nanning, Harbin, Jinhua, Nanchang, Changchun, Nantong, Quanzhou, Guiyang, Jiaxing, Taiyuan, Huizhou, Xuzhou, Shaoxing, Zhongshan, Taizhou, Yantai, Zhuhai, Baoding, Weifang, Lanzhou

3rd tier cities: Please refer to Japanese version

*The above are grouped based on the “Ranking of cities 2024 Business Attractiveness in China” The Rising Lab, the big data project of Yicai Media Group, announced on May 30, 2024).

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1 FY2025/02 Semi-Annual Results Overview

2 FY2025/02 Semi-Annual Results Lookback

Issues in H1

- Domestic Business
  - Domestic sales fell due to a decline in the number of customers for our mainstay SC brands. The main reason for the decline in the number of customers was that, despite our efforts to design a multi-item, small-lot merchandising strategy, it led to stock shortages for some products, resulting in missed sales opportunities. In addition, we restrained changes to sales prices in order to maintain brand value, but sales did not grow as expected. As a result, gross profit fell.
  - Furthermore, operating profit has struggled due to increased SG&A expenses from improved treatment to retain excellent sales staff and employees, enhanced advertising and sales promotion activities in line with the strengthening of e-commerce, and system-related factors.
- China JV
  - Despite actively promoting the scrapping of unprofitable stores, mainly in rural areas, the decline in consumer spending was more severe than expected, and the retail company was unable to improve its earnings.

Initiatives for H2

- Domestic Business
  - Optimize the MD design of the SC brands. Specifically, reduce the number of product items to avoid stock shortages, and optimize purchasing volume to strike a balance with the inventory of carried-over merchandise.
  - Thoroughly implement flexible price changes in line with the sales needs of the SC market.
- China JV
  - Further accelerate closing of unprofitable stores, and in addition, promote the conversion of stores to franchises, and urgently reduce losses for the retail company.

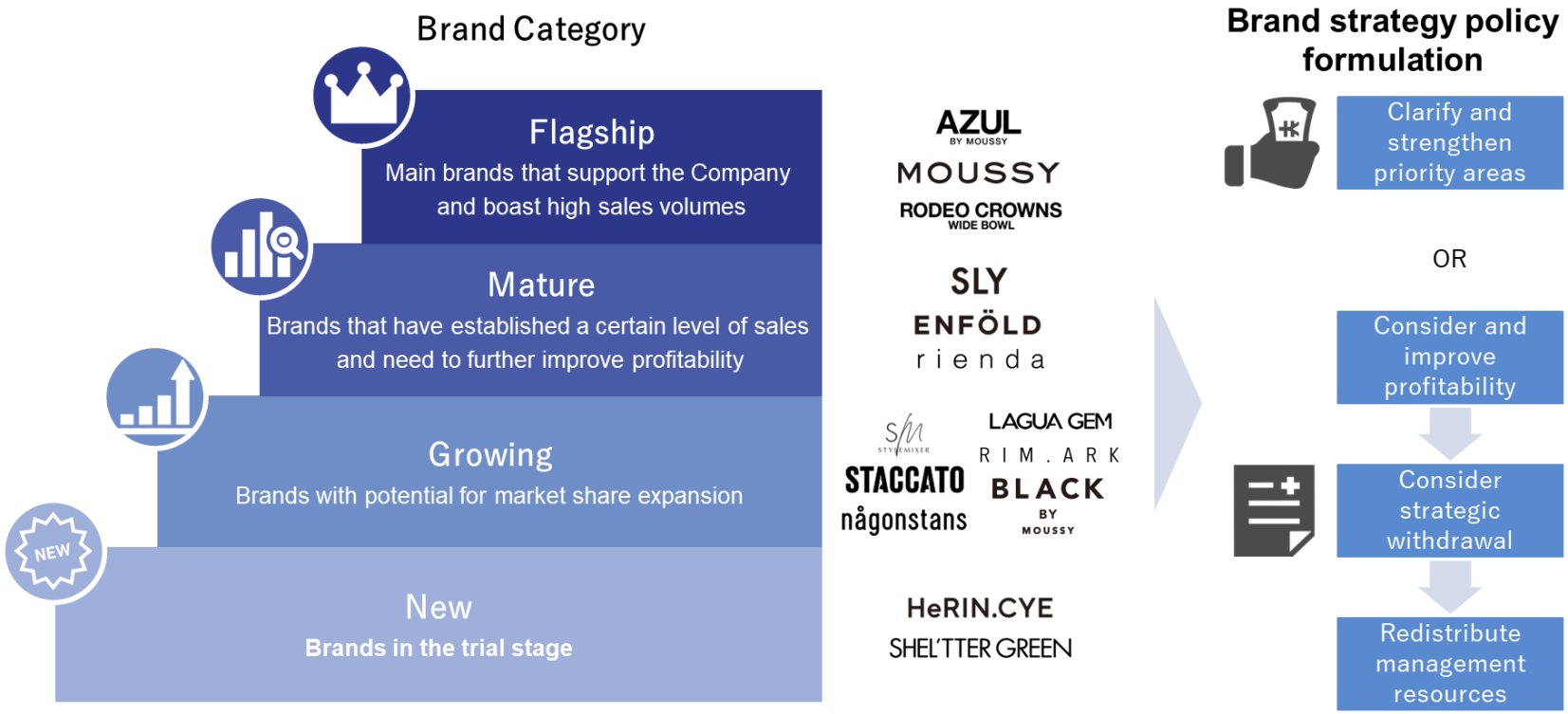
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Appendix

Promotion of Scrap and Build and Redistribution of Management Resources

- We will clarify brand strategy policies and determine which brands should receive concentrated investment of management resources and which require strategic review.
- As for brands with growth potential, we will actively open new stores. In addition, we will consider the surrounding environment and the potential of the area, and optimize the opening and closing of stores and the management format.
- While continuing to scrap brands and stores, we will reallocate management resources to improve the profitability of our core brand business, shift to e-commerce, and develop new businesses.



*Excerpt from the Medium-Term Management Plan announced on July 16, 2024

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Development of New Casual Brand for Adults

- We are currently developing a brand that targets the fashion-oriented adults in their 40s and 50s that we have not been fully reached until now.
- We will create a new casual brand that fuses playfulness and beauty, which quickly incorporates Asian trends and is supported by adult women with a high sense of beauty.

Test marketing using The SHEL'TTER TOKYO

- We will promote the selection of seasonal products from Japan and overseas, including not only clothing but also cosmetics and miscellaneous goods.
- We will accelerate our efforts to introduce this by the end of the year.



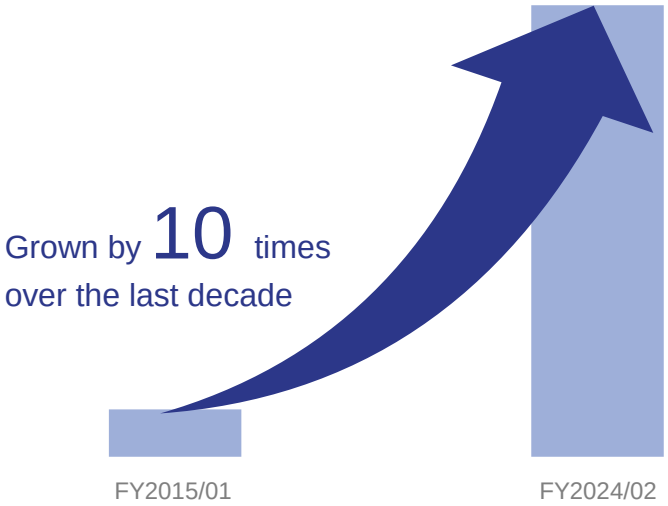
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Development of Ladies’ Footwear Business With China JV Partner

- STACCATO celebrates its 10th anniversary, and its collaboration with its China JV partner (BELLE) in the Japanese market is steadily expanding.
- In addition, we are working to develop a new brand in collaboration with BELLE in the domestic women's footwear market at an early stage.
- We will create a business model that makes the most of BELLE's strengths, including its flexible supply chain, which allows for small lots and short lead times.



STACCATO Sales Trend



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MOUSSY’s Challenge to Further Evolve

- We further strengthen product planning with a global mindset.
- We are deepening our relationships with leading overseas content providers and promoting initiatives aimed at developing new business models.
- In the U.S. market, we will promote the development of new luxury denim to follow MOUSSY VINTAGE, and we will begin test marketing by the end of the year, accelerating our efforts towards an early launch.
- In addition to the U.S. and Europe, MOUSSY VINTAGE is being sold in China, and an exhibition will be held in Shanghai at an early stage.
- As the demand for high-end Japanese denim is expected to grow in the Chinese market, MOUSSY VINTAGE, which is accelerating its overseas rollout, will be introduced to mainland China.

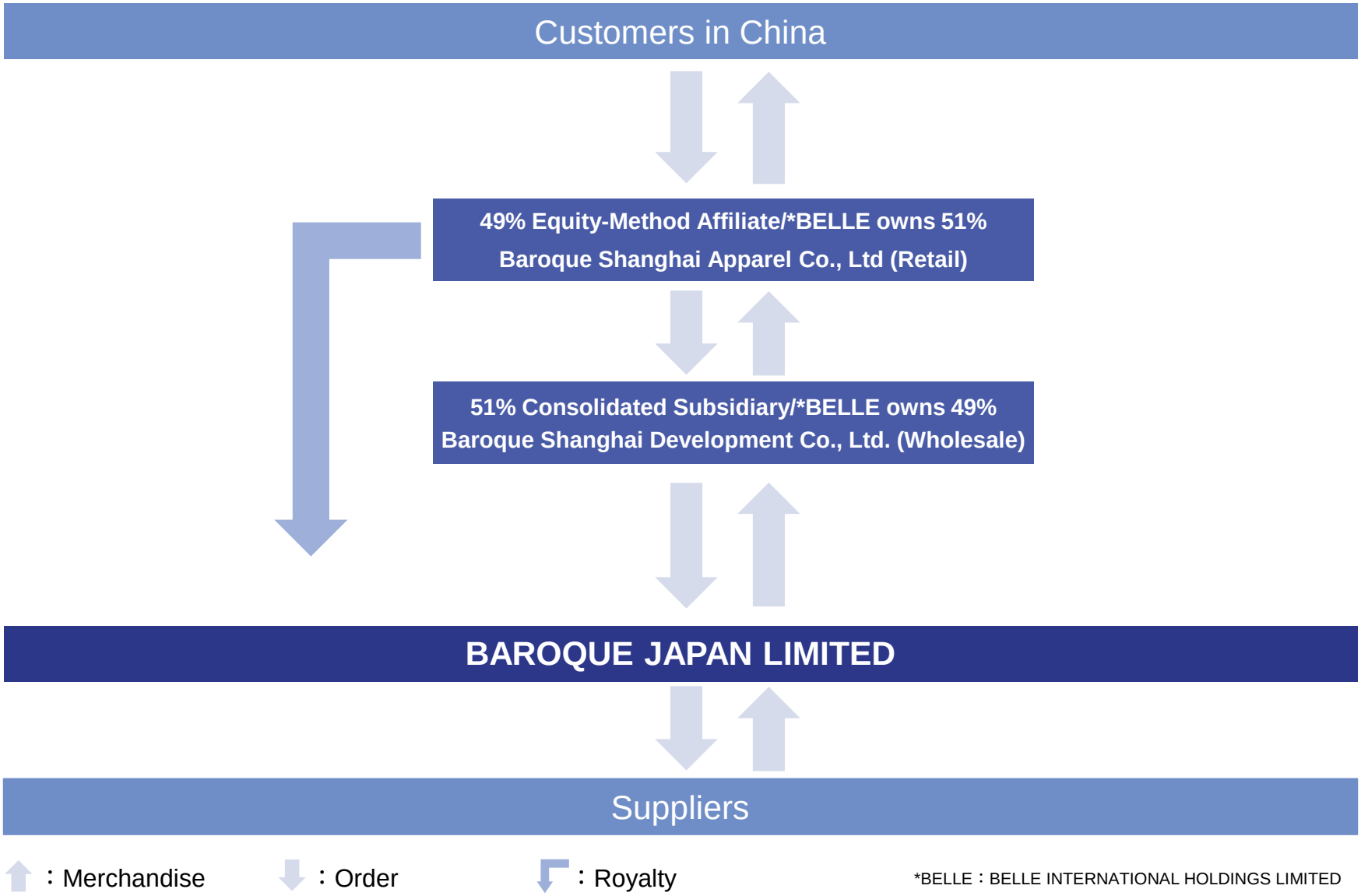
Establish a position in the North American luxury denim market → **Open up the luxury denim markets of China and Europe** → **Expand worldwide as a global denim brand**

Planning	• Strengthen branding and product development capabilities by hiring creative directors with overseas experience, etc. • Further develop luxury denim brands
Production	• Strengthen the development of supply chains to support overseas expansion
Sales	• In addition to our existing business with over 350 accounts in North America and Europe, including major department stores and select shops, continue to develop partnerships around the world • Make effective use of the flagship store in New York as a place to convey the brand's worldview • Grow EC sales by strengthening our own EC site
Infra-structure	• Consider establishing local subsidiaries in Europe and other regions, depending on the status of market development

* Excerpt from the Medium-Term Management Plan announced on July 16, 2024

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China JV Structure



*BELLE：BELLE INTERNATIONAL HOLDINGS LIMITED

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