

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

(Stock Code 3548)

May 10, 2023

(Start date of electronic provisioning measures: May 2, 2023)

To Shareholders with Voting Rights:

Hiroyuki Murai
Representative Director and
President
Baroque Japan Limited
4-7-7 Aobadai, Meguro-ku,
Tokyo, Japan

**NOTICE OF
THE 24th ANNUAL SHAREHOLDERS' MEETING**

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to the 24th Annual Shareholders' Meeting of Baroque Japan Limited (the "Company"). The meeting will be held for the purposes as described below.

The Company has adopted an electronic method of providing notice of the 24th Annual Shareholders' Meeting, which is posted on the following website.

The Company's website

https://www.baroque-global.com/jp/ir/library/shareholder_meeting/



In addition to the above, the Company has also posted the information on the following website on the Internet

Tokyo Stock Exchange website

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>



If you are unable to attend the meeting, you can exercise your voting rights in writing or electromagnetic methods (internet, etc.). Please review the attached Reference Documents for the Shareholders' Meeting, indicate your vote for or against each proposal on the enclosed Voting Rights Exercise Form, and exercise your voting rights by 7 p.m. on Thursday, May 25, 2023 Japan time.

1. **Date and Time:** Friday, May 26, 2023 at 10 a.m. Japan time (reception will open at 9:30 a.m.)
2. **Venue:** The Garden Room, Yebisu Garden Place,
1-13-2 Mita, Meguro-ku, Tokyo, Japan
3. **Meeting Agenda:**
Matters to be reported:
 1. Business Report, Consolidated Financial Statements for the Company's 24th Term (March 1, 2022 – February 28, 2023) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
 2. Non-Consolidated Financial Statements for the Company's 24th Term (March 1, 2022 - February 28, 2023)

Proposals to be resolved:

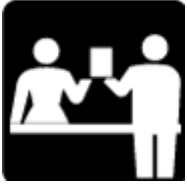
Proposal No. 1: Partial amendment of articles of corporation

Proposal No. 2: Election of Nine (9) Directors

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- Please bring the enclosed Voting Rights Exercise Form and submit it at the reception when attending the meeting.
 - If there are any modifications to the electronic provisioning measures, they will be posted on the respective websites where they are available.
 - With respect to this, General Meeting of Shareholders, regardless of whether or not a request for delivery of the document has been made, all shareholders will receive a uniform document containing information on the measures to be provided electronically.

Information of Exercising Voting Rights

Participation on the day



Date and Time

Friday, May 26, 2023 at 10 a.m. Japan time
Reception will open at 9:30 a.m.

Please submit the enclosed voting rights exercise form to the reception desk at the venue.

Please bring this booklet with you on the day of the shareholders' meeting to save paper resources. If no indication of approval or disapproval is made on the voting form for a proposal, it will be treated as an indication of approval.

Non-participation on the day



Exercise by Mail

Exercise Deadline

Must reach us no later than Wednesday, May 25, 2023, 7 p.m.

Please indicate your approval or disapproval of the agenda on the enclosed Voting Rights Exercise Form and return it so that it arrives by the above exercise deadline. If no indication of approval or disapproval is made on the voting form for a proposal, it will be treated as an indication of approval.



Exercise by Internet

Exercise Deadline

Must reach us no later than Wednesday, May 25, 2023, 7 p.m.

Please access our designated voting rights exercise website (<https://soukai.mizuho-tb.co.jp/>) and enter your approval or disapproval of the resolution by the exercise deadline. In case of more than one exercising, the latest result shall prevail.

If you exercise your voting rights in duplicate with voting rights exercise document and the method via the Internet, the exercise of your voting rights via the Internet will be valid.

About "Smart Exercise

By reading the "Smart Voting Website Login QR Code® for Smartphones" on the enclosed Voting Form, you can access the website without entering your "Voting Code" and "Password".

*You may only exercise your voting rights once by the above method.

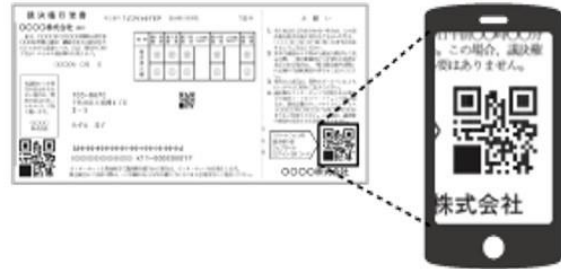


About "Smart Exercise"

You can log in the voting website without entering your voting code and password.

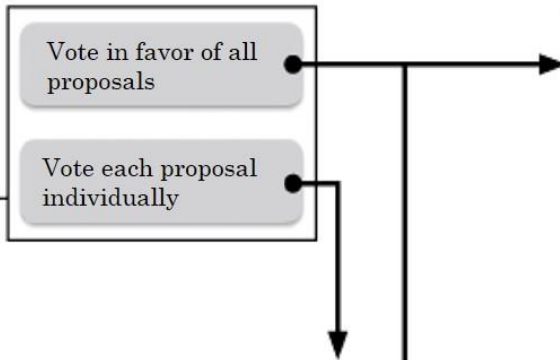
- 1** Access to the voting website for smartphones

Scan the "QR Code® for Smartphone Voting Website" in the lower right corner of the enclosed Voting Form with your smartphone or tablet device.

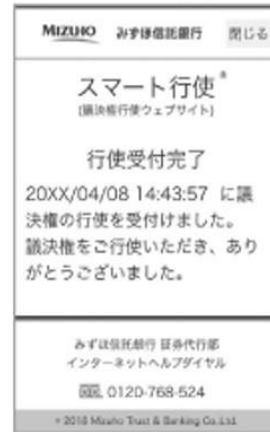


- 2** Choose how to exercise your voting right

Please access voting website by clicking the URL. There are two ways to exercise voting rights.



- 4** Please click "Exercise" after checking the content



- 3** Please vote approval or disapproval of each proposal individually



You may only exercise your voting rights once by Smart Exercise. If you want to revise your approval or disapproval after exercising your voting rights, you have to exercise your voting rights again using the "Exercise by Internet" on the next page.

※"QR code®" is a registered trademark of DENSO WAVE INCORPORATED



Exercise by Internet

1 Visit the voting website.



Voting Website

<https://soukai.mizuho-tb.co.jp/>

Click “Next”

2 Please enter the “voting right exercise code” written on the voting right exercise form.



Enter the “voting right exercise code” and click “Next”

3 Please enter the “Voting Rights Exercise Code” written on the Voting Rights Exercise Form and the “Password” written on the form.



Enter the “Initial Password” and set a new password
Click “Registration”

※ the “Voting Rights Exercise Code” and “Initial Password” are printed on the back of the enclosed voting right exercise form.

※ The costs of connecting and using the internet, shall be borne by shareholders.

Each method of exercising voting rights via the Internet has been confirmed to work with general Internet-connected devices, unserviceable may also occur depending on the equipment and conditions used.

4 Please enter your approval or disapproval by following the instructions on the screen.

Inquiries regarding operation methods, etc.

Mizuho Trust & Banking Securities Agency
Department

☎ 0120-768-524 (Reception hours: 9am-9pm except the year-end and New Year holidays.)

Mizuho Trust & Banking Securities Agency
Department

Shareholder-only call centre

☎ 0120-288-324 (Reception hours: weekdays 9am-5pm)

Inquiries other than matters related to exercising voting rights.

To all the institutional investors

If you apply in advance to use the electronic voting platform for institutional investors operated by ICJ, Inc., you can exercise your voting rights from that platform.

Reference Documents for the Shareholders' Meeting

Proposals and References

Proposal No. 1: Partial amendment of articles of incorporation

1. Reason for Proposal

In order to ensure flexible operation of the Board of Directors, Article 21 of the current Articles of Incorporation, which limits the person with the authority to convene and chair the Board of Directors meetings to the President, shall be amended to allow other directors, including outside directors, to have the authority to convene and chair the meetings.

2. Details of Amendments to the Articles of Incorporation

The details of changes are as follows.

(changed parts are underlined)

Current articles of incorporation	Proposed Change
<p>(Persons authorized to convene meetings of the Board of Directors and Chairman) Article 21. Unless otherwise provided by laws and regulations, <u>the President of the Company</u> shall convene and preside at meetings of the Board of Directors. 2. In the absence or disability of <u>the President</u>, another Director shall convene and preside at meetings of the Board of Directors in the order previously determined by the Board of Directors.</p>	<p>(Persons authorized to convene meetings of the Board of Directors and Chairman) Article 21. Unless otherwise provided by laws and regulations, <u>a Director appointed by the Board of Directors in advance</u> shall convene and preside at meetings of the Board of Directors. 2. In the absence or disability of <u>the Director set forth in the preceding paragraph</u>, another Director in the order previously determined by the Board of Directors shall convene and preside at meetings of the Board of Directors.</p>

Proposal No. 2: Election of Nine Directors

The terms of office of the current eight (8) Directors will expire at the conclusion of this General Meeting of Shareholders. Therefore, in order to further strengthen the management structure, the Company proposes to increase the number of Directors by one (1) and requests the election of nine (9) Directors.

The candidates for Directors are as follows.

No.	Name		Positions and responsibilities in the Company
1	Hiroyuki Murai	Reappoint	Representative Director, President and Chief Executive Officer
2	Akihito Fukasawa	Reappoint	Executive Director and Deputy Chief Executive Officer, General Manager, Sales Management Div.
3	Eiichi Nakamura	Newly Appoint	CEO Advisor
4	Nobuhide Hayashi	Reappoint Outside Director Independent Director	Outside Director
5	Satoru Matsuzaki	Newly Appoint Outside Director Independent Director	
6	Masuo Okumura	Newly Appoint Outside Director Independent Director	
7	Fang Sheng	Reappoint Outside Director	Outside Director
8	Xiaoling Hu	Reappoint Outside Director	Outside Director
9	Yingnan Zhang	Reappoint Outside Director	Outside Director

No.	Name (Date of birth) Number of shares of the Company held	Career summary, positions and responsibilities in our company	
2	<p data-bbox="288 450 544 483">Akihito Fukasawa</p> <div data-bbox="288 510 544 555" style="border: 1px solid black; padding: 2px; text-align: center;">Reappoint</div> <p data-bbox="288 591 544 624">(January 21, 1975)</p> <p data-bbox="288 660 544 694">128,000 shares</p> <p data-bbox="288 730 544 994">Number of years in office as a director : five years and one month (At the conclusion of this Annual Shareholders' Meeting)</p> <p data-bbox="288 1030 544 1160">Attendance at the Board of Directors: 15/15 times (100%)</p>	<p data-bbox="576 315 748 349">Mar 2001</p> <p data-bbox="576 349 748 383">Mar 2005</p> <p data-bbox="576 418 748 452">Feb 2008</p> <p data-bbox="576 488 748 521">Apr 2011</p> <p data-bbox="576 591 748 624">Jan 2014</p> <p data-bbox="576 730 748 763">Jul 2015</p> <p data-bbox="576 822 748 855">Apr 2016</p> <p data-bbox="576 855 748 889">May 2017</p> <p data-bbox="576 965 748 999">Feb 2018</p> <p data-bbox="576 1034 748 1068">Apr 2018</p> <p data-bbox="576 1104 748 1137">Mar 2019</p> <p data-bbox="576 1207 748 1240">May 2019</p> <p data-bbox="576 1310 748 1344">Mar 2021</p> <p data-bbox="576 1344 748 1377">Mar 2022</p> <p data-bbox="576 1413 748 1447">Apr 2022</p> <p data-bbox="576 1447 748 1480">Mar 2023</p>	<p data-bbox="767 315 1059 349">Joined Fakedelic K.K.</p> <p data-bbox="767 349 1410 412">Representative Director, Jackpot Production Co., Ltd.</p> <p data-bbox="767 418 1418 481">Executive Officer, General Manager, SHEL'TTER Business Department, the Company</p> <p data-bbox="767 488 1358 584">Senior Executive Officer, General Manager, SHEL'TTER Business Division, and General Manager, SHEL'TTER Business Department</p> <p data-bbox="767 591 1414 719">Senior Executive Officer, General Manager, Outlet and Wholesale Business Department, and General Manager, Overseas Business Department</p> <p data-bbox="767 725 1353 822">Senior Executive Officer, General Manager, Overseas Business Department, and Deputy General Manager, Sales Control Division</p> <p data-bbox="767 822 1406 855">Director, BAROQUE USA LIMITED (to present)</p> <p data-bbox="767 855 1401 952">Managing Executive Officer, Unit Manager, The Second Unit, and General Manager, Overseas Business Department, the Company</p> <p data-bbox="767 965 1386 1028">Managing Executive Officer, General Manager, Global Business Division, the Company</p> <p data-bbox="767 1034 1418 1097">Director, Managing Executive Officer, General Manager, Global Business Division, the Company</p> <p data-bbox="767 1104 1401 1200">Director, Managing Executive Officer, General Manager, Sales Management Headquarters, the Company</p> <p data-bbox="767 1207 1393 1303">Executive Director and Deputy Chief Executive Officer, General Manager, Sales Management Headquarters, the Company (to present)</p> <p data-bbox="767 1310 1353 1344">Unit Manager, The First Unit, the Company</p> <p data-bbox="767 1344 1358 1406">General Manager, EC Business Division, the Company</p> <p data-bbox="767 1413 1321 1447">Task Force on SCM Reform, the Company</p> <p data-bbox="767 1447 1401 1509">Sales Management Headquarters, the Company (to present)</p>
<p data-bbox="272 1512 695 1545">Significant concurrent positions</p> <p data-bbox="272 1545 756 1576">Director, BAROQUE USA LIMITED</p>			
<p data-bbox="272 1583 908 1617">Reasons for selection as a candidate for Director</p> <p data-bbox="272 1617 1425 1776">Mr. Akihito Fukasawa has been involved in the fashion industry for many years and was mainly in charge of promoting the Company's domestic and overseas apparel business. We believe that he can capitalize on his accumulated experience and track record to lead the Company's global business. Therefore, we request his continued election as a Director.</p>			

No.	Name (Date of birth) Number of shares of the Company held	Career summary, positions and responsibilities in our company	
3	<p data-bbox="284 315 547 376">Eiichi Nakamura</p> <div data-bbox="288 409 542 450" style="border: 1px solid black; padding: 2px;">Newly Appoint</div> <p data-bbox="288 521 539 555">(January 17, 1956)</p> <p data-bbox="360 589 467 622">0 shares</p> <p data-bbox="284 656 547 716">Number of years in office as a director :</p> <p data-bbox="403 728 427 750">—</p> <p data-bbox="288 761 542 822">Attendance at the Board of Directors:</p> <p data-bbox="403 833 427 855">—</p>	<p data-bbox="579 315 703 338">Apr 1979</p> <p data-bbox="579 383 703 405">Apr 2005</p> <p data-bbox="579 483 703 506">Apr 2010</p> <p data-bbox="579 584 703 607">Jun 2015</p> <p data-bbox="579 651 703 674">Apr 2018</p> <p data-bbox="579 719 703 741">Jun 2020</p> <p data-bbox="579 763 703 786">Sep 2021</p> <p data-bbox="579 797 703 819">Jun 2022</p>	<p data-bbox="774 315 1382 376">Joined Itoman Corporation (Now Nippon Steel Trading Corporation)</p> <p data-bbox="774 383 1406 477">Executive Officer and General Manager of Men's Clothing Dept. Second Dept., Nippon Steel Trading Corporation</p> <p data-bbox="774 483 1305 577">Managing Executive Officer and General Manager, China, Nippon Steel Trading Corporation</p> <p data-bbox="774 584 1366 645">Director, Managing Executive Officer, Nippon Steel Trading Corporation</p> <p data-bbox="774 651 1406 712">Director and Senior Managing Executive Officer, Nippon Steel Trading Corporation</p> <p data-bbox="774 719 1329 741">Advisor, Nippon Steel Trading Corporation</p> <p data-bbox="774 763 1262 786">CEO Advisor, Baroque Japan Limited</p> <p data-bbox="774 797 1406 819">AOKI Holdings Inc. Outside Director.(to present)</p>
	<p data-bbox="276 898 695 920">Significant concurrent positions</p> <p data-bbox="276 931 767 954">AOKI Holdings Inc. Outside Director.</p>		
	<p data-bbox="276 999 1262 1021">Reasons for selection as a candidate and expected role for Outside Director</p> <p data-bbox="276 1032 1422 1193">Mr. Eiichi Nakamura has many years of international experience in the garment industry, as well as a wealth of experience and expertise in management positions. We expect that Mr. Nakamura will utilize his rich experience and track record to contribute to SCM reforms and the development of our global business. Therefore, we request his election as a director.</p>		

No.	Name (Date of birth) Number of shares of the Company held	Career summary, positions and responsibilities in our company	
4	<p data-bbox="288 421 545 454">Nobuhide Hayashi</p> <div data-bbox="288 488 545 521" style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Reappoint</div> <div data-bbox="288 566 545 600" style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Outside Director</div> <div data-bbox="288 645 545 712" style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Independent Director</div> <p data-bbox="288 745 545 779">(March 27, 1957)</p> <p data-bbox="288 813 545 846">0 shares</p> <p data-bbox="288 880 545 1115">Number of years in office as a director : four years (At the conclusion of this Annual Shareholders' Meeting)</p> <p data-bbox="288 1149 545 1283">Attendance at the Board of Directors: 14/15 times (93%)</p>	<p data-bbox="579 365 750 398">Apr 1980</p> <p data-bbox="579 409 750 443">Apr 2007</p> <p data-bbox="579 477 750 510">Apr 2009</p> <p data-bbox="579 544 750 577">Jun 2011</p> <p data-bbox="579 611 750 645">Apr 2013</p> <p data-bbox="579 902 750 936">Jun 2013</p> <p data-bbox="579 1014 750 1048">Jul 2013</p> <p data-bbox="579 1104 750 1137">Apr 2014</p> <p data-bbox="579 1149 750 1182">Apr 2017</p> <p data-bbox="579 1193 750 1227">Mar 2019</p> <p data-bbox="579 1238 750 1272">Apr 2019</p> <p data-bbox="579 1283 750 1317">May 2019</p> <p data-bbox="579 1328 750 1361">Jun 2019</p> <p data-bbox="579 1395 750 1429">Jun 2020</p> <p data-bbox="579 1462 750 1496">Apr 2023</p>	<p data-bbox="766 365 1425 465">Joined The Fuji Bank, Limited Executive Officer, General Manager of Sales Department 13, Mizuho Corporate Bank, Ltd.</p> <p data-bbox="766 477 1425 533">Managing Executive Officer in charge of Business Promotion</p> <p data-bbox="766 544 1425 600">Managing Executive Director, Head of International Banking Unit</p> <p data-bbox="766 611 1425 902">Deputy President and Executive Officer, Deputy President in charge of International Banking Unit, Mizuho Financial Group, Inc. Deputy President and Executive Officer, Deputy President in charge of MHCIB International Banking Unit Collaboration, Mizuho Bank, Ltd. Member of the Board of Directors, Deputy President in charge of International Banking Unit, Mizuho Corporate Bank, Ltd.</p> <p data-bbox="766 913 1425 1003">Member of the Board of Directors, Executive Vice President in charge of International Banking Unit</p> <p data-bbox="766 1014 1425 1104">Member of the Board of Directors, Deputy President in charge of International Banking Unit, Mizuho Bank, Ltd.</p> <p data-bbox="766 1115 1425 1205">President, Member of the Board of Directors Chairman, Member of the Board of Directors</p> <p data-bbox="766 1216 1425 1249">Outside Director, Kao Corporation (to present)</p> <p data-bbox="766 1261 1425 1294">Executive Advisor, Mizuho Bank, Ltd.</p> <p data-bbox="766 1305 1425 1339">Outside Director, the Company (to present)</p> <p data-bbox="766 1350 1425 1417">Outside Audit & Supervisory Board Member, JTB Corp. (to present)</p> <p data-bbox="766 1429 1425 1485">TOBU RAILWAY CO.,LTD. Outside Audit & Supervisory Board Director (to present)</p> <p data-bbox="766 1496 1425 1552">Advisor, Mizuho Financial Group, Inc. (to present)</p>
<p data-bbox="271 1494 694 1527">Significant concurrent positions</p> <p data-bbox="271 1538 730 1572">Outside Director, Kao Corporation</p> <p data-bbox="271 1583 1008 1617">Outside Audit & Supervisory Board Member, JTB Corp.</p> <p data-bbox="271 1628 1232 1662">TOBU RAILWAY CO.,LTD. Outside Audit & Supervisory Board Director</p> <p data-bbox="271 1673 778 1706">Advisor, Mizuho Financial Group, Inc.</p>		<p data-bbox="579 1494 1264 1527">Reasons for selection as a candidate and expected role for Outside Director</p> <p data-bbox="579 1538 1425 1897">Mr. Nobuhide Hayashi has many years of International experience in the financial and financial fields at major financial institutions, as well as rich experience and extensive insight as a manager. To strengthen the management supervision function for the sustainable growth of our company and the enhancement of corporate value, especially from the viewpoint of global business development and financial business strategy, we request his continued election as an Outside Director.</p> <p data-bbox="579 1908 1425 1964">Mr. Hayashi serves as a member of the Company's Nominating and Compensation Advisory Committee, a voluntary committee of the Company.</p> <p data-bbox="579 1975 1425 2054">If all the proposals of this General Meeting of Shareholders are passed and approved, he will be asked to serve as the Chairman of the Board of Directors upon subsequent resolution by the Board of Directors .</p>	

No.	Name (Date of birth) Number of shares of the Company held	Career summary, positions and responsibilities in our company
5	<p style="text-align: center;">Satoru Matsuzaki</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Newly Appoint</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Independent Director</div> <p style="text-align: center;">(March 10, 1954)</p> <p style="text-align: center;">0 shares</p> <p>Number of years in office as a director : —</p> <p>Attendance at the Board of Directors: —</p>	<p>Apr 1978 Joined The Seiyu Stores, Ltd. (currently Seiyu Co., Ltd.)</p> <p>Jul 2005 Joined Ryohin Keikaku Co., Ltd. General Manager of Regional Management - Asia, Overseas Operations Division, Ryohin Keikaku Co., Ltd..</p> <p>Feb 2008 Executive Officer, General Manager of Regional Management – China, Overseas Operations Division, Ryohin Keikaku Co., Ltd.</p> <p>May 2011 Director and Executive Officer, General Manager of Overseas Operations Division, Ryohin Keikaku Co., Ltd.</p> <p>May 2012 Managing Director and Executive Officer, General Manager of Overseas Operations Division., Ryohin Keikaku Co., Ltd.</p> <p>May 2013 Senior Managing Director and Executive Officer, General Manager of Overseas Operations Division, Ryohin Keikaku Co., Ltd.</p> <p>May 2015 President and Representative Director, Executive Officer, Ryohin Keikaku Co., Ltd. President and Representative Director, MUJI House Co.,Ltd.</p> <p>Sep 2020 President and Representative Director, Executive Officer, General Manager of Overseas Operations Division, Ryohion Keikaku Co., Ltd.</p> <p>Sep 2021 Vice President and Executive Officer, Ryohion Keikaku Co., Ltd.</p>
<p>Reasons for selection as a candidate and expected role for Outside Director</p> <p>Mr. Matsuzaki Akatsuki has extensive abundant experience and a broad understanding insight as a corporate manager and is well- versed in overseas business.</p> <p>We expect that Mr. Matsuzaki will make efforts to strengthen the management supervisory function for the Company's sustainable growth and enhancement of corporate value, especially from the viewpoint of corporate management and development of global business. Therefore we request his election as an outside director.</p> <p>If he is elected, he will serve as a member of the Nomination and Compensation Advisory Committee, a voluntary committee of the Company.</p>		

No.	Name (Date of birth) Number of shares of the Company held	Career summary, positions and responsibilities in our company	
6	<p>Masuo Okumura Newly Reappoint</p> <p>Outside Director</p> <p>Independent Director</p> <p>(November 8, 1947)</p> <p>0 shares</p> <p>Number of years in office as a director : —</p> <p>Attendance at the Board of Directors: —</p>	<p>Jul 1971 May 2001 Aug 2002 Jan 2004 Mar 2006 Jun 2013 Jul 2013</p>	<p>Joined National Police Agency Chief, the Osaka Prefectural Police Headquarters Director General, the Security Bureau, National Police Agency Superintendent General of the Metropolitan Police Department Chairperson, JAPAN TRAFFIC SAFETY ASSOCIATION Chairperson, Japan Road Traffic Information Center Auditor, Maruichi Steel Tube Ltd. (to present)</p>
	<p>Significant concurrent positions Audit & Supervisory, MARUICHI STEEL TUBE LTD</p>		
<p>Reasons for selection as a candidate and expected role for Outside Director</p> <p>Mr. Masuo Okumura has a wealth of experience and a wide range of insight gained through his many years of service in the police and other government agencies.</p> <p>We expect that Mr. Okumura will make efforts to strengthen the management supervision functions, mainly in the areas of risk management and compliance, for the Company's sustainable growth and enhancement of corporate value. Therefore we request his election as an outside director. Although Mr. Kuroda has no experience directly involved in the management of the Company other than being an outside director, we believe that he will be able to perform his duties appropriately, for the reasons stated above.</p> <p>If he is elected, he will serve as a member of the Nomination and Compensation Advisory Committee, a voluntary committee of the Company.</p>			

No.	Name (Date of birth) Number of shares of the Company held	Career summary, positions and responsibilities in our company	
7	<p style="text-align: center;">Fang Sheng</p> <div style="border: 1px solid black; padding: 2px; margin: 5px 0; text-align: center;">Reappoint</div> <div style="border: 1px solid black; padding: 2px; margin: 5px 0; text-align: center;">Outside Director</div> <p>(November 11, 1972)</p> <p style="text-align: center;">0 shares</p> <p>Number of years in office as a director : nine years and nine months (At the conclusion of this Annual Shareholders' Meeting)</p> <p>Attendance at the Board of Directors: 15/15 times (100%%)</p>	<p>Nov 1993</p> <p>Nov 2005</p> <p>May 2007</p> <p>May 2011</p> <p>Dec 2011</p> <p>Apr 2013</p> <p>Aug 2013</p> <p>Sep 2013</p> <p>Nov 2013</p> <p>Jun 2019</p> <p>Feb 2022</p>	<p>Shanghai Office, Gulf Semiconductor Ltd.</p> <p>Regional Manager, Belle International Holdings Limited</p> <p>Group SVP & Head of Eastern China Region, Belle International Holdings Limited</p> <p>Executive Director, Belle International Holdings Limited (to present)</p> <p>Deputy Chairman, Smile Charity Foundation (to present)</p> <p>Adjunct Professor of Innovation and Entrepreneurship, Tongji University</p> <p>Outside Director, the Company (to present)</p> <p>Director, BAROQUE CHINA APPARELS LIMITED (to present); Representative Director, Baroque Shanghai Apparels Co., Ltd.. (to present)</p> <p>Director, Baroque Shanghai Development Co., Ltd.. (to present)</p> <p>Non-executive Director, Topsports International Holdings Limited (to present)</p> <p>Executive Director & CEO, Belle Fashion Group (to present)</p>
<p>Significant concurrent positions</p> <p>Executive Director, Belle International Holdings Limited</p> <p>Deputy Chairman, Smile Charity Foundation</p> <p>Director, BAROQUE CHINA APPARELS LIMITED</p> <p>Representative Director, Baroque Shanghai Apparels Co., Ltd..</p> <p>Director, Baroque Shanghai Development Co., Ltd..</p> <p>Non-executive Director, Topsports International Holdings Limited</p> <p>Executive Director & CEO, Belle Fashion Group</p>			
<p>Reasons for selection as a candidate and expected role for Outside Director</p> <p>Mr. Fang Sheng has extensive experience and insight in corporate management in China. As an Executive Director of our strategic business partner, Belle International Holdings Limited, we hope that he will contribute to the further development of our Chinese joint venture. Therefore we request his re-election as an Outside Director.</p>			

No.	Name (Date of birth) Number of shares of the Company held	Career summary, positions and responsibilities in our company	
8	<p>Xiaoling Hu</p> <p>Reappoint</p> <p>Outside Director</p> <p>(August 5, 1970)</p> <p>0 shares</p> <p>Number of years in office as a director : nine years and nine months (At the conclusion of this Annual Shareholders' Meeting)</p> <p>Attendance at the Board of Directors: 15/15 times (100%)</p>	<p>Jul 1995</p> <p>May 1999</p> <p>Aug 2002</p> <p>Sep 2005</p> <p>Aug 2013</p> <p>May 2015</p> <p>Jun 2019</p> <p>Jun 2020</p> <p>Jan 2021</p>	<p>Certified Public Accountant, Arthur Andersen & Co.</p> <p>China International Capital Corporation Limited</p> <p>CDH Investments Management (Hong Kong) Limited, Managing Director</p> <p>Non-executive Director, Belle International Holdings Limited (to present)</p> <p>Outside Director, the Company (to present)</p> <p>Non-executive Director, Dali Foods Group Company Limited (to present)</p> <p>Non-executive Director, Topsports International Holdings Limited (to present)</p> <p>CDH Investments Management (Xiamen) Limited, Managing Director (to present)</p> <p>Hangzhou Beika Industrial Co., Limited, Director (to present)</p>
	<p>Significant concurrent positions</p> <p>Non-executive Director, Belle International Holdings Limited</p> <p>Non-executive Director, Dali Foods Group Company Limited</p> <p>Non-executive Director, Topsports International Holdings Limited</p> <p>Managing Director, CDH Investments Management (Xiamen) Limited</p> <p>Director, Hangzhou Beika Industrial Co., Limited</p>		
	<p>Reasons for selection as a candidate and expected role for Outside Director</p> <p>Ms. Xiaoling Hu has rich experience and extensive insight in corporate management in China as well as Asia. As she also serves as a Non-Executive Director of our strategic business partner, Belle International Holdings Limited, we hope that she will contribute to the further development of our Chinese joint venture and global management. Therefore we request her re-election as an Outside Director.</p>		

No.	Name (Date of birth) Number of shares of the Company held	Career summary, positions and responsibilities in our company	
9	<p data-bbox="284 362 542 394">Yingnan Zhang</p> <div data-bbox="284 425 542 465" style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Reappoint</div> <div data-bbox="284 497 542 537" style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Outside Director</div> <p data-bbox="322 568 504 600">(May 8, 1984)</p> <p data-bbox="354 631 472 663">0 shares</p> <p data-bbox="277 694 549 945">Number of years in office as a director : four years (At the conclusion of this Annual Shareholders' Meeting)</p> <p data-bbox="277 976 549 1106">Attendance at the Board of Directors: 15/15 times (100%)</p>	Jul 2007	Senior Analyst, BOC International (China) Limited
	May 2010	Joined ORIX Corporation	
	July 2010	Investment Manager, ORIX (China) Investment Company Limited	
	May 2013	Vice President, ORIX Financial Services Hong Kong Limited	
	May 2014	Senior Vice President, ORIX Asia Capital Limited	
	Apr 2017	Executive Director	
	May 2019	Outside Director, the Company (to present)	
	Apr 2020	Senior Executive Director, ORIX Asia Capital Limited (to present)	
Mar 2022	Chief Executive Officer, ORIX Asia Asset Management Limited (to present)		
<p data-bbox="277 1115 692 1146">Significant concurrent positions</p> <p data-bbox="277 1146 979 1178">Senior Executive Director, ORIX Asia Capital Limited</p> <p data-bbox="277 1178 1098 1209">Chief Executive Officer, ORIX Asia Asset Management Limited</p>			
<p data-bbox="277 1218 1251 1249">Reasons for selection as a candidate and expected role for Outside Director</p> <p data-bbox="277 1249 1406 1352">Ms. Yingnan Zhang has rich experience and extensive insight in the investment business in China and Asia, which can contribute significantly to the development of the Company's global corporate management.</p> <p data-bbox="277 1352 1406 1451">We request her re-election as an Outside Director from the perspective of our sustainable growth and enhancement of corporate value, we expect her to play a key role in the development of global business that we are aiming for.</p>			

- (Notes)
1. Mr. Fang Sheng is concurrently serving as the Executive Director of Belle International Holdings Limited, which indirectly controls a major shareholder of the Company, MUTUAL CROWN LIMITED. In addition, Baroque Shanghai Apparels Co., Ltd., at which he serves as Representative Director is the Company's equity method associate, and there is a transactional relationship involving the use of the Company's brand trademark rights between said company and the Company.
 2. Ms. Yingnan Zhang is concurrently serving as Senior Executive Director of ORIX Asia Capital Limited, and Chief Executive Officer of ORIX Asia Asset Management Limited a company indirectly controlled by ORIX Corporation, a major shareholder of the Company.
 3. Ms. Xiaoling Hu is concurrently serving as the Managing Director of CDH Investments Management (HK) Limited, which indirectly controls a major shareholder of the Company, CDH RUNWAY INVESTMENT (HK) LIMITED.
 4. No significant transactions or other material interest exists between the Company and other corporations at which the other candidates concurrently serve.
 5. Article 27, Paragraph 2 of the Company's Articles of Incorporation stipulates that the Company may enter into an agreement with directors (excluding those who are executive directors) to limit their liability for damages to the Company to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act of Japan, pursuant to Article 427, Paragraph 1 of the said Act. The Company stipulates in Article 27, Paragraph 2 of its Articles of Incorporation that the Company may enter into agreements with directors (excluding those who are executive directors) to limit their liability for damages to the Company to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act of Japan, pursuant to Article 427, Paragraph 1 of the said Act. Accordingly, Mr. Nobuhide Hayashi, Mr. Sheng Fang, Ms. Hu Hsiao Ling, and Ms. Yingnan Zhang have entered into the liability limitation agreement with the Company, and if the reappointment of each of them is approved, the above liability limitation agreement will be continued. If the reappointment of Mr. Matsuzaki and Mr. Okumura is approved, the Company will enter into the same liability limitation agreement with each of them.
 6. Mr. Nobuhide Hayashi, Satoru Matsuzaki and Mansuo Okumura satisfy the requirements for independent directors as stipulated by Tokyo Stock Exchange, Inc..
 7. Mr. Nobuhide Hayashi concurrently serves as an advisor to Mizuho Financial Group, Inc. which is the parent company of Mizuho Bank, Ltd. from which the Company borrows, and served as Chairman of the Board of Mizuho Bank, Ltd. until March 2019, but the Bank is not the Company's main bank and the Company believes that there is no problem with his independence.
 8. The Company has concluded a directors' and officers' liability insurance (D&O insurance) policy with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act of Japan, which insures all directors, and the policy covers the liability of the insured for the performance of their duties and damages arising from claims related to the pursuit of such liability. The insurance policy will cover the insured's liability for the performance of his/her duties and for damages arising from claims related to the pursuit of such liability. If the candidates are elected as proposed, they will be insured under the insurance policy, which is scheduled to be renewed in December 2023 with the same terms and conditions. The premiums are fully paid by the Company.

Reference

The expertise, experience, and expected roles of directors when Proposal No. 2 is approved are as follows.

Name	Positions and responsibilities in the Company	Expertise, experience and expected role					
		Business management	Business strategy, branding, marketing	Global	Financial Accounting	Governance, risk management	Other business knowledge
Hiroyuki Murai	Representative Director, President and Chief Executive Officer	●	●	●	●	●	
Akihito Fukasawa	Executive Director and Deputy Chief Executive Officer	●	●	●	●	●	
Eiichi Nakamura	Director	●	●	●			● Clothing industry knowledge and SCM
Nobuhide Hayashi	Outside Director (Independent Director)	●		●	●	●	● Finance
Satoru Matsuzaki	Outside Director (Independent Director)	●	●	●		●	● Retail industry knowledge
Masuo Okumura	Outside Director (Independent Director)					●	● Legal & Compliance Compliance
Fang Sheng	Outside Director	●	●	●	●	●	● Retail industry knowledge
Xiaoling Hu	Outside Director	●		●	●		● Business investment
Yingnan Zhang	Outside Director			●	●		● Business investment

* Items that are particularly expected for each person are listed.

* It does not represent all the knowledge and experience of each person.

Business Report

(March 1, 2022– February 28, 2023)

1. Overview of the Group

(1) Business in the Fiscal Year under Review

1) Business Progress and Results

During the fiscal year, ended February 28, 2023, despite the impact of the COVID-19 pandemic, signs of recovery showed in the domestic economy as the government no longer asked citizen staying at home. However, the business environment remained uncertain, due to the yen's depreciation and the price of raw material and energy soaring dramatically. In China, Shanghai lockdown was affecting not only China's economy, but also the group's supply chain. Due to the infection spread drastically after the Chinese government relaxed Zero-COVID suddenly, personal consumption became slump.

Regarding the Group's domestic business, after the government relaxed stay-at-home requests, recent data showed recovery in people flow. The shop sales increased to 104.0% year-on-year. Especially, there was significant growth in department store's brand. E-commerce sales were 101.2% year-on-year. In the consolidated fiscal year, domestic sales were 102.7% year-on-year. Through controlling purchases and focusing on full price sales, domestic gross profit in the consolidated fiscal year was 101.5% year-on-year. However, the impact of the rising cost and yen's depreciation was greater than we expected.

Due to the increase in advertising and promotional cost, sales-linked commissions, which included store rent and fee for franchisee, the selling, general and administrative expenses increased by 3.7% compared to the previous year despite the company-wide efforts to control expenses. As a result, operating profit and recurring profit fell below the results of the previous fiscal year.

Regarding the US business in the overseas business, the group is expanding our business with a business model centered on e-commerce and wholesale (for high-end department stores and select shops), sales made in Japan luxury denim products remained strong. The US business achieved significant year-on-year increases in both revenue and profit.

As for the Chinese Joint Venture with Belle International Holdings Limited (hereon, "Belle"), in addition to store closures due to the lockdown in Shanghai, there have been intermittent restrictions on movement in various parts of China even after the lift of lockdown in Shanghai. The group was heavily impacted by the spread of the COVID-19 pandemic. The closure of stores due to the closure of commercial facilities and the cooling of consumer sentiment had a major impact on the Chinese business. Both sales and profit decreased

significantly year-on-year. As a result, we have recorded share of loss of associates of 940 million yen from the joint venture in China.

Furthermore, as part of our efforts to strengthen our business in Asia, an ENFÖLD new store was opened in Seoul, South Korea, in September 2022.

As of February 28, 2023, we have 366 stores in Japan (274 directly operated, 92 through franchise) and 4 overseas stores (1 directly operated, 3 through franchise) – for a total of 370 stores. In addition, the number of stores in the Chinese retail business operated through Joint Venture with Belle has reached 326.

As a result of the above, in the fiscal year ended February 28, 2023, consolidated turnover of 58,842 million yen (0.5% decrease from the prior year), operating profit of 2,150 million yen (21.9% decrease from the prior year), recurring profit of 1,211 million yen (57.5% decrease from the prior year), and loss attributable to owners of the parent was 243 million yen (83.4% decrease from the prior year).

(Turnover by Country)

Turnover and composition by country are as follows:

Country	For the fiscal year under review		Profit for the fiscal year under review
	Turnover (million yen)	Composition (%)	
Japan	51,811	88.0	103.4
China (including Hong Kong)	5,047	8.6	67.7
United States	1,983	3.4	126.3
Total	58,842	100.0	99.5

2) Capital Investments

During the fiscal year under review, the Group made capital investments that amounted to a total of 1,387 million yen. The main investments are as follows:

Rental and guarantee deposits related to new store openings	141 million yen
Investments in store facilities related to new store openings and store renovations	486 million yen
Development of E-commerce systems	242 million yen
Accounting system updates	102 million yen

3) Financing

There are no matters to be noted.

4) Business Transfers, Absorption-Type Splits and Incorporation-Type Splits

Not applicable.

5) Acceptance of Business Transfers from Other Companies

Not applicable.

6) Succession of Rights and Obligations Concerning Businesses of Other

Corporations, Etc. due to Absorption-Type Mergers or Absorption-Type Splits

Not applicable.

7) Shares and Other Equity in Other Companies, Acquisition or Disposal of

Subscription Rights to Shares, Etc.

Not applicable.

(2) Assets and Income

The assets and income of the Group are as follows:

Item	21st term (Year ended February 29, 2020)	22nd term (Year ended February 28, 2021)	23rd term (Year ended February 28, 2022)	24th term (Year ended February 28, 2023) (Fiscal year under review)
Turnover (million yen)	65,880	50,590	59,139	58,842
Net profit (million yen)	2,871	375	1,471	243
Earnings per share (yen)	79.22	10.44	40.87	6.77
Total assets (million yen)	38,282	38,343	38,632	37,245
Equity (million yen)	21,492	20,911	22,437	22,085
Net assets per share (yen)	562.48	536.18	562.36	541.99

(Notes) 1. Earnings per share is calculated using the average number of outstanding shares for the fiscal year.

2. Net assets per share is calculated using the total number of outstanding shares as of the end of the fiscal year.

(3) Significant Parent Companies and Subsidiaries

1) Relationship with Parent Companies

Not applicable.

2) Material Subsidiaries

Material subsidiaries of the Company as of the end of the fiscal year under review are as follows:

Company name	Capital	The Company's holding of voting rights	Principal businesses
BAROQUE HK LIMITED	HKD 257,000 thousand	100.0%	Import and export of clothing
BAROQUE SHANGHAI LIMITED	HKD 90,600 thousand	100.0% (100.0%)	Handling consigned business operations
BAROQUE CHINA LIMITED	HKD 26,000 thousand	51.0% (51.0%)	Investment company dealing with the business in China
Baroque Shanghai Development Co., Ltd.	RMB 20,000 thousand	51.0% (51.0%)	Procurement and sale of clothing, etc.
FRAME LIMITED	HKD 1	100.0% (100.0%)	Business development and trademark management
BAROQUE USA LIMITED	USD 2,900 thousand	100.0%	Sale of clothing, etc.

(Note) Figures inside parentheses “()” in “The Company’s holding of voting rights” column refer to the percentages indirectly held by the Company, out of the Company’s percentage of voting rights.

(4) Challenges

This year marks the third year of the medium-term management plan, and we have positioned it as a year in which the Group will steadily promote measures to achieve the goals set forth in the medium-term management plan. In terms of business, we will continue to work on narrowing down and strengthening the domestic apparel business, steadily growing the Chinese apparel business, and creating new businesses as priority task. In the overseas business, in addition to the Chinese business, we will further strengthen our efforts to further expand the US business. Furthermore, on the infrastructure side, we will focus on sustainability and development of the infrastructure that supports our business.

1) Strengthening and narrowing down the constitution of the domestic apparel business

- a) We will focus on selection and concentration, with narrowing down as a priority strategy for our domestic business. We will also promote scrap-and-build of stores and focus on fields that should be strengthened in the future.
- b) We will promote further improvement of the profit margin as a means of strengthening our constitution. Under recognition of “not over producing = sustainable”, we will work to build a manufacturing system that does not overproduce, and aim to improve business efficiency and customer convenience by strengthening OMO.
- c) Regarding the improvement of brand competitiveness, we will strive to further improve brand value and recognition by transmitting a new "culture" from the Group and proposing a richer life. We will work to strengthen our product planning capabilities and promote product enhancement using multifunctional materials.

2) Steadily growth of the Chinese apparel business

For our business in China, while maintaining continuous growth, we will strengthen and restructure our business management system at the same time. Going forward, we will continue to accelerate EC sales in China, maintain annual growth of about 20 stores in stores, and continue to expand, aiming for steady growth in the Chinese apparel business. In addition, we will continue to promote initiatives such as establishing a brand position in China, improving profit margins, and strengthening product planning capabilities for China in order to strengthen our business management system.

3) Creating new businesses

While making use of the company's strength, we will continue to work on new business that meet the requirements of contributing to the realization of a sustainable society. We aim to create and develop sustainable new businesses and contents by utilizing our strengths of sales and expansion into China. Furthermore, we will also work on launching new brands in line with changing times.

4) Sustainability Response

Our sustainability goals are "to achieve zero waste and zero incinerator", and we will promote measures from the three perspectives of environment, society, and people, such as "what we can do to protect the global environment", "Provide opportunities to contribute to sustainability", and "a workplace where everyone is lively." In addition, our sustainable efforts are not only about making clothes with environmentally friendly materials, but also about making clothes for a sustainable society and company, and we will aim for zero waste by make appropriate quantities of good products and sell them out and aim for the realization of manufacturing that does not overproduce. We will promote efforts to provide a prosperous and expansive future to all stakeholders.

For this fiscal year, we collected and analyzed necessary data on the impact of climate change-related risks and profit opportunities on our business activities and earnings based on the TCFD framework, identified risks and opportunities, and verified our strategies through scenario analysis, which we disclosed.

In addition, we recently established the Sustainability Committee as an organization to review and deliberate on basic policies and important matters related to sustainability.

5) Development of the infrastructure that supports our business

In the current difficult market environment, we will aggressively make investments that will be the base of next growth. We will promote investment to strengthen OMO, construction of new marketing functions, renewal of core system, etc. in preparation for the future growth. We will also work to further improve supply chain management in light of rising raw material prices and rising distribution costs.

We would like to ask our shareholders for their continued support and encouragement.

(5) Principal Businesses (As of February 28, 2023)

The Group consists of the Company and six consolidated subsidiaries of the Company. The Group is mainly engaged in the planning, sales and manufacturing of clothing, etc., principally in the manufacturing and retailing business (SPA*) of

clothing, etc. for women.

(Note) SPA is the abbreviation of “Specialty store retailer of Private Label Apparel.”

(6) Principal Sales Offices and Plants (As of February 28, 2023)

1) Business Offices of the Company

Head office	Meguro-ku, Tokyo
Stores	274 (Direct-operated stores in Japan)

2) Business Offices of Subsidiaries

BAROQUE HK LIMITED	Hong Kong Special Administrative Region, People’s Republic of China
BAROQUE SHANGHAI LIMITED.	Shanghai City, People’s Republic of China
BAROQUE CHINA LIMITED	Hong Kong Special Administrative Region, People’s Republic of China
Baroque Shanghai Development Co., Ltd..	Shanghai City, People’s Republic of China
FRAME LIMITED	Hong Kong Special Administrative Region, People’s Republic of China
BAROQUE USA LIMITED	State of Delaware, United States of America

(7) Employees (As of February 28, 2023)

1) Employees of the Group

Number of employees	Change from previous fiscal year-end
1,488	-14

2) Employees of the Company

Number of employees	Changes from previous fiscal year-end	Average age	Average service period
1,419 (202)	+24(-13)	29.7	6 years and 5 months

- (Notes)
1. The number of employees refers to the number of full-time employees (excluding employees of the Company assigned to other companies), and the number of temporary staff (part-time employees) in the most recent 12 months is specified in parentheses “().”
 2. The number of temporary staff refers to the average number of part-time employees employed in the most recent 12 months (translated in an eight-hour working day basis). This number excludes the number of dispatched employees.

(8) Principal Lenders (As of February 28, 2023)

Lender	Amount borrowed (million yen)
Sumitomo Mitsui Banking Corporation	4,000
Mizuho Bank, Ltd.	3,000
MUFG Bank, Ltd.	1,000

(9) Other Important Information Concerning the Group

Not applicable.

2. Overview of the Company

(1) Shares (As of February 28, 2023)

- 1) Total number of shares authorized to be issued 120,000,000 shares
- 2) Total number of outstanding shares 36,676,300 shares
- 3) Number of shareholders 37,814 persons
- 4) Major shareholders (10 largest shareholders)

Shareholder name	Status of investment in the Company	
	Number of shares	Shareholding ratio
	shares	%
MUTUAL CROWN LIMITED	7,284,600	20.11
ORIX Corporation	6,815,600	18.81
CDH RUNWAY INVESTMENT (HK) LIMITED	5,242,900	14.47
Murai Capital Co., Ltd.	2,600,000	7.17
Qingguang Jin	1,400,000	3.86
Japan Trustee Services Bank, Ltd. (Trust Account)	1,146,700	3.16
Hiroyuki Murai	1,048,100	2.89
Trust & Custody Services Bank, Ltd. (Trust Account)	546,100	1.50
Akihiko Masuda	213,800	0.59
Trust & Custody Services Bank, Ltd. (Trust Account E)	196,400	0.54

(Notes) 1. The shareholding ratio is rounded down to the second decimal place.

2. The Company holds treasury stock (460,400 shares) but is excluded from the above major shareholders. The shareholding ratio is calculated by deducting treasury stock from the total number of outstanding shares. Treasury stock does not include 196,400 shares held by the trust through performance-based stock compensation plan, “the Board Benefit Trust (BBT)”.

(2) Company Officers

1) Directors and Audit & Supervisory Board Members (As of February 28, 2023)

Position	Name	Areas of responsibility at the Company and significant concurrent positions
Representative Director and President	Hiroyuki Murai	Chief Executive Officer Director and Chairman, BAROQUE HK LIMITED Representative Director, BAROQUE SHANGHAI LIMITED. Managing Director, BAROQUE CHINA LIMITED Director, BAROQUE CHINA APPARELS LIMITED Director, Baroque Shanghai Apparels Co., Ltd.. Representative Director, Baroque Shanghai Development Co., Ltd.. Managing Director, FRAME LIMITED Director, BAROQUE USA LIMITED
Director	Akihito Fukasawa	Director, BAROQUE USA LIMITED
Director	Nobuhide Hayashi	Executive Advisor, Mizuho Bank, Ltd. Outside Director, Kao Corporation Outside Audit & Supervisory Board Member, JTB Corp.
Director	Fang Sheng	Belle International Holdings Limited, Executive Director Smile Charity Foundation, Deputy Chairman Director, BAROQUE CHINA APPARELS LIMITED Representative Director, Baroque Shanghai Apparels Co., Ltd.. Director, Baroque Shanghai Development Co., Ltd.. Topsports International Holdings Limited, Non-executive Director Belle Fashion Group, Executive Director & CEO
Director	Xiaoling Hu	CDH Investments Management (Xiamen) Limited, Managing Director Belle International Holdings Limited, Non-executive Director Dali Foods Group Company Limited, Non-executive Director Topsports International Holdings Limited, Non-executive Director Hangzhou Beika Industrial Co., Limited, Director

Position	Name	Areas of responsibility at the Company and significant concurrent positions
Director	Kyosuke Shinozawa	Advisor, Public Interest Incorporated Foundation Capital Markets Research Institute
Director	Kunihisa Hama	Chairperson, Compliance Committee
Director	Yingnan Zhang	Senior Executive Director, ORIX ASIA Capital Limited ORIX Asia Asset Management Limited, Senior Executive Director
Full-time Audit & Supervisory Board Member	Yoshiki Yoshida	
Full-time Audit & Supervisory Board Member	Shinichi Matsuda	
Audit & Supervisory Board Member	Hiroshi Nagayasu	Lawyer, Tozai Sogo Law Office
Audit & Supervisory Board Member	Koichiro Watanabe	Director, Koichiro Watanabe Certified Accountant Office Outside Director, TOMY COMPANY, LTD. Outside Director, New Japan Aircraft Maintenance Co., Ltd.

- (Notes) 1. Directors Mr. Nobuhide Hayashi, Mr. Fang Sheng, Ms. Xiaoling Hu, Mr. Kyosuke Shinozawa, Mr. Kunihisa Hama and Ms. Yingnan Zhang are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act of Japan.
2. Audit & Supervisory Board Members Mr. Yoshiki Yoshida, Mr. Hiroshi Nagayasu and Mr. Koichiro Watanabe are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act of Japan.
3. The Company has reported Outside Directors Mr. Nobuhide Hayashi, Mr. Kyosuke Shinozawa, and Mr. Kunihisa Hama, and Outside Audit & Supervisory Board Members Mr. Yoshiki Yoshida, Mr. Hiroshi Nagayasu and Mr. Koichiro Watanabe as independent directors to Tokyo Stock Exchange, Inc. as specified by the same exchange.
4. Director Mr. Fang Sheng concurrently serves as the Executive Director of Belle International Holdings Limited, which indirectly controls a major shareholder of the Company, MUTUAL CROWN LIMITED. In addition, Baroque Shanghai Apparels Co., Ltd., at which he serves as Representative Director is the Company's equity-method associate, and there is a transactional relationship involving the use of the Company's brand trademark rights between said company and the Company.
5. Director Ms. Xiaoling Hu concurrently serves as the Managing Director of CDH Investments Management (Xiamen) Limited, which indirectly controls a major shareholder of the Company,

CDH RUNWAY INVESTMENT (HK) LIMITED.

6. Director Ms. Yingnan Zhang is concurrently serving as Senior Executive Director of ORIX Asia Capital Limited, a company indirectly controlled by ORIX Corporation, a major shareholder of the Company.
7. There are no significant transactions or other special relationships between the Company and other corporations at which Outside Directors and Outside Audit & Supervisory Board Members concurrently serve.
8. Audit & Supervisory Board Member Mr. Yoshiki Yoshida has years of experience in conducting the internal auditing of corporations, and has considerable knowledge in finance and accounting.

2) Summary of the Liability Limitation Agreement

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act of Japan, the Company has entered into an agreement with each of its Outside Directors and each of its Audit & Supervisory Board Member, to limit their liability for damages, as stipulated in Article 423, Paragraph 1 of the said Act.

The maximum amount of liability for damages based on the agreement is the amount specified by laws and regulations.

3) Summary of the Directors and Officers Liability Insurance

The Company concludes a liability insurance contract with an insurance company for officers, etc. as stipulated in Article 430-3, Paragraph 1 of the Companies Act of Japan, with directors, auditors, executive officers (including those who were in office during the current fiscal year) of the Company and its subsidiaries as insured and all insurance premiums are borne by the Company.

The summary of the insurance is that the insurance company compensates for damages that may occur due to the insured being responsible for the execution of his / her duties or receiving a claim for pursuing the liability and it is updated every year.

However, in the case of damage caused by the insured's act of recognizing that it is a violation of laws and regulations, in order not to impair the appropriateness of the insured's execution of duties, there are certain reasons for exemption, such as not being covered by insurance.

4) Total Compensation to Directors and Audit & Supervisory Board Members in the Fiscal Year under Review

I. Matters concerning the decision policy regarding the content of individual compensation, etc. of directors

Regarding compensation for directors, the Company has a compensation system linked to business performance so that it functions sufficiently as an incentive to continuously improve the value of the company, and the compensation of individual directors is determined by the Nomination and Compensation Advisory Committee. Our basic policy is to respect opinions and set an appropriate level based on each responsibility.

According to this basic policy, the company has resolved and established a decision policy (hereinafter referred to as The Decision Policy) regarding the content of individual compensation for directors at the Board of Directors meeting held on February 17, 2021. Specifically, the compensation of executive directors consists of basic compensation as fixed compensation and performance-based stock compensation, and outside directors who have a supervisory function pay only basic compensation in view of their duties.

The basic compensation for the directors of the Company is a fixed monthly compensation, and is determined by comprehensively considering the level of the other companies, the performance of the Company, and the level of employee salary according to the position, responsibility, etc.

The Company's performance-based stock compensation will be provided with Board Benefit Trust (BBT). For each fiscal year, directors will be given a number

of points that are determined in consideration of their position, achievement level, etc., based on the regulation of Board Benefit Trust, and when the directors retire and the beneficiary requirements stipulated in the regulation of Board Benefit Trust are met, the director will receive share benefits according to the number of points. The number of shares to be paid is calculated by multiplying the points according to the position on the point grant date by the points according to the performance in the evaluation period (the net income attributable to owners of the parent company is used as an index in consideration of the low impact on company performance, while aiming to sustainably improve corporate value by sharing interests with shareholders) and the performance evaluation coefficient in the evaluation period, and 1 point = 1 share.

As a guideline for the compensation ratio for each type of executive director, the composition ratio of basic compensation and performance-based stock compensation is 85:15.

The Company considers that it is appropriate for the President and Representative Director, who oversees business execution, to determine the content of individual compensation for directors, which is made by comprehensively considering the overall performance of the Company and the responsibilities of each director. Based on the delegation of the Board of Directors, Hiroyuki Murai, President and CEO, respects the opinions of the Nomination and Compensation Advisory Committee and decides on the specific content.

Regarding the individual compensation of directors for the current fiscal year, the content and decision method of the Board of Directors conform to the decision policy, the opinions of the Nomination and Compensation Advisory Board are respected, and the individual compensation amount is based on this. It has been decided and we judge that it is in line with the decision policy.

II. Matters concerning resolutions of general meetings of shareholders regarding compensation, etc. of Directors and Audit & Supervisory Board Members

The compensation of the directors was resolved at the 12th Annual Meeting of Shareholders held on April 26, 2011 to be within 1,000 million yen per year (excluding the salary of employees who also serve as employees). The number of directors at the end of the Annual Meeting of Shareholders was 11. In addition, separately from the compensation, at the 18th Annual Meeting of Shareholders held on April 26, 2017, the maximum number of shares of performance-based stock compensation will be up to 72,000 shares per year (of which 31,000 shares will be granted to directors, and outside directors will be not eligible). The number of directors (excluding outside directors) at the end of the Annual Meeting of Shareholders was three.

The compensation of Audit & Supervisory Board Members was resolved at the 10th Annual Meeting of Shareholders held on April 28, 2009 to be within 50 million yen per year. The number of Audit & Supervisory Board Members at the end of the Annual Meeting of Shareholders was three.

III. Total amount of compensation for Directors and Audit & Supervisory Board Member, etc.

Category	Amount of compensation, etc. (million yen)	Total amount by type of compensation (million yen)		Number of officers
		Basic compensation	Performance-based stock compensation	
Directors (of which are Outside Directors)	100 (23)	92 (23)	8 (-)	5 (3)
Audit & Supervisory Board Members (of which are Outside Audit & Supervisory Board Members)	35 (20)	35 (20)	-	4 (3)
Total (of which are Outside officers)	135 (43)	127 (43)	8 (-)	9 (6)

- (Notes)
1. The total amount of compensation, etc. to Directors do not include the employee portion of salary paid to Directors who are concurrently serving as employees.
 2. The performance-based compensation, includes the Board Benefit Trust (BBT) expenses recorded for the fiscal year under review. The BBT is a stock compensation system that records expenses over several years according to the receiving period of the expenses, which was resolved as a form of compensation paid to officers.
 3. Performance-based stock compensation uses net income attributable to owners of the parent of 1,774 million yen as an index for performance evaluation, and the actual result for the current fiscal year is 243 million yen.
 4. Among the Directors, three Directors will not receive any compensation.

5) Outside Officers

Main Activities in the Fiscal Year under Review

Name	Status of main activities
<p>Director Nobuhide Hayashi</p>	<p>Participated in 15 out of 14 meetings of the Board of Directors held during the fiscal year; provided opinions from the perspective of global business development and financial business strategy, making remarks to ensure the appropriateness and appropriateness of the decisions made by the Board of Directors from a standpoint independent of the business executives of the Company. In addition, as a member of the Nomination and Compensation Advisory Committee, which is a voluntary committee of the Company, he makes necessary remarks and advice from an objective and neutral standpoint.</p>
<p>Director Fang Sheng</p>	<p>Participated in all 15 meetings of the Board of Directors during the fiscal year under review; provided opinions from a perspective based on his rich experience and extensive insight acquired especially from engaging in corporate management, regarding global management, including joint ventures in China, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings.</p>
<p>Director Xiaoling Hu</p>	<p>Participated in all 15 meetings of the Board of Directors during the fiscal year under review; provided opinions from a perspective based on her rich experience and extensive insight acquired especially from engaging in corporate management, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings.</p>
<p>Director Kyosuke Shinozawa</p>	<p>Participated in all 15 meetings of the Board of Directors during the fiscal year under review; provided advice and suggestions based on his expert operational experience related to international finance and economics, from a standpoint independent of the Company's business executives, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings. In addition, as the chairman of the Nomination and Compensation Advisory Committee, which is a voluntary committee of the Company, he makes necessary remarks and advice from an objective and neutral standpoint.</p>
<p>Director Kunihisa Hama</p>	<p>Participated in all 15 meetings of the Board of Directors during the fiscal year under review; based on his rich experience and extensive insight acquired especially from engaging in the legal industry and legal administration, from the standpoint of our compliance system and risk management, being independent of our business executives, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings. In addition, as a member of the Nomination and Compensation Advisory Committee, which is a voluntary committee of the Company, he makes necessary remarks and advice from an objective and neutral standpoint. Furthermore, as the chairman of the Compliance Committee of the Company, he makes recommendations and advice regarding the compliance system.</p>

Name	Status of main activities
<p style="text-align: center;">Director Yingnan Zhang</p>	<p>Participated in all 15 meetings of the Board of Directors held during the fiscal year; provided opinions from a perspective based on her rich experience and extensive insight acquired especially from her experience of working in investment business such as China, from a standpoint independent of the Company's business executives, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings.</p>
<p style="text-align: center;">Audit & Supervisory Board Member Yoshiki Yoshida</p>	<p>Participated in all 15 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board during the fiscal year under review; provided opinions based on his rich experience acquired mainly from engaging in internal auditing of corporations and being a full-time audit & supervisory board member, from a standpoint independent of the Company's business executives, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings; as a Full-time Audit & Supervisory Board Member, he conducts as necessary audits of all aspects of management and business execution of Directors.</p>
<p style="text-align: center;">Audit & Supervisory Board Member Hiroshi Nagayasu</p>	<p>Participated in all 15 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board during the fiscal year under review; provided opinions mainly based on his operational experience in the legal field as a lawyer, from a standpoint independent of the Company's business executives, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings; provided appropriate and necessary opinions regarding the Company's compliance and internal control at Audit & Supervisory Board meetings.</p>
<p style="text-align: center;">Audit & Supervisory Board Member Koichiro Watanabe</p>	<p>Participated in all 15 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board during the fiscal year under review; provided opinions from a perspective based on his experience in accounting audits and advisory work as a certified public accountant from a standpoint independent of the Company's business executives, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings; provided appropriate and necessary opinions regarding the Company's compliance and internal control at Audit & Supervisory Board meetings.</p>

(3) **Accounting Auditor**

1) Name of Accounting Auditor

PricewaterhouseCoopers Arata LLC

2) Compensation, etc.

	Compensation, etc.
Accounting Auditor's compensation, etc., for the fiscal year under review	60 million yen
Cash and other benefits payable by the Company or its subsidiaries to Accounting Auditor	60 million yen

(Notes) 1. Under the audit agreement between the Company and its Accounting Auditor, compensation, etc. for audits pursuant to the Companies Act of Japan and audits pursuant to the Financial Instruments and Exchange Act are not strictly separated, and otherwise cannot be separated. Consequently, the above amount reflects the total Accounting Auditor's compensation for the fiscal year under review.

2. The Company's Audit & Supervisory Board agreed to the compensation, etc. to PricewaterhouseCoopers Arata LLC after verifying the actual number of auditing hours in previous fiscal years, trends in compensation for auditing, and the status of performance of duties by the Accounting Auditor, as well as considering the audit plan for the fiscal year under review and the basis for the calculation of estimated compensation, etc.

3) Description of Non-Audit Services

Not applicable.

4) Policy Regarding Determination of Dismissal or Nonreappointment of Accounting Auditor

In the event that the Accounting Auditor is deemed to have met any of the grounds set forth in the Items of Article 340, Paragraph 1 of the Companies Act of Japan, the Company's Audit & Supervisory Board shall dismiss the Accounting Auditor subject to the unanimous consent of the Audit & Supervisory Board Members.

In addition to the case above, if an event that affects the eligibility or independence of the Accounting Auditor occurs, and the Accounting Auditor is deemed unable to conduct appropriate audits as a result, the Company's Audit & Supervisory Board shall, via a resolution at an Audit & Supervisory Board meeting, submit the details of a proposal to dismiss or not reappoint the Accounting Auditor to the Shareholders' Meeting.

(4) System to Ensure Proper Business Execution and Operational Status of the System

Overview of System to Ensure Proper Business Execution

The following is an overview of the system defined to ensure that Directors execute their duties in compliance with laws and regulations and the Articles of Incorporation, and other systems defined to ensure operations of the Company are conducted appropriately.

1) System to ensure that Directors, Executive Officers and employees of the Company and its subsidiaries execute their duties in compliance with laws and regulations and the Articles of Incorporation

- i) The Company and its subsidiaries recognize that adhering to laws and regulations, the Articles of Incorporation, and societal norms (compliance) is the basic principle that underlies corporate activities. All Directors, Executive Officers and employees shall work together as one to thoroughly ensure compliance.
- ii) The Company shall implement measures to establish and strengthen the compliance system through regular activities of the Compliance Committee.
- iii) The Company shall strive for the early discovery of illegal conduct through a whistleblowing system (hotline) entrusted to an external law firm.
- iv) The Internal Audit Office shall regularly audit the compliance system whether it is functioning effectively and report the results at Board of Directors meetings.
- v) The Company shall construct a system of appropriate delegation of authority and auditing between Directors, Executive Officers and employees, by ensuring that they execute duties based on regulations on division of authority and on management approval.

2) System for storage and management of information related to the performance of duties of the Company's Directors

The Company shall construct a system for the appropriate storage and management of information related to business execution as well as proceedings and decisions made at Board of Directors meetings, based on regulations including those regarding the Board of Directors, Executive Officers, document management and the meeting structure.

3) Regulations or any other systems of the Company and its subsidiaries for management of risk of loss

- i) The Board of Directors shall supervise risk management in the Company and its subsidiaries, prevent the occurrence of any event that may significantly affect management, and ensure thorough risk management in every department, through meetings, etc. with the personnel in charge of each department.

- ii) Further strengthen the legal department system and strengthen legal risk management.
 - iii) Based on the regulations related to crisis management, etc., the Company shall construct a system that can respond promptly to a situation where a material risk has emerged and the entire Company needs to take action, such as by establishing an emergency headquarter.
- 4) System to ensure the performance of duties by Directors of the Company and its subsidiaries is efficient
- i) To increase the speed of decision-making by the Board of Directors, the head count of the Company's Board of Directors shall be kept to the minimum, and Board of Directors meetings shall be held flexibly.
 - ii) By effectively utilizing the executive officer system, the Company shall strengthen the supervising function of the Board of Directors over management, through promoting the delegation of authority related to business execution.
 - iii) The Company shall adopt a system where the Company and its subsidiaries can make prompt decisions and share necessary information, via meetings conducted by personnel in charge of the departments, in addition to Board of Directors meetings and Executive Officer meetings.
 - iv) The Company shall create other systems that endeavor to ensure operational efficiency, by implementing measures aimed at the rationalization and digitization of operations.
- 5) System to ensure proper business execution within the Group consisting of the Company and its subsidiaries, and system for reporting on the performance of duties by Directors, etc. of the Company's subsidiaries to the Company
- i) The Company shall conduct the management of its subsidiaries based on regulations regarding the management of subsidiaries and associates.
 - ii) The Internal Audit Office shall conduct the audits of the Company and its subsidiaries.
- 6) Matters related to employees who are to assist duties of the Company's Audit & Supervisory Board Members should they request such employees, independence of such employees from the Directors, and ensuring effectiveness of instructions given to such employees
- i) Employees of the Company's Internal Audit Office shall assist in the duties of the Company's Audit & Supervisory Board Members as necessary.
 - ii) The performance evaluation and disciplinary measures of such employees shall be determined by the Company's Audit & Supervisory Board Members.

- iii) When an employee receives an order necessary for auditing from the Company's Audit & Supervisory Board Members, the employee shall not accept any instructions or orders from the Directors, Executive Officers, etc. regarding the said order.
 - iv) The Company's Directors shall cooperate in creating an environment conducive to auditing, to allow such employees to perform their tasks smoothly.
- 7) System for the Company's Directors, Executive Officers and employees and its subsidiaries' Directors, Audit & Supervisory Board Members and employees to report to the Company's Audit & Supervisory Board Members, other systems for reports to Audit & Supervisory Board Members, and system to ensure a person who makes such a report will not be treated unfavorably because of the report
- i) The Company's Audit & Supervisory Board Members participates in Board of Directors meetings and other important meetings of the Company, as well as meetings with the Directors as necessary, to receive important reports and information about the Company and its subsidiaries.
 - ii) The Company's Directors, Executive Officers and employees, and its subsidiaries' Directors, Audit & Supervisory Board Members and employees will provide to the Company's Audit & Supervisory Board Members any information regarding important matters of the entire Company, the status of compliance, contents of internal auditing, contents of whistleblowing, and other matters deemed necessary by the Audit & Supervisory Board Members, without delay. The Company forbids the unfavorable treatment of a person who makes such a report to the Company's Audit & Supervisory Board Members because of the report.
- 8) Matters related to policy on advance payment or reimbursement procedures of costs arising from the Company's Audit & Supervisory Board Members' performance of duties, and processing of expenses or obligations arising from the performance of other such duties
- When an Audit & Supervisory Board Member of the Company requests advance payment, etc. of costs for the performance of their duties, the request for the expenses or obligations shall be processed swiftly unless the Company deems that the expenses or obligations requested are not necessary for the performance of duties.

9) Other systems to ensure effective audits by the Company's Audit & Supervisory Board Members

- i) The Company shall strengthen the auditing system of Audit & Supervisory Board Members based on the standards for audit by Audit & Supervisory Board Members, etc.
- ii) Based on the standards for audit by Audit & Supervisory Board Members and regulations regarding internal auditing etc., Audit & Supervisory Board Members shall cooperate with the Internal Audit Office and the Accounting Auditor to conduct effective audits.
- iii) The Board of Directors shall create an environment that allows Audit & Supervisory Board Members to obtain advice from external experts such as lawyers, certified public accountants and tax accountants as necessary.

10) Basic policy towards elimination of antisocial forces

The Company and its subsidiaries will not have any associations whatsoever with antisocial forces and groups that threaten the order and security of civil society. Furthermore, the Company and its subsidiaries will firmly refuse any requests from such antisocial forces and groups, and maintain a policy of not making any transactions with any corporation, group or individual related to these forces and groups.

11) System to ensure reliability and fairness of financial reporting

In compliance with laws and regulations such as the Financial Instruments and Exchange Act, the Company and its subsidiaries shall continuously develop, operate and evaluate the system for effective and appropriate internal control over financial reporting, in order to ensure the reliability and fairness of financial reporting.

Summary of Operational Status of System to Ensure Proper Business Execution

The following is an overview of the operational status of the system to ensure proper business execution in the fiscal year under review.

1) Compliance system

The Company has a Compliance Committee that consists of external experts and the Company's Directors. As a general rule, the Compliance Committee holds monthly meetings, where activities related to the promotion of compliance are discussed, and compliance issues are identified and tackled. In the fiscal year under review, in order to raise the awareness of compliance among individuals and organizations, the Company regularly implemented eLearning education, ensured widespread knowledge of the whistleblowing system throughout the Company, as well as implemented internal seminars on topics such as the Subcontract Act and harassment prevention, etc. that relates to the Company's business.

2) Performance of duties by Directors

In the fiscal year under review, 15 Board of Directors meetings were held, where decisions, etc. regarding important matters were made, and supervision was carried out to ensure the performance of duties by Directors and employees were in compliance with laws, regulations and the Articles of Incorporation. In addition, through Executive Officer meetings and Department GM meetings, the Company ensures the fairness and efficiency of its operations.

3) Risk management system

The Company has formulated the Risk Management Regulations for an emergency situation where an event causes a material impact on the management of the Company and its subsidiaries, so as to swiftly grasp the situation, respond to it promptly and appropriately, and reduce the impact on management to a minimum. The Risk Management Regulations stipulate the basic policy of responding to an emergency situation, and that an emergency headquarter headed by the President shall be formed if necessary. Activities to be conducted by the emergency headquarter include gathering of information, deciding on emergency measures and instructing action, cause investigation, and deciding the basic policy of the response. Finally, after the implementation of recurrence prevention measures, etc. is verified, the emergency headquarter will be dismissed. Regarding responses to the press, etc., the General Managers of the Administration Division and the General Affairs Department will be in charge of communication, and ensuring appropriate information management and information provision.

4) Management of subsidiaries and associates

Based on its Authority Regulations and Subsidiaries and Associates Management Regulations, the Company sanctions important matters regarding its subsidiaries and associates, or receives reports from its subsidiaries and associates regarding such matters.

At Board of Directors meetings, the monthly performance of the Group is reported, and progress in terms of the Group's management targets, as well as issues regarding management and corresponding solutions are examined.

5) Performance of duties by Audit & Supervisory Board Members

Based on the audit policy and audit plan for the year decided by the Audit & Supervisory Board, Audit & Supervisory Board Members hold Audit & Supervisory Board meetings. Besides attending Board of Directors meetings, they also participate in important meetings including Executive Officer meetings and Compliance Committee meetings, and improve the effectiveness of audits through

receiving reports, etc. on topics including business performance, the operating status of businesses and the development of internal control from the Company's Executive Officers.

Audit & Supervisory Board Members have regular meetings with the Internal Audit Office and the Accounting Auditor to cooperate by sharing information and exchanging opinions, so as to conduct audits efficiently. Meetings for an exchange of opinions are regularly held between the Representative Director and President and the Audit & Supervisory Board Members.

【Matters concerning corporate governance】

1) Establishment of Nomination and Compensation Advisory Committee

The Company has established a Nomination and Compensation Advisory Committee, and the internal rules stipulate that it shall consist of three or more members and the majority shall be independent outside directors, ensuring the independence of the committee.

The Nomination and Compensation Advisory Board aims to strengthen the objectivity and transparency of the functions of the Board of Directors regarding the nomination and compensation of directors and executive officers, and to further enhance corporate governance. We deliberate on the matters mentioned above in response to the consultation of the Board of Directors and submit opinions to the Board of Directors.

- i) Deliberation of the draft of the issue for the general meeting of shareholders regarding the election or dismissal of directors.
 - ii) Selection, dismissal and deliberation of drafts for division of duties of representative directors to discuss with the board of directors and executive officers (hereinafter referred to as Directors, etc.).
 - iii) Deliberation of performance evaluation of Directors, etc.
 - iv) Deliberation of selection policies and procedures for Directors, etc.
 - v) Deliberation of ideas on diversity and scale of the Board of Directors as a whole.
 - vi) Deliberation of successor plan
 - vii) Deliberation of criteria of determining the independence of independent outside directors.
 - viii) Deliberation of the draft of the issue for the general meeting of shareholders regarding compensation for Directors.
 - ix) Deliberation of the draft of the amount of individual compensation (including calculation method) for Directors, etc.
 - x) Deliberation of policies and procedures including the composition of compensation for Directors, etc.
 - xi) Matters concerning the evaluation of the effectiveness of the Board of Directors.
 - xii) Other matters related to corporate governance.
- ##### 2) Evaluation of the effectiveness of the Board of Directors

The Company will evaluate the effectiveness of the Board of Directors one a year. The details of the effectiveness evaluation conducted in 2022 are as follows.

i) Evaluation method

We conducted a questionnaire to all directors and Audit & Supervisory Board Members, collected and analyzed the response results, discussed the strengths and issues of the Board of Directors of the Company at the Board of

Directors, and evaluated its effectiveness. Regarding the aggregation and analysis of questionnaires, we ensure transparency and effectiveness by utilizing external organizations.

The questionnaire items are the following 7:

- Role and function of the Board of Directors.
- Structure and scale of the Board of Directors.
- Management of the Board of Directors.
- Cooperation with auditing organizations.
- Communication with managers.
- Relationship with shareholders/investors.
- Progress of governance system compared to the previous year.

ii) Analysis and evaluated results of the effectiveness of the Board of Directors.

The Board of Directors of the Company was evaluated that the effectiveness was ensured based on the matter required by the Corporate Governance Code.

In particular, the Company recognizes the following strengths of its Board of Directors: (1) the Board has a full discussion on medium- to long-term management strategies by setting agendas, deliberating content, and devising agenda management, and (2) the Board has an appropriate composition in light of the skills required to realize management strategies.

On the other hand, the Board of Directors discussed the issues of strengthening oversight of nomination and compensation through further utilization of the Nomination and Compensation Advisory Committee, including progress in discussions on succession planning, and executive training, which we believe is an issue for the Board of Directors to address and further improve.

iii) Future action

In order to hold more medium- and long-term discussions at the Board of Directors meetings, we will work to ensure the effectiveness of the Board of Directors and further enhance the level of corporate governance by further enhancing the provision of information to outside directors by devising reporting items and utilizing opportunities other than Board of Directors meetings, as well as promoting discussions on the skills of the Board of Directors and specific discussions on succession planning..

(5) Policy for Deciding Distribution of Surplus, etc.

The Group positions the return of profits to shareholders as one of the most important tasks of management, and has a basic policy of implementing stable dividends while considering the amount of internal reserves necessary to strengthen the financial structure and support active business development. Going forward, from a medium- to long-term perspective, the Company will strive for sustainable growth, enhancing corporate value and increasing shareholder value by investing management resources into business fields where growth is expected.

Furthermore, the Company adopts a basic policy aiming at a stable payout, and we will continue to secure adequate internal reserves to ensure the ongoing expansion and development of the business and strengthen our corporate structure to enable us to cope with changes in the industry and increased business competition.

The Group will distribute a final dividend of ¥38 per share for the fiscal year under review.

Consolidated Balance Sheet

(As of February 28, 2023)

(Unit: million yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
I Current assets	29,184	I Current liabilities	10,235
Cash and cash equivalents	14,744	Notes payables	26
Trade receivables	8,023	Trade payables	2,963
Inventories	5,917	Short-term interest-bearing borrowings	2,000
Consumables	66	Interest-bearing borrowings	3,000
Others	432	Other payables	997
II Non-current assets	8,061	Accrued expenses	488
1 Property, plant and equipment	1,553	Current tax payable	196
Buildings and leasehold improvements	1,027	Provision for bonus	292
Land	350	Provision for reinstatement costs	18
Construction in progress	17	Deposits received	33
Others	157	Others	218
2 Intangible assets	1,235	II Non-current liabilities	4,924
Software	824	Interest-bearing borrowings	3,000
Others	410	Provision for retirement benefits	18
3 Investments and other assets	5,272	Provision for reinstatement costs	1,099
Investments in and advances to associates	774	Other payables	7
Rental deposits	3,150	Deposits received	477
Deferred tax assets	1,297	Deferred tax liabilities	78
Others	51	Provision for share awards for directors	221
		Others	21
		Total liabilities	15,159
		(Equity)	
		I Shareholders' equity	18,667
		1 Share capital	8,258
		2 Share premium	8,059
		3 Retained earnings	3,036
		4 Treasury stock	(686)
		II Other reserves	854
		1 Foreign currency translation reserve	854
		III Non-controlling interests	2,563
		Total equity	22,085
Total assets	37,245	Total liabilities and equities	37,245

(Note) Figures of less than one million are truncated.

Consolidated Income Statement
(March 1, 2022 - February 28, 2023)

(Unit: million yen)

Description	Amount	
Turnover		58,842
Cost of goods sold		25,432
Gross profit		33,410
Selling, general and administrative expenses		31,259
Operating profit		2,150
Non-operating income		
Interest income	8	
Rent Income	14	
Subsidy from regional bureau	20	
Subsidy income	141	
Other income	46	231
Non-operating expenses		
Interest on bank and other loans	30	
Finance charges	6	
Loss on disposals of property, plant and equipment	16	
Loss on foreign exchange	147	
Share of loss of associates	940	
Other expenses	30	1,171
Recurring profit		1,211
Extraordinary expenses		
Impairment loss	138	138
Profit before taxation		1,072
Corporation tax, inhabitants tax and business tax	379	
Deferred income tax	217	597
Profit for the year		474
Profit attributable to non-controlling interests		230
Profit attributable to owners of parent		243

(Note) Figures of less than one million are truncated.

Consolidated Statement of Changes in Equity

(March 1, 2022- February 28, 2023)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Share premium	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 1, 2022	8,258	8,059	4,168	(692)	19,793
Changes during the fiscal year					
Dividend	—	—	(1,376)	—	(1,376)
Disposal of treasury stock	—	—	—	6	6
Profit attributable to owners of parent	—	—	243	—	243
Net changes other than shareholders' equity	—	—	—	—	—
Total changes during the fiscal year	—	—	(1,132)	6	(1,126)
Balance as of February 28, 2023	8,258	8,059	3,036	(686)	18,667

	Other reserves		Non-controlling interests	Total equity
	Foreign currency translation reserve	Total other reserves		
Balance as of March 1, 2022	459	459	2,184	22,437
Changes during the fiscal year				
Dividend	—	—	—	(1,376)
Disposal of treasury stock	—	—	—	6
Profit attributable to owners of parent	—	—	—	243
Net changes other than shareholders' equity	395	395	379	774
Total changes during the fiscal year	395	395	379	(351)
Balance as of February 28, 2023	854	854	2,563	22,085

(Note) Figures of less than one million are truncated.

Balance Sheet
(As of February 28, 2023)

(Unit: million yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
I Current assets	21,209	I Current liabilities	9,149
Cash and cash equivalents	10,839	Notes payables	26
Trade receivables	3,961	Trade payables	2,182
Inventories	5,598	Short-term interest-bearing borrowings	2,000
Consumables	66	Interest-bearing borrowings	3,000
Prepaid expenses	183	Other payables	901
Short-term loans receivable	300	Accrued expenses	484
Others	260	Advances received	42
		Provision for bonus	292
II Non-current assets	10,635	Provision for reinstatement costs	18
1 Property, plant and equipment	1,535	Deposits received	33
Buildings and leasehold improvements	1,022	Others	168
Tools, furniture and fixtures	119		
Land	350	II Non-current liabilities	4,838
Construction in progress	17	Interest-bearing borrowings	3,000
Others	26	Provision for retirement benefits	18
		Provision for reinstatement costs	1,092
2 Intangible assets	1,235	Other payables	7
Software	824	Deposits received	477
Others	410	Provision for share awards for directors	221
		Others	21
3 Investments and other assets	7,865		
Investments in subsidiaries and associates	3,379	Total liabilities	13,987
Rental deposits	3,110		
Loans receivable	150	(Equity)	
Prepaid expenses	51	I Shareholders' equity	17,857
Deferred tax assets	1,173	1 Share capital	8,258
		2 Share premium	8,059
		(1) Legal capital surplus	8,055
		(2) Other capital surplus	3
		3 Retained earnings	2,226
		(1) Other retained earnings	2,226
		Retained earnings brought forward	2,226
		4 Treasury stock	(686)
		Total equity	17,857
Total assets	31,845	Total liabilities and equities	31,845

(Note) Figures of less than one million are truncated.

Income Statement
(March 1, 2022 - February 28, 2023)

(Unit: million yen)

Description	Amount	
Turnover		53,142
Cost of goods sold		22,259
Gross profit		30,883
Selling, general and administrative expenses		29,691
Operating profit		1,191
Non-operating income		
Interest income	7	
Rent Income	14	
Subsidy from regional bureau	20	
Other income	30	73
Non-operating expenses		
Interest on bank and other loans	30	
Finance charges	3	
Loss on disposals of property, plant and equipment	16	
Loss on foreign exchange	39	
Other expenses	10	99
Recurring profit		1,165
Extraordinary expenses		
Impairment loss	138	138
Profit before taxation		1,027
Corporation tax, inhabitants tax and business tax	125	
Deferred income tax	206	332
Profit for the year		695

(Note) Figures of less than one million are truncated.

Statement of Changes in Equity
(March 1, 2022 - February 28, 2023)

(Unit: million yen)

	Shareholders' equity						Total equity
	Share capital	Share premium		Retained earnings	Treasury stock	Total shareholders' equity	
		Legal capital surplus	Other capital surplus	Other retained earnings			
				Retained earnings brought forward			
Balance as of March 1, 2022	8,258	8,055	3	2,907	(692)	18,532	18,532
Changes during the fiscal year							
Dividend	—	—	—	(1,376)	—	(1,376)	(1,376)
Disposition of treasury stock	—	—	—	—	6	6	6
Profit for the year	—	—	—	695	—	695	695
Total changes during the fiscal year	—	—	—	(681)	6	(674)	(674)
Balance as of February 28, 2023	8,258	8,055	3	2,226	(686)	17,857	17,857

(Note) Figures of less than one million are truncated.

Independent Auditor's Report
(English Translation*)

April 25, 2023

To the Board of Directors of Baroque Japan Limited

PricewaterhouseCoopers Aarata LLC
Tokyo Office

Sakae Toda, CPA
Designated limited liability Partner
Engagement Partner
Kazuaki Sekine, CPA
Designated limited liability Partner
Engagement Partner

Opinion

We have audited, pursuant to Article 444(4) of the Companies Act of Japan, the accompanying consolidated financial statements, which comprise the consolidated balance sheet, consolidated profit and loss statement, statement of changes in net assets and notes to the consolidated financial statements, and the consolidated supplementary schedules of Baroque Japan Limited (hereinafter referred to as the "Company") for the fiscal year from March 1, 2022 to February 28, 2023.

In our opinion, the consolidated financial statements and the consolidated supplementary schedules referred to above present fairly, in all material respects, the financial position and its financial performance of the company consist of Baroque Japan Limited and consolidated subsidiaries for the period covered by the consolidated financial statements and the consolidated supplementary schedules in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Consolidated Supplementary Schedules* section of our report. We are independent of the Company and consolidated subsidiaries in accordance with the ethical requirements that are relevant to our

audit of the consolidated financial statements and the consolidated supplementary schedules in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and the supplementary schedules. Management is responsible for the preparation and disclosure of the other information. In addition, those charged with governance are responsible for overseeing the Company's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Auditors and Board of Corporate Auditors for the Consolidated Financial Statements and the Consolidated Supplementary Schedules

Management is responsible for the preparation and fair presentation of the consolidated financial statements and the consolidated supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements and the consolidated supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the consolidated supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Auditors and board of corporate auditors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the consolidated supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and the consolidated supplementary schedules.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the consolidated supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements and the consolidated supplementary schedules are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements and the consolidated supplementary schedules, including the disclosures, and whether the consolidated financial statements and the consolidated

supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

- The auditor is responsible for obtaining sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to enable the auditor to form an opinion on the consolidated financial statements. The auditor is responsible for directing, supervising, and performing the audit of the consolidated financial statements. The auditor is solely responsible for its audit opinion.

We communicate with auditors and board of corporate auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide auditors and board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and consolidated subsidiaries, which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

* Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Independent Auditor's Report

(English Translation*)

Apr 25, 2023

To the Board of Directors of Baroque Japan Limited

PricewaterhouseCoopers Aarata LLC

Tokyo Office

Sakae Toda, CPA

Designated limited liability Partner

Engagement Partner

Kazuaki Sekine, CPA

Designated limited liability Partner

Engagement Partner

Opinion

We have audited, pursuant to Article 436 (2) (i) of the Companies Act of Japan, the accompanying financial statements, which comprise the balance sheet, profit and loss statement, statement of changes in net assets and notes to the financial statements, and the supplementary schedules of Baroque Japan Limited (hereinafter referred to as the "Company") for the fiscal year from March 1, 2022 to February 28, 2023.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and its financial performance for the period covered by the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and the supplementary schedules in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and the supplementary schedules. Management is responsible for the preparation and disclosure of the other information. In addition, those charged with governance are responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Auditor for the Financial Statements and the Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate Auditors and Board of Corporate Auditors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to

fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements and the supplementary schedules are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and board of corporate auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

* Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Audit Report of the Audit & Supervisory Board

Audit Report

(English Translation)

Regarding the performance of duties by the Directors for the 23rd term from March 1, 2022 to February 28, 2023, the Audit & Supervisory Board hereby submits its audit report, which has been prepared upon careful consideration based on the audit reports prepared by each Audit & Supervisory Board Member.

1. Summary of Auditing Methods by the Audit & Supervisory Board Members and Audit & Supervisory Board

- (1) The Audit & Supervisory Board established auditing policies, plans, and other relevant matters, and received reports from each Audit & Supervisory Board Member regarding his or her audits and results thereof, as well as received reports from the Directors, other relevant personnel and the Accounting Auditor regarding performance of their duties, and sought explanations as necessary.
- (2) Each Audit & Supervisory Board Member complied with the standards for audit by Audit & Supervisory Board Members established by the Audit & Supervisory Board, followed the auditing policies, plans, and other relevant matters, communicated with Directors, the Internal Audit Office, employees, and any other relevant personnel, and made efforts to prepare the environment for information gathering and audit, as well as conducted the audit through the methods described below.
 - 1) We participated in meetings of the Board of Directors and other important meetings, received reports from the Directors, employees and other relevant personnel regarding performance of their duties, sought explanations as necessary, examined important approval documents and associated information, and inspected the operations and financial positions at the head office and principal stores. With respect to subsidiaries, we communicated with, and gathered information from, Directors, etc. of subsidiaries as well as received reports from subsidiaries on their business as necessary.
 - 2) With respect to the system for ensuring that the performance of duties by the Directors as stated in the Business Report conforms to related laws and regulations and the Articles of Incorporation, and the contents of resolutions of the Board of Directors regarding preparation of a system to ensure the properness of operations of a group of enterprises consisting of a stock company and its subsidiaries as stipulated in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of

the Companies Act of Japan, and such a system prepared based on these resolutions (internal control system), we received regular reports from Directors, employees and other relevant personnel regarding the development and operation of the systems, requested explanations as necessary and expressed opinions.

- 3) We monitored and verified whether the accounting auditors maintained their independence and conducted appropriate audits, received reports from the accounting auditors on the execution of their duties, and requested explanations as necessary. In addition, we received notice from the accounting auditors that "systems to ensure proper execution of duties" (matters set forth in each item of Article 131 of the Corporate Calculation Regulations) have been established in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations as necessary, including major issues for audit consideration. We sought explanations as necessary, including major audit considerations.

Based on the above methods, we examined the Business Report and the supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated income statement, non-consolidated statement of changes in equity, and notes to the non-consolidated financial statements) and the supplementary schedules, as well as the consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and the notes to the consolidated financial statements) related to the relevant fiscal year.

2. Results of Audit

(1) Results of Audit of Business Report and Other Relevant Documents

- 1) In our opinion, the Business Report and the supplementary schedules are in accordance with related laws and regulations, as well as the Articles of Incorporation, and fairly represent the Company's condition.
- 2) We have found no evidence of wrongful action or material violation of related laws and regulations, nor of any violation with respect to the Articles of Incorporation, related to performance of duties by the Directors.
- 3) In our opinion, the content of the resolutions of the Board of Directors related to the internal control system is fair and reasonable. In addition, we have found no matters on which to remark regarding the description in the Business Report and the performance of duties by the Directors related to the said internal control system.

(2) Results of Audit of Non-Consolidated Financial Statements and Supplementary Schedules

In our opinion, the methods and results employed and rendered by PricewaterhouseCoopers Aarata LLC are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by PricewaterhouseCoopers Aarata LLC are fair and reasonable.

April 26, 2023

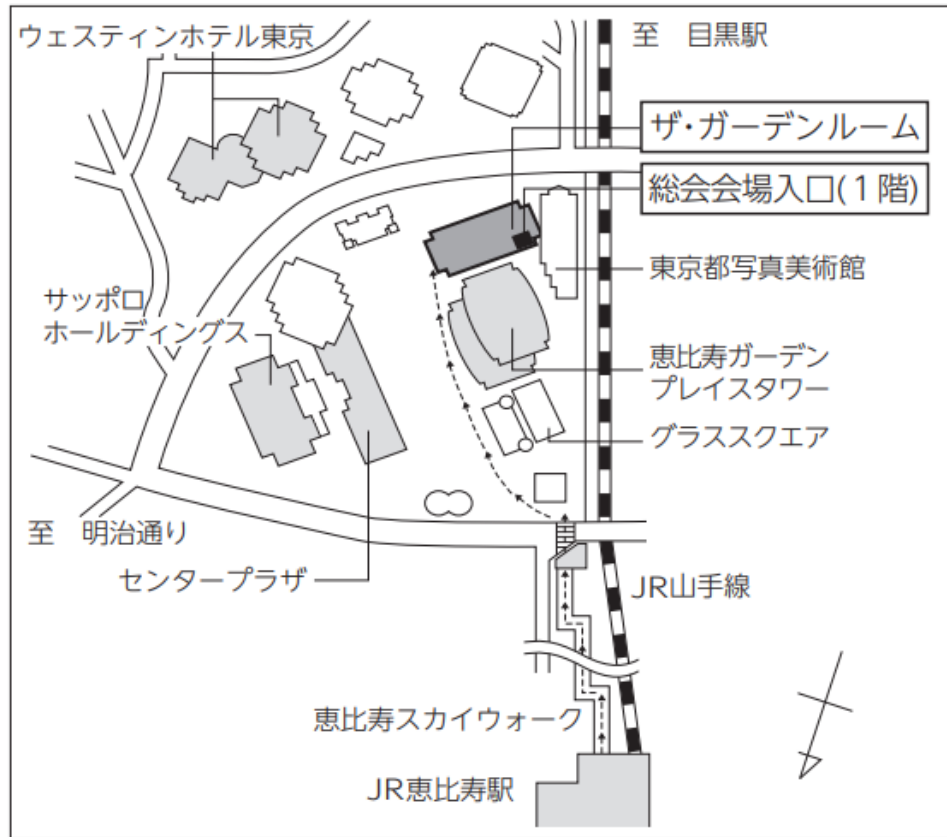
Audit & Supervisory Board, Baroque Japan Limited

Full-time Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Yoshiki Yoshida
Full-time Audit & Supervisory Board Member	Shinichi Matsuda
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Hiroshi Nagayasu
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Koichiro Watanabe

(Note) Full-time Audit & Supervisory Board Member Mr. Yoshiki Yoshida, Audit & Supervisory Board Member Mr. Hiroshi Nagayasu and Audit & Supervisory Board Member Mr. Koichiro Watanabe are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 and Article 335, Paragraph 3 of the Companies Act of Japan.

Map of Venue for the Shareholders' Meeting

Venue: The Garden Hall (In Yebisu Garden Place)
1-13-2, Mita, Meguro-ku, Tokyo



Access

JR

10-minute walk from East Exit of Ebisu Station of Yamanote Line and Saikyo Line
Please use "Ebisu Skywalk (moving walkway)" after turning right at the East Exit ticket gate.

Metro

15-minute walk from Exit 1 of Ebisu Station of Hibiya Line.
Take the escalator up to the 3rd floor of "atré Ebisu", pass through East Exit of JR Ebisu Station, and then use the Ebisu Skywalk (moving walkway).

Start date of electronic provisioning measures May 2, 2023

THE 24th ANNUAL SHAREHOLDERS' MEETING
Other matters for electronic provision
(Matters omitting the document to be delivered)

Notes to Consolidated Financial Statements

Notes to Non-Consolidated Financial Statements

Baroque Japan Limited

Notes to Consolidated Financial Statements

1. Notes to Basis of Presenting Consolidated Financial Statements

(1) Matters related to the scope of consolidation
Consolidated Subsidiaries and Affiliates

Number of consolidated subsidiaries	6
Name of consolidated subsidiaries	BAROQUE HK LIMITED
	BAROQUE SHANGHAI LIMITED
	BAROQUE CHINA LIMITED
	Baroque Shanghai Development Co., Ltd.
	FRAME LIMITED
	BAROQUE USA LIMITED

(2) Application of equity method

Affiliates accounted for by the equity method

① Number of affiliates accounted for by the equity method 3

② Name of affiliated company to which the equity method was applied
BAROQUE CHINA APPARELS LIMITED
Baroque Shanghai Apparels Co., Ltd.
Roque Beijing Apparels Co., Ltd.

③ Matters deemed particularly necessary to be stated with respect to the procedures for applying the equity method

The fiscal year end of BAROQUE CHINA APPARELS LIMITED, an affiliate accounted for by the equity method, is the last day of February. In preparing the consolidated financial statements, the financial statements of the company based on the provisional settlement of accounts as of December 31 were used, and adjustments necessary for consolidation purposes were made for significant transactions that occurred between the end of the fiscal year and the consolidated fiscal year end. The necessary consolidation adjustments were made for significant transactions that occurred between the end of the consolidated fiscal year and the consolidated balance sheet date. In preparing the consolidated financial statements, the financial statements as of December 31 are used, and adjustments necessary for consolidation are made for significant transactions that occurred between the end of the consolidated fiscal year and the end of the consolidated fiscal year.

(3) Fiscal Year of Consolidated Subsidiaries

The fiscal year end of five consolidated subsidiaries, excluding FRAME LIMITED, is December 31. In preparing the consolidated financial statements, the financial statements as of December 31 are used, and necessary adjustments are made for significant transactions that occurred between December 31 and the consolidated fiscal year end. FRAME LIMITED's fiscal year ends on January 31.

(4) Accounting Policies

① Valuation standards and methods for significant assets

Inventory	Valuation standards are based on the cost method (book value devaluation based on decreased profitability)
Merchandise	Mainly weighted-average method
Stored goods	individual law

② Depreciation and Amortization Methods for Significant Depreciable Assets

- A) Property, plant and equipment The declining-balance method is mainly used. However, the straight-line method is used for buildings (excluding building fixtures) acquired on or after April 1, 1998 and for building fixtures and structures included in buildings acquired on or after April 1, 2016.
The main useful lives are as follows: Buildings and structures
Buildings and structures: 2-50 years
- B) Intangible assets The straight-line method is used. The useful lives of major assets are as follows: Buildings and structures
Software: 5 years

③ Basis for significant reserves

- A) Allowance for doubtful accounts The allowance for doubtful accounts is provided for possible losses on receivables based on the historical write-off ratio for general receivables and on the estimated amount of uncollectible receivables based on a case-by-case determination of collectibility for specific receivables such as doubtful receivables.
- B) Allowance for employees' bonuses To provide for bonuses to employees, an amount accrued for the current fiscal year among the estimated bonus payments is recorded.
- C) Allowance for directors' and corporate auditors' stock benefits To provide for the payment of Company shares to directors and corporate auditors in accordance with the Company's share benefit regulations, a reserve for directors' and corporate auditors' share benefits is provided based on the estimated amount of share benefit obligations as of the end of the fiscal year under review.

④ Basis for recording significant revenues and expenses

A) Real store sales

For real store sales, the performance obligation is deemed to be satisfied when the goods are delivered to the customer, and revenue is recognized at that time.

The consideration for the transaction is received within one year of satisfaction of the performance obligation and does not include a significant financial component.

B) Online sales and wholesale

For domestic sales, revenue is mainly recognized at the time of shipment, applying the alternative treatment prescribed in Paragraph 98 of the Guidance on Revenue Recognition when the period between shipment and transfer of control of the goods to the customer is a normal period of time.

For sales outside Japan, the Company recognizes revenue when the risk is transferred to the customer based on the terms of the contract with the individual customer.

For online sales and wholesale sales on consignment, revenue is recognized when the goods are sold to the final consumer.

The consideration for transactions is received within one year of satisfaction of the performance obligation and does not include a significant financial component.

C) Point system operated by the company

Under the Company's company-operated point system, the Company is obligated to grant points to its member customers in proportion to the amount of their purchases and to provide merchandise consideration equivalent to such points when such customers use the points. Therefore, the Company identifies the points granted as performance obligations and allocates the transaction price based on the arm's length sales price, which is calculated by taking into account the expected future expiration of the points.

⑤ Other important matters for the preparation of consolidated financial statements

A) Accounting for retirement benefits

The simplified method is applied to the calculation of liabilities for retirement benefits and retirement benefit expenses, using the amount payable at the end of the fiscal year as the liability for retirement benefits.

2. Notes to Changes in Accounting Policies

(Adoption of Accounting Standards for Revenue Recognition)

The Company has adopted “The Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020.) and relevant ASBJ guidance from the beginning of the current financial year, and it has recognized revenue when the control of promised goods or services is transferred to the customers at the transaction price expected to be received upon exchange of said those goods or services.

The company granted customer loyalty program in connection with the sale of goods to customers, and the company previously provided provisions for the points granted which were expected to be used in the future and recorded corresponding expense in selling, general and administrative expenses. The company has changed to recognize the points as a performance obligation and defer the recognition of revenue when they provide a significant right to the customer.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ guidance is subject to the transitional treatment provided in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the current fiscal year was added to or deducted from the opening balance of retained earnings of the first quarter of the current fiscal year, and thus the new accounting policy was applied from such opening balance.

As a result, the impact of this change in accounting policy on the quarterly consolidated financial statements is negligible, and there is no impact on the beginning balance of retained earnings.

(Adoption of Accounting Standards for Fair Value Measurement)

The Company has adopted “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019.) and relevant ASBJ regulations from the beginning of the current financial year. In accordance with the transitional treatment prescribed by the Accounting Standard for Fair Value Measurement No. 19 and the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), paragraph 44-2, the Company will prospectively adopt the new accounting policy stipulated by the Accounting Standard for Fair Value Measurement. There is no impact on the consolidated financial statements.

In addition, in the "Notes on Financial Instruments," the Company has decided to provide notes on items such as the breakdown of the fair value of financial instruments by appropriate classification.

3. Notes on Accounting Estimates

(1) Evaluation of inventories

① Amount recorded in the consolidated financial statements for the current fiscal year

As of the end of the current consolidated fiscal year, inventories amounted to 5,917 million yen on the consolidated balance sheet. The provision of inventories was recorded in the consolidated income statements for the current fiscal year amounted to 478 million yen due to a decline in profitability.

② Method of calculation of amounts reported in the consolidated financial statements for the current fiscal year and major assumptions used in the calculation

As stated in "Notes to Consolidated Financial Statements, 1. Basis of Presenting Consolidated Financial Statements, (4) Accounting Policies, 1) Valuation Standards and Methods for Significant Assets," the Group values its merchandise mainly at cost determined by the weighted average method (the amount stated in the balance sheet is calculated by writing down the book value of assets which decreased in profitability). The value of inventories declines with the passage of time, and the decline in profitability is reflected by the regular write-down of book value, which is mainly determined based on past sales and disposal experience, for goods that are no longer in the operating cycle process beyond a certain holding volume. The Company uses this method to reflect the decline in profitability of products that are no longer part of the sales circulation process. Specifically, the Company manages and sells merchandise in "spring/summer" and "fall/winter" units by brand, and estimates the volume of inventory that can be sold without a cost breakdown, respectively, and reduces the book value of the portion exceeding that amount on a regular basis, mainly on the assumption that the excess will be disposed of.

The casual wear specialty store industry, to which the Group belongs, is in fierce competition with its competitors, and product life cycles tend to be short due to rapid changes in trends and tastes. In addition, economic trends and personal consumption may cause the Group's ability to sell inventory quantities without falling below cost to fluctuate significantly if the Group is unable to offer products that respond to changing customer preferences, if unpredictable weather conditions change, or if consumers' willingness to purchase products declines significantly due to a sharp downturn in the economy. Because of the difficulty of forecasting, significant judgments and assumptions are incorporated in the determination of the method of regular book value write-downs to reflect the fact that profitability has declined.

③ Effect on the consolidated financial statements for the following fiscal year

The Group's products are susceptible to external environmental factors such as intensified competition and weather, and customer needs change with fashion trends. Therefore, if the actual market environment and demand trends in the future are worse than expected, profits may decrease as a result of write-downs.

(2) Impairment loss on non-current assets

① Amount recorded in the consolidated financial statements for the current fiscal year

As of the end of the consolidated fiscal year under review, Property, plant and equipment and Intangible assets amounted to 1,553 million yen and 1,235 million yen, respectively, on the consolidated balance sheet. The amount of impairment loss recorded in the consolidated income statement for the current fiscal year was 138 million yen.

② Method of calculation of amounts reported in the consolidated financial statements for the current fiscal year and major assumptions used in the calculation

The Group groups its fixed assets mainly as the smallest unit that generates cash flow, which is the store unit, and determines that there is an indication of impairment loss when the operating income (loss) of each store is continuously negative, for example.

If there is an indication of impairment, the Company determines whether an impairment loss should be recognized by comparing the total amount of undiscounted future cash flows to be derived from the asset group with the carrying amount of the asset. If the carrying amount of an asset is deemed to be impaired, the carrying amount is reduced to its recoverable amount (the higher of its value in use or its net realizable value) and the reduction is recognized as an impairment loss.

Since operating losses are incurred when new stores are opened and it is judged that it will take a certain period of time before operating income is secured, a certain grace period is set after the opening of a new store to identify any indication of impairment.

③ Effect on the consolidated financial statements for the following fiscal year

However, if the conditions and assumptions on which such estimates are based change due to changes in the market environment or other factors, the consolidated financial statements for the next consolidated fiscal year may be affected.

4. Notes to Consolidated Balance Sheets

Accumulated depreciation of property, plant and equipment

5,715million yen

5. Notes to Consolidated Statement of Changes in Net Assets

(1) Matters Concerning the Total Number of Shares Issued and Outstanding

Type of stock	Number of shares at the beginning of the current fiscal year	Total amount of dividends (million yen)	Decrease in the number of shares during the current consolidated fiscal year	Number of shares at the end of the current fiscal year
Ordinary stock	36,676,300share	—share	—share	36,676,300share

(Note) The above number of shares includes 656,800 shares of treasury stock. Among them, 196,400 shares of the Company's stock held by the Stock Benefit Trust (BBT) are included, following the introduction of the "Stock Benefit Trust (BBT)" system.

(2) Matters Related to Dividends

① Dividend payment amount

Decision	Type of stock	Total amount of dividends (million yen)	Dividend per share (yen)	Reference Date	Effective date
April 14, 2022 Board of Directors Meeting	Ordinary stock	1,376	38	February 28, 2022	May 27, 2022

(Note) The total amount of dividends resolved by the Board of Directors on April 14, 2022 includes 7 million yen of dividends for the Company's shares held by the Stock Benefit Trust (BBT).

② Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Decision	Type of stock	Total amount of dividends (million yen)	Dividend per share (yen)	Reference Date	Effective date
April 14, 2023 Board of Directors Meeting	Ordinary stock	1,376	38	February 28, 2023	May 29, 2023

(Note) The total amount of dividends resolved by the Board of Directors on April 14, 2023 includes 7 million yen of dividends for the Company's shares held by the Stock Benefit Trust (BBT).

6. Notes to Financial Instruments

(1) Matters Concerning the Status of Financial Instruments

① Policy on Financial Instruments

The Group procures necessary funds mainly through bank borrowings and installment contracts with leasing companies in light of its capital investment plans. Temporary surplus funds are invested in highly secure financial assets, and short-term working capital is procured through bank loans.

② Description of financial instruments and risks associated with such instruments

Trade receivables, or accounts receivable, are exposed to customer credit risk. In addition, trade receivables denominated in foreign currencies arising from the Company's overseas operations are exposed to the risk of exchange rate fluctuations.

Lease and guarantee deposits are mainly guarantee deposits related to store openings, and are exposed to the credit risk of the counterparties to whom the deposits are made.

Trade payables such as notes and accounts payable, accounts payable-other and income taxes payable are due within one year. Some of them are denominated in foreign currencies in connection with imports of goods, etc., and are exposed to the risk of exchange rate fluctuations.

Loans payable are mainly for financing operating transactions, and the redemption date is up to 4 years after the balance sheet date.

③ Risk Management System for Financial Instruments

A) Management of credit risk (risk related to nonperformance by counterparties)

The Group sets credit limits in accordance with its credit management rules, and each business unit and the accounting department work together to manage due dates and outstanding balances for each major counterparty in order to early identify and alleviate concerns about collection due to deterioration of financial conditions and other factors.

The credit status of tenants is monitored at the time lease contracts are concluded, and the credit status of tenants is periodically monitored even after they have moved in, in order to early identify and mitigate concerns about collection.

B) Management of liquidity risk (risk of not being able to make payments on due dates) related to financing

The Group manages liquidity risk by preparing and updating cash management plans in a timely manner by the Accounting Department based on reports from each business unit and by maintaining liquidity on hand on an ongoing basis.

④ Supplementary Explanation on Matters Concerning Fair Value, etc. of Financial Instruments

The fair value of financial instruments includes values based on market prices and, in the absence of market prices, reasonably calculated values. Since variable factors are incorporated in the calculation of such values, such values may vary due to the adoption of different assumptions, etc.

(2) Matters related to fair value of financial instruments

Consolidated balance sheet amount, fair value and their differences as of February 28, 2023 are as follows.

	Consolidated Balance Sheet Amount (million yen)	Market value (million yen)	Difference (millions yen)
(1) Rental deposits	3,150	2,723	(426)
Total assets	3,150	2,723	(426)
(1) Interest-bearing borrowings (※2)	6,000	6,000	—
Total liabilities	6,000	6,000	—

(※1) "Cash and cash equivalents," "Trade receivables," "Notes payables," "Trade payables," "Current tax payable," and "Short-term interest-bearing borrowings" are omitted because they are settled in a short period of time and their fair value approximates their book value.

(※2) Interest-bearing borrowings includes the current portion of long-term loans payable.

(※3) Non-marketable stocks and other securities

Stocks and other securities without market quotations are not included in the table above. The carrying amounts of such financial instruments in the consolidated balance sheets are as follows

Division	Consolidated balance sheet amount (millions yen)
Unlisted shares	774

(3) Matters concerning the breakdown of the fair value of financial instruments by level, etc.

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Market value of Level 1 Fair value calculated based on quoted market prices for the assets or liabilities for which such fair value is calculated that are formed in an active market, among the inputs to the calculation of observable fair value.

Market value of Level 2 Fair value calculated using inputs related to the calculation of observable fair value other than Level 1 inputs

Market value of Level 3 Fair value calculated using inputs for unobservable fair value calculations

When multiple inputs that have a significant impact on the calculation of fair value are used, fair value is classified to the level with the lowest priority in the calculation of fair value among the levels to which each of those inputs belongs.

	Market value (million yen)			
	Level 1	Level 2	Level 3	Total
Rental deposits	—	2,723	—	2,723
Total assets	—	2,723	—	2,723
Interest-bearing borrowings	—	6,000	—	6,000
Total liabilities	—	6,000	—	6,000

(Note) Explanation of valuation techniques and inputs used in the calculation of fair value

Rental deposits

The fair value of these instruments is calculated based on the present value of their future cash flows discounted at an appropriate interest rate such as AA-rated corporate bond yields, and is classified as Level 2 fair value.

Interest-bearing borrowings (including current portion)

Except for interest-bearing borrowings with floating interest rates, the fair value is calculated based on the present value of the total principal and interest discounted at the interest rate that would be applicable to a new similar transaction and classified as Level 2 fair value. However, the fair value of long-term loans with floating interest rates is based on the relevant book value, as the interest rate is subject to renewal at regular intervals and the fair value is considered to approximate the book value.

7. Notes to Revenue Recognition

(1) Information that disaggregates revenue arising from contracts with customers

	Amount (million yen)
Real store sales	39,087
Online sales	10,679
Wholesales	7,956
Others	1,119
Revenue from contracts with customers	58,842

(2) Information that provides a basis for understanding revenue arising from contracts with customers

As described in "1. Notes to Basis of Presenting Consolidated Financial Statements, (4) Matters Related to Accounting Policies, ④Basis for Recording Significant Revenues and Expenses".

(3) Information to understand the amount of revenue in the current and subsequent fiscal years

① Balance of contract liabilities, etc.

	Amount (million yen)
Receivables arising from contracts with customers (beginning balance)	8,869
Receivables arising from contracts with customers (ending balance)	8,023
Advances received (beginning balance)	74
Advances received (ending balance)	42
Contract liabilities (beginning balance)	37
Contract liabilities (ending balance)	36

Advances received mainly represent the balance of merchandise sales that have not yet been delivered to customers as of the end of the current fiscal year, and for which the performance obligation will be satisfied when the merchandise is delivered to customers in the future. They are included in other current liabilities in the consolidated balance sheets.

Contract liabilities consist mainly of company's own points awarded for sales to customers and are included in other current liabilities in the consolidated balance sheets. The amount of revenue recognized in the current fiscal year, which includes the balance of contract liabilities as of the beginning of the period, is not material.

② Transaction price allocated to remaining performance obligations

The transaction price allocated to the residual performance obligation is omitted because the initially expected contract period is one year or less, so the practical expedient method is applied and the information is omitted.

8. Notes to Per Share Information

(1) Net assets per share 541.99(yen)

(2) Net income per share 6.77(yen)

(Note) The company's shares remaining in the "Stock Benefit Trust (BBT)," which are recorded as treasury stock in shareholders' equity, are included in the number of treasury stock deducted from the average number of shares outstanding during the fiscal year for the calculation of net income per share and the number of treasury stock deducted from the total number of shares outstanding at the end of the fiscal year for the calculation of net assets per share. (2) Number of shares of treasury stock included in the calculation of net assets per share

The number of such treasury stock at the end of the period deducted in the calculation of net assets per share is 656,800 shares for the current fiscal year, and the average number of such treasury stock deducted in the calculation of net income per share is 660,276 shares for the current fiscal year.

9. Notes on Significant Subsequent Events

No applicable matter.

Individual Note

1. Notes to Significant Accounting Policies

(1) Valuation standards and methods for assets

① Shares of subsidiaries and affiliates Cost method based on the moving average method

② Valuation standards and methods for inventories

Valuation standards are based on the cost method (book value devaluation based on decreased profitability)

Commodity periodic average method

Supplies Individual method

(2) Depreciation and Amortization Methods for Non-current assets

① Property, plant and equipment The declining-balance method is mainly used. However, the straight-line method is used for buildings (excluding building fixtures) acquired on or after April 1, 1998 and for building fixtures and structures included in buildings acquired on or after April 1, 2016. The main useful lives are as follows:
Buildings

Buildings: 2-50 years

Tools, furniture and fixtures: 2-20 years

② Intangible assets The straight-line method is used.

Software for internal use is amortized over the estimated useful life (5 years).

③ Long-term prepaid expenses Amortization is accounted for by the straight-line method.

(3) Basis for accounting for allowances

① Allowance for doubtful accounts The allowance for doubtful accounts is provided for possible losses on receivables based on the historical write-off ratio for general receivables and on the estimated amount of uncollectible receivables based on a case-by-case determination of collectibility for specific receivables such as doubtful receivables.

② Allowance for employees' bonuses To provide for bonuses to employees, an amount accrued for the current fiscal year among the estimated bonus payments is recorded.

④ Accrued retirement benefit The simplified method is applied to the calculation of the reserve for retirement benefits and retirement benefit expenses, using the amount payable at the end of the fiscal year for retirement benefits as the retirement benefit obligation.

④ Allowance for bonuses for directors and company auditors To provide for the payment of Company shares to directors and corporate auditors in accordance with the Company's regulations on directors' share benefits, a reserve for directors' share benefits is provided based on the estimated amount of liabilities for share benefits as of the end of the fiscal year under review.

(4) Basis for recording significant revenues and expenses

① Real store Sales

For bricks-and-mortar sales, the performance obligation is deemed to be satisfied when the goods are delivered to the customer, and revenue is recognized at that time.

The consideration for the transaction is received within one year of satisfaction of the performance obligation and does not include a significant financial component.

② Online sales and wholesale

For domestic sales, revenue is mainly recognized at the time of shipment, applying the alternative treatment prescribed in Paragraph 98 of the Guidance on Revenue Recognition when the period between shipment and transfer of control of the goods to the customer is a normal period of time.

For sales outside Japan, the Company recognizes revenue when the risk is transferred to the customer based on the terms of the contract with the individual customer.

For online sales and wholesale sales on consignment, revenue is recognized when the goods are sold to the final consumer.

The consideration for transactions is received within one year of satisfaction of the performance obligation and does not include a significant financial component.

③ Royalty

For royalties calculated based on the sales revenue of the contract partner, the Company recognizes as revenue the amount expected to be earned based on the contractual royalty rate at accrual basis for the calculation or the satisfaction of the performance obligation.

The consideration for the transaction is received within one year of satisfaction of the performance obligation and does not include a significant financial component.

④ Point system operated by the company

Under the Company's company-operated point system, the Company is obligated to grant points to its member customers in proportion to the amount of their purchases and to provide merchandise consideration equivalent to such points when such customers use the points. Therefore, the Company identifies the points granted as performance obligations and allocates the transaction price based on the arm's length sales price, which is calculated by taking into account the expected future expiration of the points.

2. Notes to Changes in Accounting Policies

(Adoption of Accounting Standards for Revenue Recognition)

The Company has adopted “The Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020.) and relevant ASBJ guidance from the beginning of the current financial year, and it has recognized revenue when the control of promised goods or services is transferred to the customers at the transaction price expected to be received upon exchange of said those goods or services.

The company granted customer loyalty program in connection with the sale of goods to customers, and the company previously provided provisions for the points granted which were expected to be used in the future and recorded corresponding expense in selling, general and administrative expenses. The company has changed to recognize the points as a performance obligation and defer the recognition of revenue when they provide a significant right to the customer.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ guidance is subject to the transitional treatment provided in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the current fiscal year was added to or deducted from the opening balance of retained earnings of the first quarter of the current fiscal year, and thus the new accounting policy was applied from such opening balance.

As a result, the impact of this change in accounting policy on the quarterly consolidated financial statements is negligible, and there is no impact on the beginning balance of retained earnings.

(Adoption of Accounting Standards for Fair Value Measurement)

The Company has adopted “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019.) and relevant ASBJ regulations from the beginning of the current financial year. In accordance with the transitional treatment prescribed by the Accounting Standard for Fair Value Measurement No. 19 and the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), paragraph 44-2, the Company will prospectively adopt the new accounting policy stipulated by the Accounting Standard for Fair Value Measurement. There is no impact on the financial statements.

3. Notes on Accounting Estimates

(1) Evaluation of inventories

① Amount recorded in the financial statements for the current fiscal year

As of the end of the current fiscal year, the amount of inventories on the balance sheet was 5,598 million yen. In the current fiscal year, inventory provision was recorded in income statement by 488 million yen due to a decline in profitability.

② Information on significant accounting estimates for the separate items

The same information is provided in "3. Notes on Accounting Estimates" in the Notes to Consolidated Financial Statements and is therefore omitted.

(2) Impairment loss on Non-current assets

① Amount recorded in the financial statements for the current fiscal year

As of the end of the current fiscal year, Property, plant and equipment and Intangible assets on the balance sheet amounted to 1,535 million yen and 1,235 million yen, respectively. The amount of impairment loss recorded in income statement for the current fiscal year was 138 million yen.

② Information on the nature of significant accounting estimates for identified items

The same information is provided in "3. Notes on Accounting Estimates" in the Notes to Consolidated Financial Statements and is therefore omitted.

4. Notes to Balance Sheet

(1) Accumulated depreciation of property, plant and equipment 5,347million yen

(2) Receivables from and payables to affiliated companies are as follows

① Short-term monetary claims 1,987million yen

② Long-term monetary claims 150million yen

③ Short-term monetary debt 790million yen

5. Notes to Profit and loss statement

Transactions with affiliated companies

① Sales 1,677million yen

② Purchases 10,479million yen

③ Other operating transactions 39million yen

④ Non-operating transactions 7million yen

6. Notes to Statements of Changes in Net Assets

Type and number of treasury stock as of the end of the fiscal year under review

Ordinary stock 656,800 share

The above number of shares includes 196,400 shares of the Company's stock held by the Stock Benefit Trust (BBT) following the introduction of the "Stock Benefit Trust (BBT)" system.

7. Notes to Tax-Effect Accounting

Significant components of deferred tax assets and liabilities

Deferred tax assets

Inventory provision	560 million yen
Accrued enterprise tax	27 million yen
Provision for bonus	78 million yen
Excess depreciation	133 million yen
Employees' pension and retirement benefits	5 million yen
Asset retirement obligations	340 million yen
Provision for share awards for directors	65 million yen
Others	83 million yen
Subtotal of deferred tax assets	<u>1,294 million yen</u>
Valuation allowance	<u>— million yen</u>
Total deferred tax assets	<u>1,294 million yen</u>
Deferred tax liability	
Removal costs corresponding to asset retirement obligations	(120) million yen
Total deferred tax liabilities	<u>(120) million yen</u>
Net deferred tax assets	<u>1,173 million yen</u>

8. Notes on Transactions with Related Parties
Subsidiaries and affiliates, etc.

Attribution	Company name	Capital	Principal activities	Voting right Shareholding ratio (%)	Relation details		Transaction details	Transaction amount (million yen) (note1)	Subject	Balance at end of year (million yen)(note1)
					Concurrent directors, etc.	Business Relationships				
Subsidiary company	BAROQUE HK LIMITED	257,000 Thousand HKD	Apparel & accessories wholesale business	(Owned) Direct 100.00	Concurrent post 1	Purchase and sale of merchandise and lending of funds	Guarantees related to purchase debt	-	-	-
							Loan of funds (note2)	-	Short-term interest-bearing borrowings	300
							Receipt of interest (note2)	7	Other current assets	63
							Purchase of merchandise (note2)	10,479	Trade payables	758
							Outsourcing expenses, etc.(note2)	6	Other payables	29
Subsidiary company	BAROQUE SHANGHAI LIMITED	90,600 Thousand HKD	Quality management	(Owned) Indirect 100.00	Concurrent post 1	Outsourcing	Outsourcing expenses, etc.(note2)	33	Trade payables	2
Subsidiary company	Baroque Shanghai Development Co., Ltd	20,000 Thousand RMB	Apparel & accessories wholesale business	(Owned) Indirect 51.00	Concurrent post 2	Sale of merchandise	Sales of merchandise (note2)	383	Trade receivables	157
							Royalty income (注) 2	8		
Subsidiary company	BAROQUE USA LIMITED	2,900 Thousand USD	Apparel & accessories wholesale and retail business	(Owned) Direct 100.00	Concurrent post 2	Sale of merchandise	Sales of merchandise (note2)	935	Trade receivables	1,161
Affiliated company	Baroque Shanghai Apparels Co., Ltd	140,000 Thousand RMB	Apparel & accessories retail business	(Owned) Indirect 49.00	Concurrent post 2	Royalties on merchandise sales	Royalty income note2	353	Trade receivables	250

(Notes) 1. Transaction amounts do not include consumption taxes, and year-end balances include consumption taxes.

2. Terms and conditions of transactions and policy, etc. for determining terms and conditions of transactions are determined upon consultation, taking market trends into consideration.

9. Notes to Revenue Recognition

Fundamental information to understand earnings

As described in "1. Notes to Significant Accounting Policies (4) Basis for recording significant revenues and expenses.

10. Notes to Per Share Information

(1) Net assets per share	495.77yen
(2) Net income per share	19.30yen

(Note) The company's shares remaining in the "Stock Benefit Trust (BBT)," which are recorded as treasury stock in shareholders' equity, are included in the number of treasury stock deducted from the average number of shares outstanding during the fiscal year for the calculation of net income per share and the number of treasury stock deducted from the total number of shares outstanding at the end of the fiscal year for the calculation of net assets per share. (2) Number of shares of treasury stock included in the calculation of net assets per share

The number of such treasury stock at the end of the period deducted in the calculation of net assets per share is 656,800 shares for the current fiscal year, and the average number of such treasury stock deducted in the calculation of net income per share is 660,276 shares for the current fiscal year.

11. Notes on Significant Subsequent Events

No applicable matter.