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Notice Regarding Introduction of Employee Stock Ownership Plan (J-ESOP-RS) for Employees and Disposal of Treasury Shares by Third-Party Allotment

Baroque Japan Limited (the “Company”) hereby announces that it has resolved, at a meeting of the Board of Directors held today, to introduce the “Japanese version of Employee Stock Ownership Plan-Restricted Stock (J-ESOP-RS)” (hereinafter referred to as the “Plan.” The trust established based on the trust agreement to be concluded with Mizuho Trust & Banking Co., Ltd. in relation to the Plan is referred to as the “Trust.”), which is an incentive program that grants the Company’s shares to employees (hereinafter referred to as “employees”) who meet certain conditions in order to enhance their motivation and morale toward improving the Company’s share price and business performance by linking the Company’s share price and business performance more closely to the treatment of employees, and by sharing economic results with shareholders.

The Company also hereby announces that at the board meeting, it has resolved to dispose of its treasury shares by way of a third-party allotment (hereinafter referred to as the “Disposal of Treasury Shares”) in connection with the introduction of the Plan, as described below.

<Introduction of the Plan>

1. Background of the Introduction

The Company believes it is essential to train next-generation leaders, retain young workers, enhance engagement with management strategies, and increase awareness of improving corporate value in accordance with its human capital basic policy aimed at realizing the corporate philosophy, “Challenging.” After considering various incentive plans from the perspective of encouraging employees to take on challenges at high levels and rewarding their performance, the Company has decided to introduce the Plan in order to grant Company shares to employees and reflect share price fluctuations in their treatment.

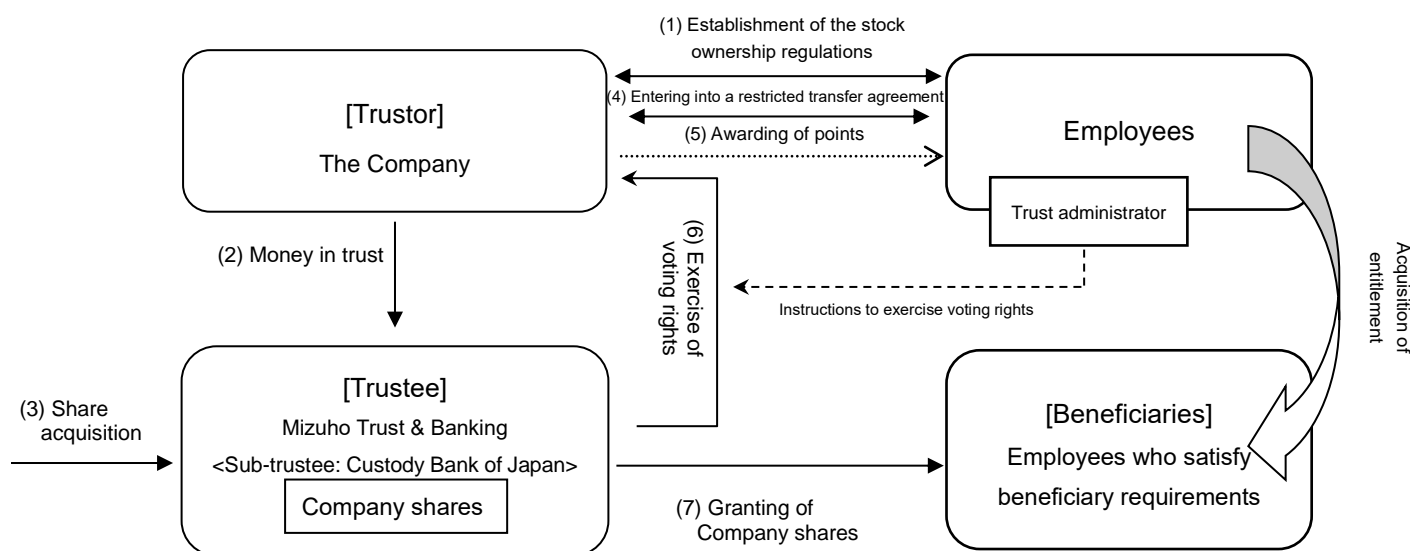
2. Outline of the Plan

The Plan is a trust-type scheme modeled after the Employee Stock Ownership Plan (ESOP) system of the United States and is a structure to grant Company shares to the Company’s employees who meet certain requirements in accordance with the stock ownership regulations established by the Company in advance.

The Company will award points to employees according to their positions, the Company's performance, etc., and when they acquire the right to receive shares by meeting certain conditions, the Company will grant the Company shares corresponding to the number of points awarded. If employees receive Company shares during their tenure of office, they shall enter into a restricted transfer agreement with the Company before they receive such shares. As a result, the Company shares received by employees during employment will be subject to restrictions on transfer or any other forms of disposal until those employees resign from the Company.

Shares to be granted to employees, including those to be granted in the future, will be acquired using money placed in trust beforehand and will be separately managed as trust property. The introduction of the Plan is expected to raise employees' interest in improving the share price and business performance and to motivate them to engage in business activities more enthusiastically than ever.

[Structure of the Plan]



- (1) The Company will establish the stock ownership regulations in introducing the Plan.
- (2) The Company will place money in trust (third-party benefit trust) with Mizuho Trust & Banking (sub-trustee: Custody Bank of Japan) in order to acquire in advance shares to be granted to employees in the future in accordance with the stock ownership regulations.
- (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) Employees will enter into a restricted transfer agreement with the Company. Under the agreement, Company shares received by employees 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 employees based on the stock ownership regulations.
- (6) The Trust shall exercise voting rights in accordance with the instructions of the trust administrator.

- (7) The Trust will grant employees who satisfy the beneficiary requirements set forth in the stock ownership regulations (hereinafter referred to as the “Beneficiaries”) the Company shares corresponding to the number of points awarded to the Beneficiaries.

<The Disposal of Treasury Shares>

3. Overview of the Disposal

(1)	Date of disposal	May 15, 2026 (Friday)
(2)	Class and number of shares to be disposed of	56,160 shares of common stock
(3)	Disposal price	736 yen per share
(4)	Total disposal amount	41,333,760 yen
(5)	Planned allottee	Custody Bank of Japan, Ltd. (Trust Account E)

(Note) The planned allottee, Custody Bank of Japan, Ltd. (Trust Account E), is a trust account established through a trust agreement concluded between the Company and Mizuho Trust & Banking Co., Ltd., with the Company as the trustor and Mizuho Trust & Banking Co., Ltd. as the trustee (and Custody Bank of Japan, Ltd. as the sub-trustee). The Disposal of Treasury Shares is being conducted to provide benefits to the Company’s employees under the Plan and is substantially equivalent to allotting shares to them as consideration for services rendered to the Company.

4. Purpose of and Reason for the Disposal

In the Disposal of Treasury Shares, the Company will dispose of its treasury shares to Trust Account E established at Custody Bank of Japan, Ltd., the sub-trustee that has been re-entrusted by the trustee of the Trust, for the purpose of holding and disposing of Company shares to administer the Plan.

The number of shares to be disposed of is equivalent to the number of shares expected to be granted to the Company’s employees during the trust period in accordance with the stock ownership regulations (for the three fiscal years starting from the fiscal year ending February 28, 2027 to the fiscal year ending February 28, 2029). This number represents 0.15 % of the 36,676,300 total issued shares as of February 28, 2026, and 0.16 % of the 361,819 total voting rights as of February 28, 2026 (both figures rounded to the second decimal place). In light of the purpose of the Plan, the Company has determined that the scale of dilution is reasonable.

5. Overview of the Trust

- (1) Name: Japanese version of Employee Stock Ownership Plan-Restricted Stock (J-ESOP-RS)
- (2) Trustor: The Company
- (3) Trustee: Mizuho Trust & Banking Co., Ltd.
(Sub-trustee: Custody Bank of Japan, Ltd.)
- (4) Beneficiaries: Employees who satisfy the beneficiary requirements set forth in the stock ownership regulations

- (5) Trust administrator: Selected from the employees of the Company
- (6) Type of trust: Pecuniary trusts other than money trusts (third-party benefit trust)
- (7) Purpose of trust: To grant Company shares, which are the trust assets, to the Beneficiaries in accordance with the stock ownership regulations
- (8) Date of signing the trust agreement: May 15, 2026
- (9) Date of placing money in trust: May 15, 2026
- (10) Trust period: From May 15, 2026 to the day of termination of trust
(No specific termination date will be determined. The trust will continue as long as the Plan continues.)

6. Basis for Calculation of the Disposal Price and Specific Details Thereof

The disposal price has been set at 736 yen, which was the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors' resolution regarding the Disposal of Treasury Shares.

The closing price on the business day immediately preceding the date of the Board of Directors' resolution was chosen because it represents the Company's fair corporate value on the stock market and was determined to be reasonable.

The disposal price of 736 yen is an amount equivalent to 97.23% of the average closing price of 757 yen (rounded down to the nearest yen) for the most recent one-month period preceding the business day immediately preceding the date of the Board of Directors' resolution; an amount equivalent to 95.83% of the average closing price of 768 yen (rounded down to the nearest yen) for the most recent three-month period; and an amount equivalent to 96.08% of the average closing price of 766 yen (rounded down to the nearest yen) for the most recent six-month period. Taking the above into consideration, the Company has determined that the disposal price for the Disposal of Treasury Shares is not particularly advantageous and is reasonable.

Furthermore, three Audit & Supervisory Board Members (two of whom are Outside Audit & Supervisory Board Members) present at the Board of Directors meeting have expressed their opinion that the basis for calculation is reasonable and said disposal price does not fall under the category of particularly advantageous prices.

7. Matters Concerning Procedures under the Code of Corporate Conduct

The Disposal of Treasury Shares does not require the implementation of the procedures for obtaining an opinion from an independent third party or for shareholder confirmation stipulated in Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange because the dilution ratio is less than 25% and it does not involve a change in controlling shareholders.