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Notice Regarding Introduction of a Performance-Based Restricted Stock Compensation System for Directors

At the 18th Annual Shareholders' Meeting convened on April 26, 2017, Baroque Japan Limited (the "Company") obtained approval for the introduction of a stock compensation system "Board Benefit Trust (BBT)" (hereinafter referred to as the "current BBT system") for Directors of the Company (excluding Outside Directors; the same applies hereinafter unless otherwise stated), and the system has remained in place since. (The resolution from the above Shareholders' Meeting is hereinafter referred to as the "original resolution.")

Company hereby announce that, at a meeting of the Board of Directors held on April 24, 2026, we resolved to introduce a new performance-linked restricted stock compensation plan for our Directors, the "Board Benefit Trust-Restricted Stock (BBT-RS)" (hereinafter referred to as "the System"), and that we will submit a proposal concerning the System (hereinafter referred to as "the Proposal") to the 27th Annual Shareholders' Meeting (hereinafter referred to as "the Annual Shareholders' Meeting") scheduled to be held on May 27, 2026, as described below. Furthermore, we plan to apply the System to our Executive Officers (hereinafter, together with Directors, referred to as "Directors, etc.").

1. Reasons for introducing the System

We have been considering incentive plans that would contribute to improving corporate value, and we have decided to introduce the System, which allows us to enjoy the benefits of both the BBT system and the restricted stock system. This will make the link between the compensation of Directors, etc. and our company's performance and share value clearer, and will allow Directors, etc. to share not only the benefits of rising stock prices but also the risks of falling stock prices with our shareholders. As a result, we believe that this will further enhance their awareness of contributing to improving medium- to long-term performance and increasing corporate value. Therefore, we have resolved to introduce the System and will submit the Proposal to the Annual Shareholders' Meeting.

2. Specific Details of Compensation, etc. Relating to the System

(1) Overview of the System

The System is a performance-based stock compensation system under which the Company's shares are acquired through a trust (the trust already established by the Company for the current BBT system is hereinafter referred to as the "Trust"; following introduction of the System, the Trust will be used for both the current BBT system and the System) using funds contributed by the Company, and provided to Directors, etc. through the Trust in accordance with the Company's regulation of the Board Benefit Trust (BBT-RS). In principle, Directors, etc. will receive Company shares during a fixed period each year. When Directors, etc. receive Company shares during their terms of office, prior to receiving said shares they will enter into a restricted transfer agreement with the Company as shown in 3. below. As a result, any Company shares received by Directors, etc. during their terms of office will be subject to restrictions on transfer or other disposal until the retirement of the relevant Directors, etc. Moreover, in line with the introduction of the System, any points granted to Directors, etc. (excluding some Directors, etc.) under the current BBT system will be transferred to points under the System, subject to approval by the Annual Shareholders' Meeting. Upon conclusion of the Annual Shareholders' Meeting, Directors, etc. (excluding some Directors, etc.) will receive Company shares based on the post-transfer number of points at a time determined by the Company. Points that are not transferred to the System will be received by Directors, etc. as Company shares based on the current BBT system. Points granted to Directors, etc. under the current BBT system and the System and Company shares acquired through the Trust will be granted or acquired within the upper limit on the number of points granted under the current BBT system and the number of shares to be acquired by the Trust (see (4) and (5) below). Excluding the establishment of such upper limits, there are no changes to matters approved under the original resolution regarding the specific calculation methods and specific details of compensation, etc. relating to the current BBT system.

(2) Eligible individuals under the System

Directors and Executive Officers (Outside Directors and Audit & Supervisory Board Members are not eligible for the System.)

(3) Trust Amount

Within the scope approved under the original resolution, the Company has established the Trust based on the current BBT system by contributing the funds deemed necessary for the Trust to obtain for a certain period in advance the number of shares reasonably estimated to be required to provide the share benefits. After approval of the Proposal by the Annual Shareholders' Meeting, the Trust will continue as a trust for both the current BBT system and the System. In principle, until the end of the System, the Company will reasonably estimate the number of shares required to be provided to Directors, etc. based on the System for each applicable period (three fiscal years from the year ending February 28, 2027 to the year ending February 28, 2029, and each three-year period thereafter; the same applies below) and make additional contributions to the Trust of funds deemed necessary for the Trust to obtain shares in advance. However, when additional contributions are made, any Company shares remaining in the trust assets (excluding any shares corresponding to the number of points granted to Directors, etc. under the current BBT system and the System which are yet to be provided to Directors, etc.) and any cash

(hereinafter together referred to as “remaining shares, etc.”) will be used as the source of benefits for the current BBT system and the System for applicable periods, and the amount of any additional contributions shall be calculated in consideration of such remaining shares, etc.

(4) Method of acquiring Company shares and number of shares acquired

The Trust will acquire Company shares using the funds contributed in (3) above either through the stock exchange market or through the disposal of treasury shares. Based on the current BBT system and the System, as described in (5) below, the maximum number of points granted to Directors, etc. per fiscal year is 72,000 points (31,000 of which are granted to Directors). As such, for each applicable period, the maximum number of Company shares to be acquired by the Trust based on the current BBT system and the System is 216,000 shares (93,000 of which are granted to Directors). Details on the Trust’s acquisition of Company shares will be disclosed in a timely and appropriate manner.

(5) Upper limit for the number of Company shares granted to Directors, etc.

For each fiscal year, Directors, etc. are granted points that are determined in consideration of their position, achievement level, etc., based on the regulation of the Board Benefit Trust (BBT-RS). The maximum number of points that can be awarded to Directors, etc. per fiscal year based on the current BBT system and the System is 72,000 points (31,000 of which are granted to Directors). The Company has determined this to be an appropriate number based on a comprehensive consideration of current levels of executive compensation, trends in the number of Directors, etc., and future expectations. The points awarded to Directors, etc. will be converted into Company shares (one share of common stock per point) upon the granting of shares as described in (6) below. (Following approval of the Proposal by the Annual Shareholders’ Meeting, however, the maximum number of points, the number of points already awarded, and the conversion ratio will be reasonably adjusted based on the ratio, etc. of any share splits, allotment of shares without contribution, or share consolidations, etc. if conducted to Company shares.) The 720 voting rights associated with the shares corresponding to the maximum number of points to be awarded to Directors, etc. per fiscal year based on the current BBT system and the System account for approximately 0.2% of the 361,819 voting rights associated with the total number of outstanding shares (as of February 28, 2026). In principle, the number of points for Directors, etc. used as the basis for granting Company shares in (6) below will be the number of points awarded to the relevant Directors, etc. until the beneficiary rights are confirmed as described in (6) below. (The points calculated in this way will hereinafter be referred to as the “confirmed number of points.”)

(6) Granting of Company shares

In principle, Directors, etc. who satisfy beneficiary requirements and complete prescribed beneficiary confirmation procedures will be granted Company shares from the Trust in line with the confirmed number of points (determined based on (5) above) at a fixed period each year. As described in (1) above, the points already awarded to Directors, etc. (excluding some Directors, etc.) under the current BBT system will be transferred to points under the System, subject to approval of the Proposal by the Annual Shareholders’ Meeting. Upon conclusion of the Annual Shareholders’ Meeting, Directors, etc. (excluding some Directors, etc.) who have points under the current BBT system will receive Company shares based

on the post-transfer number of points at a time determined by the Company. When Directors, etc. receive Company shares during their terms of office, prior to receiving said shares they will enter into a restricted transfer agreement with the Company as shown in 3. below. As a result, any Company shares received by Directors, etc. during their terms of office will be subject to restrictions on transfer or other disposal until the retirement of the relevant Directors, etc. Furthermore, even if Directors, etc. are awarded points, they will lose their rights to receive benefits if they are dismissed as a Director, if they are dismissed as an Executive Officer by resolution of the Board of Directors, if they are retired due to certain misconduct during their terms of office, or if they engage in improper conduct during their terms of office that causes damage to the Company.

(7) Exercising of voting rights

Based on the instructions of the trust administrator, voting rights associated with Company shares held in the account of the Trust shall not be exercised under any circumstances. Through this approach, the Company aims to ensure neutrality in Company management in the exercising of voting rights associated with Company shares held in the account of the Trust.

(8) Treatment of dividends

Dividends associated with Company shares held in the account of the Trust will be received by the Trust and used to acquire Company shares and for trustee fees associated with the Trust and other expenses. In the event the Trust is terminated, in accordance with the regulation of the Board Benefit Trust (BBT-RS), any dividends remaining in the Trust will be paid to Directors, etc. in office at the time on a pro rata basis based on the number of points each individual holds.

(9) Treatment upon termination of the Trust

The Trust will be terminated upon events including the delisting of Company shares, the abolition of the regulation of the Board Benefit Trust relating to the current BBT system (BBT), or the abolition of the regulation of the Board Benefit Trust (BBT-RS). All of Company shares remaining as residual assets upon termination of the Trust are expected to be acquired by the Company at no cost and cancelled by a resolution of the Board of Directors. Any cash that remains as part of the residual assets upon termination of the Trust shall be provided to the Company, after deducting the cash granted to Directors, etc. as described in (8) above.

3. Overview of the Restricted Transfer Agreement for Company Shares Granted to Directors, etc

When Directors, etc. receive Company shares during their terms of office based on the System, prior to receiving said shares they will enter into a restricted transfer agreement (hereinafter referred to as the "Restricted Transfer Agreement") with the Company that includes the provisions below (Directors, etc. will receive Company shares on the condition that they enter into the Restricted Transfer Agreement.). However, in the event that Directors, etc. have already retired when the shares are granted, said Directors, etc. can receive Company shares without entering into the Restricted Transfer Agreement.

1) Details of transfer restrictions

From the date on which they receive Company shares to the date on which they are no longer a

Directors, etc. or employee of the Company (hereinafter referred to as “officers or employees”), Directors, etc. cannot transfer, establish security interest, or otherwise dispose of any Company shares they receive

2) Acquisition at no cost by the Company

In the event of certain misconduct, etc. or when the requirements in 3) below to lift transfer restrictions are not met, the Company will acquire the relevant shares at no cost

3) Lifting of transfer restrictions

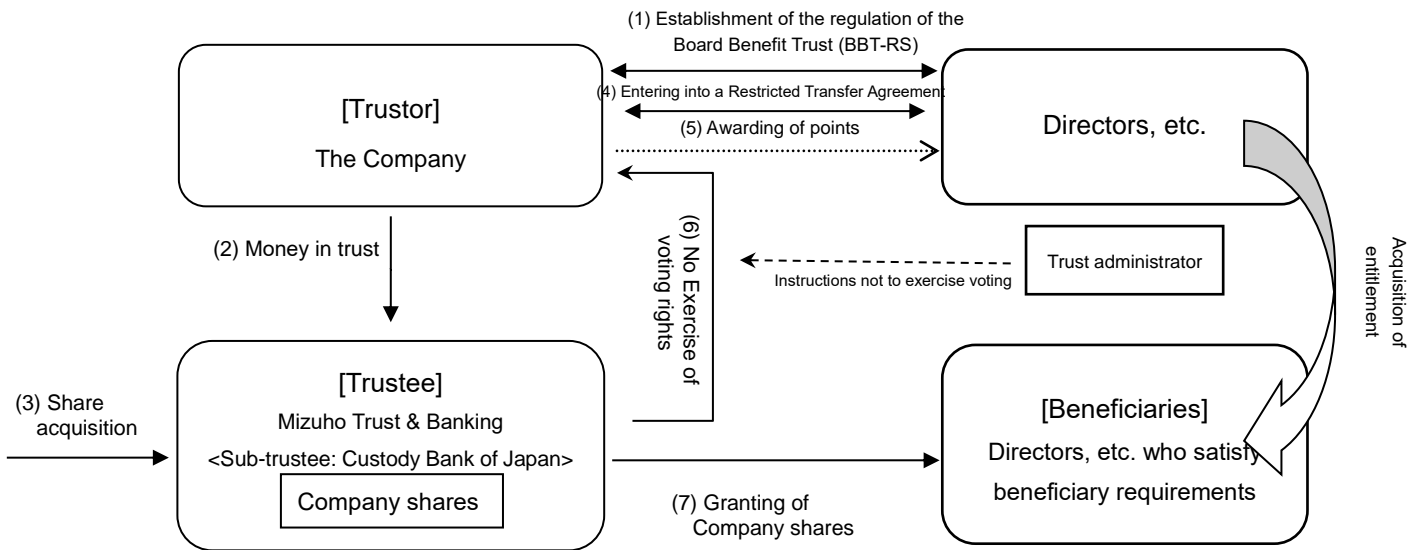
If Directors, etc. retire or resign from their positions as officers or employees of the Company for legitimate reasons, or as a result of their death, the transfer restrictions will be lifted at that time

4) Treatment in the event of organizational restructuring, etc.

During the transfer restriction period, in the event of a merger agreement in which the Company ceases to exist, or any other organizational restructuring matter that is approved at the Shareholders' Meeting of the Company, by the resolution of the Board of Directors, the transfer restrictions will be lifted immediately before the close of business on the day before the organizational restructuring, etc. come into effect

During the transfer restriction period, Company shares subject to transfer restrictions under the Restricted Transfer Agreement shall be managed so as to prevent their transfer, the establishment of security interest, or other disposal. As such, the shares are expected to be managed in dedicated accounts opened by eligible Directors, etc. within a securities company designated by the Company. In addition to the above, the Restricted Transfer Agreement will include methods of declarations of intent and notifications, methods of amendment to the Restricted Transfer Agreement, and other matters determined by the Board of Directors.

[Structure of the System]



- (1) The Company will establish the regulation of the Board Benefit Trust (BBT-RS) within the framework approved at the Annual General Meeting of Shareholders after obtaining the approval for the Proposal.
- (2) The Company will place money in trust within the scope of approval at the Annual General Meeting of Shareholders.
- (3) Using the funds placed in the trust in (2), the Trust will acquire Company shares either through the stock exchange market or through the disposal of treasury shares.
- (4) Directors, etc. will enter into a restricted transfer agreement with the Company. Under the agreement, Company shares received by Directors, etc. during their tenure of office will be subject to restrictions on transfer or other disposal until the date on which they resign from the Company. The agreement will also include certain clauses, etc. for the Company's acquisition of said shares at no cost.
- (5) The Company will award points to Directors, etc. based on the regulation of the Board Benefit Trust (BBT-RS).
- (6) The Trust shall not exercise voting rights in accordance with the instructions of the trust administrator independent from the Company.
- (7) The Trust will at a fixed period each year grant Directors, etc. who satisfy the beneficiary requirements set forth in the regulation of the Board Benefit Trust (BBT-RS) (hereinafter referred to as the "Beneficiaries") the Company shares corresponding to the number of points awarded to Directors, etc.