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October 15, 2025

Consolidated Financial Results for the Six Months Ended August 31, 2025 (Under Japanese GAAP)

Company name: BAROQUE JAPAN LIMITED

Listing: Tokyo Stock Exchange

Securities code: 3548

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Scheduled date to file semi-annual securities report: October 15, 2025

Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

Chairman and CEO (Representative Director)

Manager of Corporate Planning Department

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended August 31, 2025 (from March 1, 2025 to August 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended August 31, 2025	24,801	(10.5)	(77)	-	(15)	-	11	-
August 31, 2024	27,713	(2.6)	106	(88.3)	(284)	-	(390)	-

Note: Comprehensive income For the six months ended August 31, 2025: ¥ (732) million [-%]
For the six months ended August 31, 2024: ¥ 546 million [180.7%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2025	0.32	-
August 31, 2024	(10.84)	-

Note: Diluted earnings per share is not presented since there is no dilutive share.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of August 31, 2025	28,882	13,963	48.3
February 28, 2025	34,051	18,796	45.9

Reference: Equity As of August 31, 2025: ¥ 13,963 million
As of February 28, 2025: ¥ 15,630 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2025	-	0.00	-	38.00	38.00
Fiscal year ending February 28, 2026	-	0.00			
Fiscal year ending February 28, 2026 (Forecast)			-	38.00	38.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial result forecasts for the fiscal year ending February 28, 2026 (from March 1, 2025 to February 28, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	57,602	(1.0)	2,227	174.1	2,139	-	1,338	-	37.22

Note: Revisions to the financial result forecast most recently announced: None

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: - companies()

Excluded: 2 companies(BAROQUE CHINA LIMITED
Baroque Shanghai Development Co., Ltd.)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of August 31, 2025	36,676,300 shares
As of February 28, 2025	36,676,300 shares

(ii) Number of treasury shares at the end of the period

As of August 31, 2025	695,300 shares
As of February 28, 2025	710,400 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended August 31, 2025	35,979,030 shares
Six months ended August 31, 2024	35,985,634 shares

Note: Regarding the number of treasury shares to be deducted in calculating the number of treasury shares at the end of the period and the average number of shares during the period, the company's shares owned by the trust assets of the Board Benefit Trust (BBT) are included in the deductible treasury shares in the calculation.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

Descriptions regarding forward-looking statements, etc. contained in these materials are based on information currently available to the Company and certain assumptions judged reasonable. The Company makes no warranty as to the feasibility of its projections. Future results may differ materially from projections due to various factors.

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1. Management discussion and analysis

(1) Summary of the business

During the six months ended August 31, 2025, the Japanese economy was on a moderate recovery trend backed by improvements in the employment and income environment. Meanwhile, the future outlook for the business environment remained uncertain, due to the increasing downturn risk in consumer confidence triggered by the sluggish growth in real wages resulting from rising prices, in addition to the impact of trade policies in the U.S. and the fluctuations of the monetary and capital markets, as well as concerns for a slowdown of the global economy due to prolonged geopolitical risks in the Middle East and Ukraine.

Domestic business sales were 96.3% year-on-year (store sales 97.1% and e-commerce sales 95.8%). In FB/SB brands, sales of MOUSSY grew to 104.0% year-on-year, thanks to its hit denim line, and in the SC brands, existing store sales of RODEO CROWNS WIDE BOWL recovered to 110.4% year-on-year. However, sales overall fell short of those of the same period of the previous year due to the failure to launch new products of AZUL BY MOUSSY, among other factors.

In terms of gross profit, we significantly reduced valuation losses on merchandise compared to the same period of the previous year through such measures as the strengthening of systematic purchasing controls and promoting the early conversion of merchandise into cash in line with inventory levels.

In addition, we curbed selling, general and administrative expenses to 97.5% year-on-year by reducing sales commissions and cutting back on fixed expenses, among other efforts. As a result of the above, operating loss improved from the same period of the previous year.

As for the U.S. business, the Group has been focusing on a business model primarily centered around e-commerce and wholesale distribution to high-end department stores and select shops, with a focus on selling Japanese-made high-end denim products. While e-commerce sales were higher than the same period of the previous year, we were not able to sufficiently curb selling, general and administrative expenses, resulting in a slight year-on-year decline in profit.

We terminated the Chinese joint venture and transferred shares of our wholesale company and retail company in China.

During the six months ended August 31, 2025, the wholesale company in China, which had been included in the scope of consolidation, was excluded from the scope of consolidation and had impacts on consolidated net sales and other items.

During the six months ended August 31, 2025, the retail company in China, which had been equity-method affiliates, was excluded from the scope of equity-method application, resulting in no share of loss of entities accounted for using the equity method.

In addition, gain on sale of shares of subsidiaries and associates was recorded as a result of the abovementioned share transfer.

As of August 31, 2025, the Group has 339 stores in Japan (255 directly operated, 84 through franchise) and 5 overseas stores (1 directly operated, 4 through franchise) – for a total of 344 stores.

As a result of the above, the six months ended August 31, 2025 saw consolidated net sales of 24,801 million yen (10.5% decrease from the same period last year), operating loss of 77 million yen (operating profit of 106 million yen for the same period last year), ordinary loss of 15 million yen (ordinary loss of 284 million yen for the same period last year), and profit attributable to owners of parent of 11 million yen (loss attributable to owners of parent of 390 million yen for the same period last year).

(2) Financial review

During the six months' period ended August 31, 2025, total assets decreased by 5,168 million yen from the end of the previous fiscal year to 28,882 million yen. This was mainly due to the decrease in accounts receivable - trade by 4,854 million yen and the decrease in merchandise by 207 million yen.

Liabilities decreased by 334 million yen from the end of the previous fiscal year to 14,919 million yen. This was mainly due to the decrease in notes and accounts payable - trade by 520 million yen and the increase in accrued expenses by 190 million yen.

Net assets decreased by 4,833 million yen from the end of the previous fiscal year to 13,963 million yen. This was mainly due to the decrease in capital surplus by 1,376 million yen for the payment of dividends, the increase in retained earnings by 11 million yen from profit attributable to owners of parent, the decrease in foreign currency translation adjustment by 244 million yen, and the decrease in non-controlling interests by 3,166 million yen.

2.Semi-annual Consolidated Financial Statements and Primary Notes

(1) Semi-annual Consolidated Balance Sheet

(Millions of yen)

	As of February 28, 2025	As of August 31, 2025
Assets		
Current assets		
Cash and deposits	11,305	11,221
Accounts receivable - trade	7,760	2,906
Merchandise	5,359	5,151
Supplies	56	68
Other	306	319
Total current assets	24,789	19,667
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,016	1,068
Land	350	350
Construction in progress	52	22
Other, net	328	265
Total property, plant and equipment	1,747	1,706
Intangible assets		
Software	657	541
Software in progress	2,587	2,712
Other	1	1
Total intangible assets	3,246	3,255
Investments and other assets		
Leasehold and guarantee deposits	3,153	3,123
Deferred tax assets	1,064	1,060
Other	50	69
Total investments and other assets	4,268	4,253
Total non-current assets	9,262	9,215
Total assets	34,051	28,882

(Millions of yen)

	As of February 28, 2025	As of August 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,010	2,489
Short-term borrowings	2,000	2,000
Accounts payable - other	1,136	1,144
Accrued expenses	486	677
Income taxes payable	59	132
Guarantee deposited	20	15
Provision for bonuses	321	325
Asset retirement obligations	13	22
Other	268	274
Total current liabilities	7,316	7,081
Non-current liabilities		
Long-term borrowings	6,000	6,000
Long-term accounts payable - other	7	7
Deferred tax liabilities	84	-
Guarantee deposits received	431	431
Provision for share awards for directors (and other officers)	245	240
Retirement benefit liability	8	7
Asset retirement obligations	1,127	1,145
Other	32	5
Total non-current liabilities	7,937	7,838
Total liabilities	15,254	14,919
Net assets		
Shareholders' equity		
Share capital	8,258	8,258
Capital surplus	7,081	5,705
Retained earnings	(367)	(431)
Treasury shares	(724)	(707)
Total shareholders' equity	14,247	12,824
Accumulated other comprehensive income		
Foreign currency translation adjustment	1,382	1,138
Total accumulated other comprehensive income	1,382	1,138
Non-controlling interests	3,166	-
Total net assets	18,796	13,963
Total liabilities and net assets	34,051	28,882

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statement of Income

(Millions of yen)

	For the six months ended August 31, 2024	For the six months ended August 31, 2025
Net sales	27,713	24,801
Cost of sales	11,722	9,725
Gross profit	15,991	15,075
Selling, general and administrative expenses	15,885	15,152
Operating profit (loss)	106	(77)
Non-operating income		
Interest income	12	36
Foreign exchange gains	-	74
Other	12	20
Total non-operating income	25	132
Non-operating expenses		
Interest expenses	21	39
Commission expenses	3	2
Foreign exchange losses	5	-
Loss on retirement of non-current assets	3	24
Share of loss of entities accounted for using equity method	365	-
Other	17	3
Total non-operating expenses	415	70
Ordinary loss	(284)	(15)
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	-	146
Total extraordinary income	-	146
Extraordinary losses		
Impairment losses	92	105
Total extraordinary losses	92	105
Profit (loss) before income taxes	(376)	25
Income taxes - current	59	61
Income taxes - deferred	(76)	(46)
Total income taxes	(17)	14
Profit (loss)	(359)	11
Profit attributable to non-controlling interests	31	-
Profit (loss) attributable to owners of parent	(390)	11

Semi-annual Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the six months ended August 31, 2024	For the six months ended August 31, 2025
Profit (loss)	(359)	11
Other comprehensive income		
Foreign currency translation adjustment	804	(341)
Share of other comprehensive income of entities accounted for using equity method	101	(402)
Total other comprehensive income	905	(743)
Comprehensive income	546	(732)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	207	(232)
Comprehensive income attributable to non-controlling interests	339	(499)

(3) Semi-annual Consolidated Statement of Cash Flows

(Millions of yen)

	For the six months ended August 31, 2024	For the six months ended August 31, 2025
Cash flows from operating activities		
Profit (loss) before income taxes	(376)	25
Depreciation	475	427
Impairment losses	92	105
Increase (decrease) in provision for bonuses	20	4
Interest income	(12)	(36)
Interest expenses and commission fee	24	42
Foreign exchange losses (gains)	22	(31)
Share of loss (profit) of entities accounted for using equity method	365	-
Loss on retirement of property, plant and equipment	3	24
Decrease (increase) in trade receivables	(1,281)	(602)
Decrease (increase) in inventories	(98)	195
Increase (decrease) in trade payables	601	(141)
Increase (decrease) in accounts payable - other	1,174	89
Increase (decrease) in retirement benefit liability	(7)	(1)
Loss (gain) on sale of shares of subsidiaries and associates	-	(146)
Other, net	155	379
Subtotal	1,158	335
Interest received	12	36
Interest paid	(21)	(40)
Income taxes paid	(451)	(88)
Net cash provided by (used in) operating activities	698	242
Cash flows from investing activities		
Purchase of property, plant and equipment	(466)	(330)
Purchase of intangible assets	(743)	(214)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	1,836
Payments of leasehold and guarantee deposits	(58)	(46)
Proceeds from refund of leasehold and guarantee deposits	46	72
Other, net	(32)	(32)
Net cash provided by (used in) investing activities	(1,254)	1,286
Cash flows from financing activities		
Proceeds from short-term borrowings	2,000	2,000
Repayments of short-term borrowings	(2,000)	(2,000)
Dividends paid	(1,376)	(1,376)
Repayments of lease liabilities	(29)	(28)
Net cash provided by (used in) financing activities	(1,405)	(1,405)
Effect of exchange rate change on cash and cash equivalents	155	(207)
Net increase (decrease) in cash and cash equivalents	(1,806)	(84)
Cash and cash equivalents at beginning of period	12,181	11,305
Cash and cash equivalents at end of period	10,374	11,221

(4) Notes to the semi-annual consolidated financial statements

(Note on going concern)

Not applicable.

(Significant change in shareholders' equity)

Not applicable.

(Notes to changes in accounting policies)

(Application of "Accounting Standard for Current Income Taxes" and other standards)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter the "2022 Revised Accounting Standard") and other standards from the beginning of the six months ended August 31, 2025.

With regard to the revision to classification to record income taxes (taxation on other comprehensive income), the Company has conformed to the transitional treatment provided for in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard, and the transitional treatment provided for in the proviso to Paragraph 65-2 (2) of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter the "2022 Revised Implementation Guidance"). The changes in accounting policies have no impact on Semi-annual Consolidated Financial Statements.

With regard to the revision associated with the review of the treatment in the Consolidated Financial Statements in case that gain or loss on the sale of shares in a subsidiary, etc. among consolidated companies is deferred for tax purpose, the 2022 Revised Implementation Guidance has been applied from the beginning of the six months ended August 31, 2025. These changes in accounting policies have been retrospectively applied, and the Semi-annual Consolidated Financial Statements for the previous corresponding period and the Consolidated Financial Statements for the previous fiscal year reflect the retrospective application of these changes in accounting policies. The changes in accounting policies have no impact on the Semi-annual Consolidated Financial Statements for the previous corresponding period and the Consolidated Financial Statements for the previous fiscal year.

(Subsequent events)

(Establishment of joint venture)

The Company, at a meeting of the Board of Directors held on October 15, 2025, resolved to establish a joint venture with JD. com, Inc. (JD.com) to make investments into companies in Japan, including consumer goods companies.

1. The purpose of the establishment of the joint venture

China is a massive consumer market that highly regards the appeal of Japanese products. The size of China's e-commerce market exceeds 3 trillion U.S. dollars, accounting for 51% of the global e-commerce market. The Company, aiming for growth in the medium and long term, prioritizes the expansion of global operations in its management strategies, and to this end, it has been focusing on the growth of the Chinese market.

With the establishment of this joint venture, we will collaborate with JD.com, a leading technology and service provider and China's largest retailer by revenue, and expand investments into consumer goods-related companies in Japan, as a new business endeavor. We will focus on companies capable of developing their products for the Chinese market by leveraging Japan's superior monozukuri (manufacturing) as major investment targets. Post-investment, we will supply Japanese products by utilizing the sales channel of JD.com in China, thereby promoting the value enhancement of our investment targets. The Company aims to accelerate the growth of Japanese products in the global arena, while at the same time providing support by such means as business succession to superior Japanese companies engaged in monozukuri (manufacturing), which are at risk of being lost, and promoting the expansion of their overseas sales channels.

2. Overview of the joint venture

- | | |
|------------------------------|--|
| (1) Name | DB Capital Limited |
| (2) Location of headquarters | Hong Kong Special Administrative Region, China |
| (3) Description of business | Making investments in or acquires consumer goods or other-related business in Japan |
| (4) Capital | 100 million US dollars |
| (5) Date of establishment | In October or November 2025 (tentative) |
| (6) Shareholding ratios | BAROQUE HK LIMITED (wholly-owned subsidiary of the Company): 25% (Note)
Jingdong Group Investment Ltd. (wholly-owned subsidiary of JD. com.): 75% |

(Note) The new company is expected to become an equity-method affiliate of the Company.

(Segment accounting, etc.)

(Segment accounting)

The Group is reporting as one segment with respect to apparel design and selling business. The disclosure of other business is omitted, since it is immaterial.