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April 14, 2026

Consolidated Financial Results for the Fiscal Year Ended February 28, 2026 (Under Japanese GAAP)



Company name: BAROQUE JAPAN LIMITED

Listing: Tokyo Stock Exchange

Securities code: 3548

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Scheduled date of annual general meeting of shareholders: May 27, 2026

Scheduled date to commence dividend payments: May 28, 2026

Scheduled date to file annual securities report: May 28, 2026

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

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

1. Consolidated financial results for the fiscal year ended February 28, 2026 (from March 1, 2025 to February 28, 2026)

(1) Consolidated operating results

(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	%
Fiscal year ended February 28, 2026	51,499	(11.5)	321	(60.5)	383	-	366	-
February 28, 2025	58,180	(3.5)	812	(58.4)	(1,683)	-	(2,575)	-

Note: Comprehensive income For the fiscal year ended February 28, 2026: ¥ (33) million [-%]
For the fiscal year ended February 28, 2025: ¥ (1,989) million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended February 28, 2026	10.19	-	2.4	1.2	0.6
February 28, 2025	(71.58)	-	(14.7)	(4.7)	1.4

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	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2026	32,593	14,705	45.1	408.27
February 28, 2025	34,051	18,796	45.9	434.58

Reference: Equity

As of February 28, 2026: ¥ 14,705 million

As of February 28, 2025: ¥ 15,630 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended February 28, 2026	819	560	(1,435)	11,319
February 28, 2025	2,201	(1,798)	(1,436)	11,305

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended February 28, 2025	-	0.00	-	38.00	38.00	1,376	-	7.8
Fiscal year ended February 28, 2026	-	0.00	-	38.00	38.00	1,376	372.8	9.0
Fiscal year ending February 28, 2027 (Forecast)	-	0.00	-	38.00	38.00		184.1	

3. Consolidated financial result forecasts for the fiscal year ending February 28, 2027 (from March 1, 2026 to February 28, 2027)

(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	52,970	2.9	1,352	320.9	1,302	239.6	743	102.5	20.63

* 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) 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

- (3) Number of issued shares (common shares)

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

As of February 28, 2026	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 February 28, 2026	656,330 shares
As of February 28, 2025	710,400 shares

- (iii) Average number of shares outstanding during the period

Fiscal Year ended February 28, 2026	35,992,834 shares
Fiscal Year ended February 28, 2025	35,975,848 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.

* Financial results reports are exempt from audit 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 current consolidated fiscal year, the Japanese economy was on a moderate recovery trend backed by a rebound in private consumption due to improvements in the employment and income environment, continued inbound demand, and other factors. However, the future outlook remained uncertain due to the prolonged geopolitical risks, continuing rise in prices driven by soaring energy costs, and concerns over the impact of trade policies in the U.S., among other factors.

In the apparel industry, the management environment continued to be challenging to navigate, as the polarization of private consumption and a growing preference for low-priced practical goods driven by a defensive consumer mindset were intensifying against the backdrop of declining real wages due to rising prices, while the impact of climate change forced companies to reconsider their product mix, timing of product launches, and other aspects.

Regarding the Group's domestic business, store sales were 97.1% year-on-year while e-commerce sales were 93.4% year-on-year, both falling short of the previous fiscal year. In FB/SB brands, sales of MOUSSY grew to 103.8% year-on-year, thanks to strong performance in its denim line, collaboration items, and other products. In the SC brands, existing store sales of RODEO CROWNS WIDE BOWL recovered to 112.3% year-on-year. However, AZUL BY MOUSSY, our mainstay brand accounting for approximately 30% of domestic sales, continued to see a decline in customer traffic throughout the fiscal year, becoming the primary factor behind the overall decrease in net sales. Meanwhile, through the strengthening of systematic purchasing controls and the early conversion of merchandise into cash in line with inventory levels, valuation losses on merchandise were significantly reduced compared to the previous fiscal year. Nevertheless, gross profit from the domestic business in the current fiscal year was 97.3% year-on-year, which was lower than the previous fiscal year.

On the other hand, selling, general and administrative expenses were controlled at a level below those of the previous fiscal year as a result of a reduction in sales commissions linked to net sales and the containment of fixed costs, and accordingly, operating profit exceeded that of the previous fiscal 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, selling Japanese-made high-end denim products. While e-commerce sales were higher than the previous fiscal year, we were not able to sufficiently curb selling, general and administrative expenses, and the impact of the bankruptcy of a major department store also contributed to a year-on-year decline in profit.

We terminated the Chinese joint venture with BELLE INTERNATIONAL HOLDINGS LIMITED (hereon, "Belle") and transferred shares of the wholesale company and retail company in China to Belle.

During the fiscal year ended February 28, 2026, the wholesale company in China, which had been included in the scope of consolidation, was excluded from the scope of consolidation, and as a result, this has become a factor in the decrease in consolidated net sales and other items. During the current fiscal year, the retail company in China, which had been an equity-method affiliate, was also 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 above-mentioned transactions.

As of February 28, 2026, the Group has 331 stores in Japan (254 directly operated, 77 through franchise) and 5 overseas stores (1 directly operated, 4 through franchise) – for a total of 336 stores.

As a result of the above, the fiscal year ended February 28, 2026 saw consolidated net sales of 51,499 million yen (11.5% decrease from the prior year), operating profit of 321 million yen (60.5% decrease from the prior year), ordinary profit of 383 million yen (ordinary loss of 1,683 million yen for the prior year), and profit attributable to owners of parent of 366 million yen (loss attributable to owners of parent of 2,575 million yen for the prior year).

(2) Financial review

Total assets, liabilities and net assets as of February 28, 2026 are as follows:

(Total assets)

Total assets at the end of the current consolidated fiscal year decreased by 1,457 million yen from the end of the previous fiscal year to 32,593 million yen. This was mainly due to the decrease in accounts receivable - trade by 5,318 million yen and the increase in investment securities by 3,941 million yen.

(Liabilities)

Liabilities increased by 2,633 million yen from the end of the previous fiscal year to 17,887 million yen. This was mainly due to the decrease in notes and accounts payable - trade by 1,095 million yen and the increase in accounts payable - other by 3,885 million yen.

(Net assets)

Net assets decreased by 4,090 million yen from the end of the previous fiscal year to 14,705 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 366 million yen from profit attributable to owners of parent, the increase in foreign currency translation adjustment by 99 million yen, and the decrease in non-controlling interests by 3,166 million yen.

(3) Cash flows review

Cash and cash equivalents increased by 14 million yen to 11,319 million yen.

A summary of cash flows during the year is as follows:

(Cash flows from operating activities)

Net cash flows provided by operating activities totaled 819 million yen, mainly due to profit before income taxes of 391 million yen, depreciation of 905 million yen, the decrease in inventories by 356 million yen, and the decrease in trade payables by 767 million yen.

(Cash flows from investing activities)

Net cash flows provided by investing activities totaled 560 million yen, mainly due to purchase of property, plant and equipment of 592 million yen, purchase of intangible assets of 649 million yen, and proceeds from sale of shares of subsidiaries of 1,836 million yen.

(Cash flows from financing activities)

Net cash flows used in financing activities totaled 1,435 million yen, mainly due to dividends paid of 1,376 million yen.

(4) Future outlook

Based on the results of the fiscal year under review, we have formulated the “New Medium-Term Management Plan 2027–2028,” positioning the two-year period from the fiscal year ending February 28, 2027 as a “period of business recovery and creation of new businesses.”

Under this plan, we will work on the initiatives described below with the aim of transitioning to a leaner business structure and creating new, highly profitable growth businesses.

As for the recovery of apparel business performance, in the domestic business, we will continue to concentrate management resources on high-profit brands and expand store openings for brands with growth potential, while focusing on developing new brands with net sales exceeding 10 billion yen and creating global brands. At the same time, recovering the customer traffic and net sales of AZUL BY MOUSSY, our mainstay SC brand, is an urgent priority. We will drive a recovery in net sales by applying the know-how of our successful brands in terms of planning capabilities and brand communication to enhance brand value and ability to attract customers.

Regarding the overseas business, the business in China was de-risked through the sale of the Chinese joint venture with Belle in the previous fiscal year, and has transitioned to a stable royalty income model. In addition, as for the business in the U.S., we will continue to focus on highly profitable wholesale operations centered on Japanese-made high-end denim products.

Regarding the transition to an efficient management structure, we will aim to achieve company-wide

optimization and a leaner profit structure by streamlining our organization, promoting labor efficiency, reforming the business operations that had been structured on a brand-by-brand basis, and centralizing business division operations.

As for our entry into new industries, the Company established “DB Capital Limited,” a joint venture with JD.com, Inc. (JD.com) to make investments into consumer goods-related companies and others in Japan, on December 22, 2025. Through this company, we will promote Japan’s finest technology and culture to the world and work to enhance the value of domestic manufacturing companies.

2. Basic approach for the selection of accounting standards

The Group prepares its consolidated financial statements based on the generally accepted accounting principles in Japan to allow comparisons with prior years and other companies.

Regarding the adoption of International Financial Reporting Standards, we shall continue to evaluate both internal and external environments before making a decision.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	As of February 28, 2025	As of February 28, 2026
Assets		
Current assets		
Cash and deposits	11,305	11,319
Accounts receivable - trade	7,760	2,442
Merchandise	5,359	5,003
Supplies	56	64
Other	306	321
Total current assets	24,789	19,151
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,016	1,050
Land	350	350
Construction in progress	52	5
Other, net	328	238
Total property, plant and equipment	1,747	1,643
Intangible assets		
Software	657	507
Software in progress	2,587	3,018
Other	1	0
Total intangible assets	3,246	3,527
Investments and other assets		
Investment securities	-	3,941
Leasehold and guarantee deposits	3,153	3,100
Deferred tax assets	1,064	1,156
Other	50	72
Total investments and other assets	4,268	8,271
Total non-current assets	9,262	13,441
Total assets	34,051	32,593

(Millions of yen)

	As of February 28, 2025	As of February 28, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,010	1,915
Short-term borrowings	2,000	2,000
Current portion of long-term borrowings	-	1,000
Accounts payable - other	1,136	5,022
Accrued expenses	486	589
Income taxes payable	59	159
Guarantee deposited	20	35
Provision for bonuses	321	121
Asset retirement obligations	13	17
Other	268	247
Total current liabilities	7,316	11,107
Non-current liabilities		
Long-term borrowings	6,000	5,000
Long-term accounts payable - other	7	7
Deferred tax liabilities	84	-
Guarantee deposits received	431	406
Provision for share awards for directors (and other officers)	245	191
Retirement benefit liability	8	8
Asset retirement obligations	1,127	1,160
Other	32	5
Total non-current liabilities	7,937	6,779
Total liabilities	15,254	17,887
Net assets		
Shareholders' equity		
Share capital	8,258	8,258
Capital surplus	7,081	5,705
Retained earnings	(367)	(75)
Treasury shares	(724)	(664)
Total shareholders' equity	14,247	13,223
Accumulated other comprehensive income		
Foreign currency translation adjustment	1,382	1,482
Total accumulated other comprehensive income	1,382	1,482
Non-controlling interests	3,166	-
Total net assets	18,796	14,705
Total liabilities and net assets	34,051	32,593

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended February 28, 2025	For the fiscal year ended February 28, 2026
Net sales	58,180	51,499
Cost of sales	25,080	20,572
Gross profit	33,100	30,927
Selling, general and administrative expenses	32,287	30,606
Operating profit	812	321
Non-operating income		
Interest income	45	111
Rental income	15	21
Subsidy income	38	-
Other	21	40
Total non-operating income	121	173
Non-operating expenses		
Interest expenses	50	82
Commission expenses	6	5
Foreign exchange losses	89	4
Loss on retirement of non-current assets	6	7
Share of loss of entities accounted for using equity method	2,436	-
Other	28	11
Total non-operating expenses	2,617	111
Ordinary profit (loss)	(1,683)	383
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	-	146
Total extraordinary income	-	146
Extraordinary losses		
Impairment losses	281	139
Total extraordinary losses	281	139
Profit (loss) before income taxes	(1,965)	391
Income taxes - current	158	145
Income taxes - deferred	272	(121)
Total income taxes	431	24
Profit (loss)	(2,397)	366
Profit attributable to non-controlling interests	177	-
Profit (loss) attributable to owners of parent	(2,575)	366

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended February 28, 2025	For the fiscal year ended February 28, 2026
Profit (loss)	(2,397)	366
Other comprehensive income		
Foreign currency translation adjustment	312	2
Share of other comprehensive income of entities accounted for using equity method	95	(402)
Total other comprehensive income	407	(399)
Comprehensive income	(1,989)	(33)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,250)	466
Comprehensive income attributable to non-controlling interests	261	(499)

(3) Consolidated Statement of Changes in Equity

For the fiscal year ended February 28, 2025

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	8,258	8,059	2,605	(678)	18,244	1,058	1,058	2,900	22,202
Changes during period									
Dividends of surplus		(977)	(398)		(1,376)				(1,376)
Purchase of treasury shares				(45)	(45)				(45)
Profit (loss) attributable to owners of parent			(2,575)		(2,575)				(2,575)
Net changes in items other than shareholders' equity						324	324	266	591
Total changes during period	-	(977)	(2,973)	(45)	(3,997)	324	324	266	(3,405)
Balance at end of period	8,258	7,081	(367)	(724)	14,247	1,382	1,382	3,166	18,796

For the fiscal year ended February 28, 2026

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	8,258	7,081	(367)	(724)	14,247	1,382	1,382	3,166	18,796
Changes during period									
Dividends of surplus		(1,376)			(1,376)				(1,376)
Purchase of treasury shares				(0)	(0)				(0)
Disposal of treasury shares				60	60				60
Profit (loss) attributable to owners of parent			366		366				366
Increase or decrease due to liquidation of consolidated subsidiaries			(74)		(74)				(74)
Net changes in items other than shareholders' equity						99	99	(3,166)	(3,067)
Total changes during period	-	(1,376)	292	60	(1,023)	99	99	(3,166)	(4,090)
Balance at end of period	8,258	5,705	(75)	(664)	13,223	1,482	1,482	-	14,705

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	For the fiscal year ended February 28, 2025	For the fiscal year ended February 28, 2026
Cash flows from operating activities		
Profit (loss) before income taxes	(1,965)	391
Depreciation	937	905
Impairment losses	281	139
Increase (decrease) in provision for bonuses	22	(199)
Interest income	(45)	(111)
Interest expenses and commission fee	56	87
Foreign exchange losses (gains)	17	(3)
Gain on sales of shares of subsidiaries and associates	-	(146)
Share of loss (profit) of entities accounted for using equity method	2,436	-
Loss on retirement of property, plant and equipment	6	7
Decrease (increase) in trade receivables	777	(121)
Decrease (increase) in inventories	149	356
Increase (decrease) in trade payables	635	(767)
Increase (decrease) in accounts payable - other	33	17
Increase (decrease) in retirement benefit liability	(8)	(0)
Other, net	(345)	412
Subtotal	2,990	969
Interest received	45	111
Interest paid	(52)	(85)
Income taxes paid	(781)	(174)
Net cash provided by (used in) operating activities	2,201	819
Cash flows from investing activities		
Purchase of property, plant and equipment	(599)	(592)
Purchase of intangible assets	(1,059)	(649)
Payments of leasehold and guarantee deposits	(110)	(84)
Proceeds from refund of leasehold and guarantee deposits	100	137
Payments for asset retirement obligations	(128)	(85)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	1,836
Net cash provided by (used in) investing activities	(1,798)	560
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	(59)	(59)
Net cash provided by (used in) financing activities	(1,436)	(1,435)
Effect of exchange rate change on cash and cash equivalents	157	69
Net increase (decrease) in cash and cash equivalents	(875)	14
Cash and cash equivalents at beginning of period	12,181	11,305
Cash and cash equivalents at end of period	11,305	11,319

(5) Notes to the consolidated financial statements

(Note on going concern)

Not applicable.

(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 fiscal year under review.

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 the 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 fiscal year under review. These changes in accounting policies have been retrospectively applied, 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 Consolidated Financial Statements for the previous fiscal year.

(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.

(Per share information)

	For the year ended February 28, 2025	For the year ended February 28, 2026
Net assets per share	434.58 yen	408.27 yen
Earnings (losses) per share	(71.58) yen	10.19 yen

(Note) 1. The diluted earnings per share is not disclosed because there are no potentially dilutive common shares.

2. The basis of calculating the net assets per share is as follows:

Item	As at February 28, 2025	As at February 28, 2026
Net assets (million yen)	18,796	14,705
Deduction from net assets (million yen)	3,166	—
(Non-controlling interests) (million yen)	3,166	—
Net assets applicable to common stock shareholders (million yen)	15,630	14,705
Year-end number of shares of common stock used for calculation of net assets per share	35,965,900	36,019,970

3. The basis of calculating the earnings (losses) per share is as follows:

Item	For the year ended February 28, 2025	For the year ended February 28, 2026
Earnings (losses) per share		
Profit (Loss) attributable to owners of parent (million yen)	(2,575)	366
Amount not applicable to common stock shareholders (million yen)	—	—
Profit (Loss) attributable to owners of parent applicable to common stock shareholders (million yen)	(2,575)	366
Average number of shares of common stock outstanding during the year	35,975,848	35,992,834

4. The Company has introduced a performance linked stock compensation system, Board Benefit Trust or BBT. The treasury shares for that purpose were deducted from the total number of common stock when the earnings (losses) per share and net assets per share were calculated.

(Subsequent events)

Not applicable.