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Consolidated Financial Results for the Three Months Ended May 31, 2025 [Japanese GAAP]

July 15, 2025

Company name: BAROQUE JAPAN LIMITED

Listing: Tokyo Stock Exchange

Securities code: 3548

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Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: None

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 Three Months Ended May 31, 2025 (March 1, 2025 to May 31, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
May 31, 2025	12,625	(8.9)	504	(21.9)	511	101.2	483	-
May 31, 2024	13,859	(5.0)	646	(47.3)	254	(76.9)	3	(99.5)

(Note) Comprehensive income: Three months ended May 31, 2025: ¥ (201) million [-%]
Three months ended May 31, 2024: ¥ 438 million [(46.5) %]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
May 31, 2025	13.44	-
May 31, 2024	0.09	-

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

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
May 31, 2025	29,290	14,569	49.7
February 28, 2025	34,051	18,796	45.9

(Reference) Equity: As of May 31, 2025: ¥ 14,569 million
As of February 28, 2025: ¥ 15,630 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	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	-				
Fiscal year ending February 28, 2026 (Forecast)		0.00	-	38.00	38.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2026(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) Revision to the financial results forecast announced most recently: None

* Notes:

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

Newly included: - (Company name:)

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

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

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

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

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

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

May 31, 2025: 36,676,300 shares

February 28, 2025: 36,676,300 shares

2) Number of treasury shares at the end of the period:

May 31, 2025: 695,300 shares

February 28, 2025: 710,400 shares

3) Average number of shares outstanding during the period:

Three months ended May 31, 2025: 35,977,060 shares

Three months ended May 31, 2024: 36,005,368 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.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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.

Contents

1. Management discussion and analysis	2
(1) Summary of the business	2
(2) Financial review	2
2. Quarterly consolidated financial statements and primary notes	3
(1) Quarterly consolidated balance sheet	3
(2) Quarterly consolidated statements of income and comprehensive income	5
(3) Notes to the quarterly consolidated financial statements	7
(Note on going concern)	7
(Significant change in shareholders' equity)	7
(Notes to changes in accounting policies)	7
(Subsequent events)	7
(Segment accounting, etc.)	7
(Note on statement of cash flows)	7

1. Management discussion and analysis

(1) Summary of the business

During the three months ended May 31, 2025, the global economy required even closer attention of fluctuations in prices and other situations against the backdrop of monetary and trade policies of various countries, along with the impact of geopolitical risks, as future outlook rapidly became more uncertain following the announcement of new tariff policies by the U.S. Under such circumstances, private consumption is slowing in the U.S., making it difficult to assess its economic trends. The Japanese economy suffered from weak consumer confidence due to the impact of ongoing price increases and other factors, even amid continued improvement in the employment and income environment.

Domestic business sales were 98.3% year-on-year (store sales 98.9% and e-commerce sales 97.7%). Though sales of FB/SB brands were higher than the same period of the previous year, which was mainly due to robust sales of MOUSSY, whose sales of denim products grew significantly year-on-year, net sales declined from the same period of the previous year due to the negative impacts of struggling SC brands and scrapping of unprofitable stores.

Though we promoted sales at proper prices, a review of list prices, and strengthening sales that would efficiently turn into cash, decline in net sales negatively impacted gross profit.

In addition, we curbed selling, general and administrative expenses to 97.6% year-on-year, and the SG&A-to-sales ratio improved 0.4 percentage points from the same period of the previous year. However, due to high sales-based rent and other factors, operating profit was also experienced a year-on-year decline.

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. E-commerce sales were higher than the same period of the previous year, and we promoted sales at proper prices, curbing selling, general and administrative expenses, resulting in a year-on-year increase in profit.

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

As the wholesale company in China, which had been included in the scope of consolidation, was excluded from the scope of consolidation from the three months' period ended May 31, 2025, a decrease in sales in our business in China had negative impacts on consolidated net sales and other items for the three months ended May 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 equity method for the three months ended May 31, 2025.

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

As of May 31, 2025, the Group has 343 stores in Japan (258 directly operated, 85 through franchise) and 6 overseas stores (1 directly operated, 5 through franchise) – for a total of 349 stores.

As a result of the above, the three months ended May 31, 2025 saw consolidated net sales of 12,625 million yen (8.9% decrease from the same period last year), operating profit of 504 million yen (21.9% decrease from the same period last year), ordinary profit of 511 million yen (101.2% increase from the same period last year), and profit attributable to owners of parent was 483 million yen (15,246.4% increase from the same period last year).

(2) Financial review

During the three months' period ended May 31, 2025, total assets decreased by 4,761 million yen from the end of the previous fiscal year to 29,290 million yen. This was mainly due to the decrease in cash and deposits by 3,099 million yen, the decrease in accounts receivable - trade by 4,409 million yen, the increase in merchandise by 674 million yen, and the increase in other under current assets by 2,085 million yen.

Liabilities decreased by 533 million yen from the end of the previous fiscal year to 14,720 million yen. This was mainly due to the decrease in notes and accounts payable - trade by 646 million yen and the increase in accrued expenses by 128 million yen.

Net assets decreased by 4,227 million yen from the end of the previous fiscal year to 14,569 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 483 million yen from profit attributable to owners of parent, the decrease in foreign currency translation adjustment by 184 million yen, and the decrease in non-controlling interests by 3,166 million yen.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of February 28, 2025	As of May 31, 2025
Assets		
Current assets		
Cash and deposits	11,305	8,205
Accounts receivable - trade	7,760	3,350
Merchandise	5,359	6,034
Supplies	56	56
Other	306	2,392
Total current assets	24,789	20,040
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,016	1,213
Land	350	350
Construction in progress	52	14
Other, net	328	305
Total property, plant and equipment	1,747	1,882
Intangible assets		
Software	657	600
Software in progress	2,587	2,652
Other	1	1
Total intangible assets	3,246	3,254
Investments and other assets		
Leasehold and guarantee deposits	3,153	3,080
Deferred tax assets	1,064	968
Other	50	63
Total investments and other assets	4,268	4,112
Total non-current assets	9,262	9,250
Total assets	34,051	29,290

(Millions of yen)

	As of February 28, 2025	As of May 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,010	2,363
Short-term borrowings	2,000	2,000
Accounts payable - other	1,136	1,088
Accrued expenses	486	614
Income taxes payable	59	63
Guarantee deposited	20	5
Provision for bonuses	321	335
Asset retirement obligations	13	18
Other	268	369
Total current liabilities	7,316	6,858
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	446
Provision for share awards for directors (and other officers)	245	234
Retirement benefit liability	8	7
Asset retirement obligations	1,127	1,148
Other	32	17
Total non-current liabilities	7,937	7,862
Total liabilities	15,254	14,720
Net assets		
Shareholders' equity		
Share capital	8,258	8,258
Capital surplus	7,081	5,705
Retained earnings	(367)	115
Treasury shares	(724)	(707)
Total shareholders' equity	14,247	13,371
Accumulated other comprehensive income		
Foreign currency translation adjustment	1,382	1,197
Total accumulated other comprehensive income	1,382	1,197
Non-controlling interests	3,166	-
Total net assets	18,796	14,569
Total liabilities and net assets	34,051	29,290

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

For the three months ended May 31, 2025

(Millions of yen)

	For the three months ended May 31, 2024	For the three months ended May 31, 2025
Net sales	13,859	12,625
Cost of sales	5,268	4,537
Gross profit	8,591	8,087
Selling, general and administrative expenses	7,945	7,582
Operating profit	646	504
Non-operating income		
Interest income	3	10
Foreign exchange gains	74	15
Subsidy income	0	-
Other	6	7
Total non-operating income	84	33
Non-operating expenses		
Interest expenses	9	19
Commission expenses	1	1
Loss on retirement of non-current assets	-	3
Share of loss of entities accounted for using equity method	464	-
Other	1	2
Total non-operating expenses	477	26
Ordinary profit	254	511
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	-	146
Total extraordinary income	-	146
Profit before income taxes	254	657
Income taxes - current	228	115
Income taxes - deferred	(14)	59
Total income taxes	214	174
Profit	39	483
Profit attributable to non-controlling interests	36	-
Profit attributable to owners of parent	3	483

Quarterly Consolidated Statement of Comprehensive Income
For the three months ended May 31, 2025

(Millions of yen)

	For the three months ended May 31, 2024	For the three months ended May 31, 2025
Profit	39	483
Other comprehensive income		
Foreign currency translation adjustment	352	(282)
Share of other comprehensive income of entities accounted for using equity method	45	(402)
Total other comprehensive income	398	(684)
Comprehensive income	438	(201)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	270	298
Comprehensive income attributable to non-controlling interests	168	(499)

(3) Notes to the quarterly 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 first quarter 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 Quarterly 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 first quarter of the fiscal year under review. These changes in accounting policies have been retrospectively applied, and the Quarterly 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 Quarterly Consolidated Financial Statements for the previous corresponding period and the Consolidated Financial Statements for the previous fiscal year.

(Subsequent events)

Not applicable.

(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.

(Note on statement of cash flows)

The Group has not prepared a consolidated statement of cash flows for the three months ended May 31, 2025. Depreciation (including amortization of intangible assets) for the three months ended May 31, 2024 and 2025 is as follows:

	For the three months ended May 31, 2024	For the three months ended May 31, 2025
Depreciation	242 million yen	216 million yen