

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 8, 2026

(Start date of electronic provisioning measures: May 1, 2026)

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 27th ANNUAL SHAREHOLDERS' MEETING**

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

You are cordially invited to the 27th 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 27th 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/JJK020010Action.do?Show=Show>



Please access the TSE website above, enter the Company's name or stock code, and click "Search." On the screen, select "Basic information" and then "Documents for public inspection/PR information" to view the information.

If you are unable to attend the meeting, you can exercise your voting rights in writing or electromagnetic methods (internet, etc.). Please review the Reference Documents for the Shareholders' Meeting available in the electronic provisioning measures, 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 Tuesday, May 26, 2026 Japan time.

1. **Date and Time:** Wednesday, May 27, 2026 at 10 a.m. Japan time (reception will open at 9:30 a.m.)
2. **Venue:** B1 "Sakura," the Westin Tokyo (in the Yebisu Garden Place)
1-4-1 Mita, Meguro-ku, Tokyo, Japan
3. **Meeting Agenda:**
Matters to be reported:
 1. Business Report, Consolidated Financial Statements for the Company's 27th Term (March 1, 2025–February 28, 2026) 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 27th Term (March 1, 2025–February 28, 2026)

Proposals to be resolved:

- Proposal No. 1:** Regarding the Reduction of Capital Reserves
Proposal No. 2: Election of Five (5) Directors
Proposal No. 3: Introduction of a Performance-Based Restricted Stock Compensation System for 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 Annual Shareholders' Meeting, 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



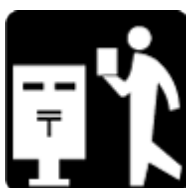
Date and Time

Wednesday, May 27, 2026 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.

Non-participation on the day



Exercise by Mail

Exercise Deadline

Must reach us no later than Tuesday, May 26, 2026,
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 be completed no later than Tuesday, May 26, 2026,
7 p.m.

Please access our designated voting rights exercise website (<https://soukai.mizuho-tb.co.jp/>) and enter your approval or disapproval of each proposal by the exercise deadline. If you exercise your voting rights more than once via the internet, the last vote shall prevail.

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

About "Smart Exercise"

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

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

Reference Documents for the Shareholders' Meeting

Proposals and References

Proposal No. 1: Regarding the Reduction of Capital Reserves

To enhance the financial capacity for dividend distribution from surplus and to implement a flexible and stable financial policy that can adapt to future changes in the business landscape, we propose to reduce the amount of capital reserves in accordance with Article 448, Paragraph 1 of the Companies Act, and transfer the entire amount to other capital surplus.

Details of the reduction in the amount of capital reserves

(1) Amount of capital reserves to be reduced

Out of the capital reserves of 5,055,458,900 yen, the amount of 2,990,000,000 yen will be reduced and transferred in full to other capital surplus. The amount of capital reserves following this reduction will be 2,065,458,900 yen.

(2) Effective date of the reduction in capital reserves

May 27, 2026

Proposal No. 2: Election of Five (5) Directors

As the terms of office of the current six (6) Directors will expire at the conclusion of this Annual Shareholders' Meeting, we propose the election of five (5) new Directors.

The candidates for Directors are as follows.

No.	Name		Positions and responsibilities in the Company
1	Hiroyuki Murai	Reappointment	Representative Director, President and Chief Executive Officer
2	Shan Zhao	Reappointment	Director, Managing Executive Officer, Head of China and Asia Region
3	Satoru Matsuzaki	Reappointment Outside Director Independent Director	Outside Director
4	Masuo Okumura	Reappointment Outside Director Independent Director	Outside Director
5	Fang Sheng	Reappointment Outside Director	Outside Director

No.	Name (Date of birth) Number of shares of the Company held	Career summary, positions and responsibilities in the Company	
2	<p style="text-align: center;">Shan Zhao</p> <div style="border: 1px solid black; padding: 2px; margin: 5px auto; width: fit-content;">Reappointment</div> <p style="text-align: center;">(June 21, 1973)</p> <p style="text-align: center;">0 shares</p> <p>Number of years in office as a director: one year (At the conclusion of this Annual Shareholders' Meeting)</p> <p>Attendance at the Board of Directors meetings: 14/18 times (78%)</p>	<p>Oct 2006</p> <p>Sep 2009</p> <p>Sep 2010</p> <p>Sep 2013</p> <p>Nov 2013</p> <p>Feb 2014</p> <p>Feb 2015</p> <p>May 2017</p> <p>May 2018</p> <p>Feb 2019</p> <p>Mar 2020</p> <p>May 2025</p>	<p>Overseas Management Department, Fakedelic Holdings Co., Ltd.</p> <p>General Manager of Beijing Branch, BAROQUE SHANGHAI LIMITED</p> <p>General Manager, BAROQUE SHANGHAI LIMITED</p> <p>Director, BAROQUE SHANGHAI LIMITED (to present)</p> <p>Director, BAROQUE CHINA LIMITED</p> <p>Director, Baroque Shanghai Development Co., Ltd.</p> <p>Director, FRAME LIMITED</p> <p>Managing Director, BAROQUE HK LIMITED (to present)</p> <p>Executive Officer, the Company</p> <p>Managing Executive Officer, the Company (to present)</p> <p>Head of China and Asia Region, the Company (to present)</p> <p>Global Business Promotion Taskforce, the Company</p> <p>Director, the Company (to present)</p>
	<p>Significant concurrent positions</p> <p>Director, BAROQUE SHANGHAI LIMITED</p> <p>Managing Director, BAROQUE HK LIMITED</p>		
	<p>Reasons for selection as a candidate for Director</p> <p>Ms. Shan Zhao has been in charge of promoting the Company's apparel business in the China and Asia region, including the management of joint ventures in China. Based on her accumulated experience and track record, we believe she is well-suited to take the lead in promoting the Company's new advancements in the Chinese market. Accordingly, we request her continued election as a Director of the Company.</p>		

No.	Name (Date of birth) Number of shares of the Company held	Career summary, positions and responsibilities in the Company	
3	<p style="text-align: center;">Satoru Matsuzaki</p> <div style="border: 1px solid black; padding: 2px; margin-bottom: 5px; width: fit-content; margin-left: auto; margin-right: auto;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 5px; width: fit-content; margin-left: auto; margin-right: auto;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 5px; width: fit-content; margin-left: auto; margin-right: 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: three years (At the conclusion of this Annual Shareholders' Meeting)</p> <p>Attendance at the Board of Directors meetings: 18/18 times (100%)</p>	<p>Apr 1978</p> <p>Jul 2005</p> <p>Feb 2008</p> <p>May 2011</p> <p>May 2012</p> <p>May 2013</p> <p>May 2015</p> <p>Sep 2020</p> <p>Sep 2021</p> <p>May 2023</p>	<p>Joined The Seiyu Stores, Ltd. (presently Seiyu Co., Ltd.)</p> <p>Joined Ryohin Keikaku Co., Ltd. General Manager of Regional Management – Asia, Overseas Operations Division, Ryohin Keikaku Co., Ltd.</p> <p>Executive Officer, General Manager of Regional Management – China, Overseas Operations Division, Ryohin Keikaku Co., Ltd.</p> <p>Director and Executive Officer, General Manager of Overseas Operations Division, Ryohin Keikaku Co., Ltd.</p> <p>Managing Director and Executive Officer, General Manager of Overseas Operations Division, Ryohin Keikaku Co., Ltd.</p> <p>Senior Managing Director and Executive Officer, General Manager of Overseas Operations Division, Ryohin Keikaku Co., Ltd.</p> <p>President and Representative Director, Executive Officer, Ryohin Keikaku Co., Ltd. President and Representative Director, MUJI House Co., Ltd.</p> <p>President and Representative Director, Executive Officer, General Manager of Overseas Operations Division, Ryohin Keikaku Co., Ltd.</p> <p>Vice Chairman and Director, Executive Officer, Ryohin Keikaku Co., Ltd.</p> <p>Outside Director, the Company (to present)</p>
<p>Reasons for selection as a candidate and expected role as an Outside Director</p> <p>Mr. Satoru Matsuzaki possesses extensive experience and broad insight as a corporate manager and is well-versed in overseas business.</p> <p>We expect Mr. Matsuzaki to contribute to strengthening our management supervisory function, particularly from the viewpoint of corporate management and the development of global business, in order to support the Company's sustainable growth and enhancement of corporate value. Accordingly, we request his continued election as an Outside Director of the Company.</p> <p>In addition, he serves as a member of the Company's voluntary Nomination and Compensation Advisory Committee.</p>			

No.	Name (Date of birth) Number of shares of the Company held	Career summary, positions and responsibilities in the Company	
4	<p>Masuo Okumura</p> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Independent Director</div> <p>(November 8, 1947)</p> <p style="text-align: center;">0 shares</p> <p>Number of years in office as a director: three years (At the conclusion of this Annual Shareholders' Meeting)</p> <p>Attendance at the Board of Directors meetings: 18/18 times (100%)</p>	<p>Jul 1971</p> <p>May 2001</p> <p>Aug 2002</p> <p>Jan 2004</p> <p>Mar 2006</p> <p>Jun 2013</p> <p>Jun 2013</p> <p>May 2023</p>	<p>Joined National Police Agency</p> <p>Chief, the Osaka Prefectural Police Headquarters</p> <p>Director General, the Security Bureau, National Police Agency</p> <p>Superintendent General of the Metropolitan Police Department</p> <p>Chairperson, JAPAN TRAFFIC SAFETY ASSOCIATION</p> <p>Chairperson, Japan Road Traffic Information Center</p> <p>Auditor, Maruichi Steel Tube Ltd. (to present)</p> <p>Outside Director, the Company (to present)</p>
<p>Significant concurrent positions Auditor, Maruichi Steel Tube Ltd.</p>			
<p>Reasons for selection as a candidate and expected role as an Outside Director</p> <p>Mr. Masuo Okumura has a wealth of experience and broad insight cultivated through his many years of service in the police and other government agencies.</p> <p>We expect Mr. Okumura to contribute to strengthening our management supervisory function, particularly in the areas of risk management and compliance, in order to support the Company's sustainable growth and enhancement of corporate value. Accordingly, we request his continued election as an Outside Director of the Company. Although Mr. Okumura has no direct involvement in the management of the Company other than serving as an Outside Director, we believe that, for the reasons stated above, he is well qualified to appropriately fulfill the duties of the position.</p> <p>In addition, he serves as a member of the Company's voluntary Nomination and Compensation Advisory Committee.</p>			

No.	Name (Date of birth) Number of shares of the Company held	Career summary, positions and responsibilities in the Company	
5	<p style="text-align: center;">Fang Sheng</p> <div style="border: 1px solid black; padding: 2px; margin: 5px 0; width: fit-content;">Reappointment</div> <div style="border: 1px solid black; padding: 2px; margin: 5px 0; width: fit-content;">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: twelve years and nine months (At the conclusion of this Annual Shareholders' Meeting)</p> <p>Attendance at the Board of Directors meetings: 18/18 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>Oct 2023</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.</p> <p>Director, Baroque Shanghai Development Co., Ltd.</p> <p>Non-executive Director, Topsports International Holdings Limited (to present)</p> <p>Executive Director & CEO, Belle Fashion Group</p> <p>Chairman & 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>Non-executive Director, Topsports International Holdings Limited</p> <p>Chairman & CEO, Belle Fashion Group</p>			
<p>Reasons for selection as a candidate and expected role as an Outside Director</p> <p>Mr. Fang Sheng possesses extensive experience and deep insight in corporate management in China.</p> <p>Given that he also serves as an Executive Director of Belle International Holdings Limited, a strategic business partner of the Company, we expect Mr. Sheng to contribute to the further development of our licensing business in China. Accordingly, we request his continued election as an Outside Director of the Company.</p>			

- (Notes)
1. Mr. Fang Sheng concurrently serves as Executive Director of Belle International Holdings Limited, which indirectly controls MUTUAL CROWN LIMITED, a major shareholder of the Company.
 2. No significant transactions or other material interest exist between the Company and the corporations at which the other candidates concurrently serve.
 3. Article 27, Paragraph 2 of the Company's Articles of Incorporation stipulates that the Company may enter into agreements with Directors (excluding executive directors) to limit their liability for damages to the Company to the minimum liability amount set forth in Article 425, Paragraph 1 of the Companies Act of Japan, pursuant to Article 427, Paragraph 1. Accordingly, Mr. Satoru Matsuzaki, Mr. Masuo Okumura and Mr. Fang Sheng have entered into liability limitation agreements with the Company, and should their reappointment be approved, the above liability limitation agreements will be continued.
 4. Mr. Satoru Matsuzaki and Mr. Masuo Okumura meet the qualifications for independent directors as defined by Tokyo Stock Exchange, Inc.
 5. The Company has entered into a directors' and officers' liability insurance (D&O insurance) policy with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act of Japan, with all Directors as the insured. The policy provides coverage for damages to be incurred by the insured when assuming liability for the execution of their duties or receiving a claim related to the pursuit of such liability. If the proposed candidates are elected, they will be covered under this policy, which is scheduled for renewal in December 2027 under the same terms and conditions. The full cost of the premium is borne by the Company.

Proposal No. 3: Introduction of a Performance-Based Restricted Stock Compensation System for Directors

1. Reason for Proposal and Justification

At the 18th Annual Shareholders' Meeting convened on April 26, 2017, 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.")

To provide an incentive for Directors to engage in further efforts to improve corporate value, while maintaining the current BBT system, the Company seeks approval for the introduction of a "Board Benefit Trust-Restricted Stock (BBT-RS)" system (hereinafter referred to as the "System"), which enables enjoyment of the benefits of both the BBT system and a restricted stock system.

This proposal aims to further clarify the link between the compensation of Directors and the Company's performance and share value, and to enhance their awareness of the importance of contributing to medium- to long-term performance improvements and increases in corporate value by ensuring that they share both the advantages of share price increases and the risks associated with share price declines with shareholders. Moreover, the Nomination and Compensation Advisory Committee of the Company has determined that the introduction of the System is appropriate based on its purpose and its effectiveness in providing an incentive for medium- to long-term performance improvements. Further, in the event that this proposal is approved as originally proposed, it will be consistent with the policy for determining the content of individual compensation, etc. for Directors of the Company (described below), which is scheduled for revision by the resolution of the Board of Directors after the conclusion of this Annual Shareholders' Meeting. For these reasons, the Company has determined the proposal to be appropriate.

The Company seeks approval for specific calculation methods and specific details of the compensation, etc. as the compensation will be provided to Company Directors under the current BBT system and the System, under a separate framework from the compensation for Directors (including Outside Directors) approved at the 12th Annual Shareholders' Meeting convened on April 26, 2011 (within 1,000 million yen per year; excluding the salary of employees who also serve as Directors). Points granted to Directors and Company shares acquired through the Trust (defined below) under the current BBT system and the System will be granted or acquired within the upper limit on the number of points to be granted and the number of shares to be acquired by the Trust under the current BBT system (see 2. (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. The details of

the System will be entrusted to the Board of Directors within the framework set out in 2. below.

In the event that Proposal No. 2 is approved as originally proposed, the number of Directors eligible for the System will be two.

The Company also plans to apply the System to Executive Officers.

2. Specific Calculation Methods and 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 and Executive Officers (hereinafter referred to as "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 of this proposal. Upon conclusion of this 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.

(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 this proposal, 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 Company Directors).

Details on the Trust’s acquisition of Company shares will be disclosed in a timely and appropriate manner.

(5) Specific calculation methods 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 Company 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 this proposal, 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 this proposal. Upon conclusion of this 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) Specific calculation methods for the amount of Director compensation, etc.

When points are granted to Directors, the amount of compensation received by Directors shall be the total number of points granted to Directors multiplied by the book value per share of Company shares held by the Trust. (However, reasonable adjustments will be made based on the ratio, etc. of any share splits, allotment of shares without contribution, or share consolidations, etc. if conducted to Company shares.) Moreover, if cash is paid on an exceptional basis in accordance with the regulation of the Board Benefit Trust (BBTRS), the relevant amount will be added if deemed appropriate.

(8) 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.

(9) 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.

(10) 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 (9) 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 Director, 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 Agreement, and other matters determined by the Board of Directors.

Reference

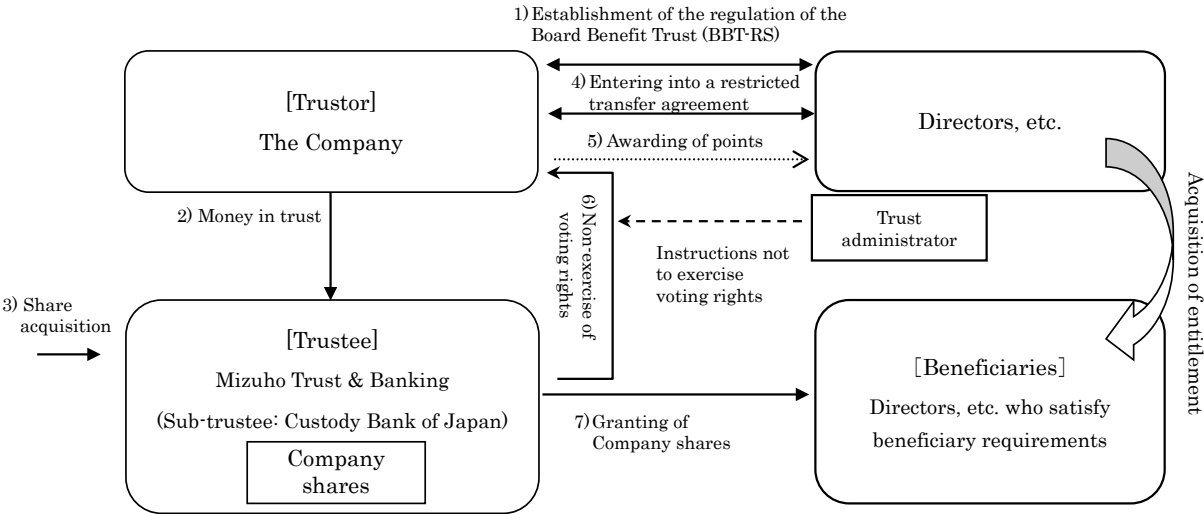
The expertise, experience, and expected roles of Directors upon approval of Proposal No. 2 are as follows.

		Expertise, experience and expected roles					
Name	Positions and responsibilities in the Company	Business Management	Business Strategy, Branding, Marketing	Global	Financial Accounting	Governance, Risk Management	Other Business Knowledge
Hiroyuki Murai	Representative Director, President and Chief Executive Officer	●	●	●	●	●	
Shan Zhao	Director, Managing Executive Officer, Head of China and Asia Region	●	●	●	●	●	
Satoru Matsuzaki	Outside Director (Independent Director)	●	●	●		●	● Retail Industry Knowledge
Masuo Okumura	Outside Director (Independent Director)					●	● Legal & Compliance
Fang Sheng	Outside Director	●	●	●	●	●	● Retail Industry Knowledge

* Items listed represent the areas where each individual is particularly expected to contribute.

* This does not represent the full scope of their knowledge and experience.

The mechanisms of the System under Proposal No. 3 are as follows.



- 1) The Company will establish the regulation of the Board Benefit Trust (BBT-RS) within the framework approved under the proposal.
- 2) The Company will place funds in trust within the framework approved under the proposal.
- 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 terms of office will be subject to restrictions on transfer or other disposal until the date on which they are no longer officers or employees of 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) In line with the instructions of the trust administrator, who is independent from the Company, voting rights associated with Company shares held in the account of the Trust shall not be exercised.
- 7) At a fixed period each year, Directors, etc. who satisfy beneficiary requirements (hereinafter referred to as “beneficiaries”) as prescribed in the regulation of the Board Benefit Trust (BBT-RS) will be granted Company shares based on the number of points the beneficiaries have been awarded.

Under Proposal No. 3, the policy for determining the content of individual compensation, etc. for Directors is as follows. The current policy for determining the content of individual compensation, etc. for Directors is as described on page 33 onward of this convocation notice.

The Company’s basic policy regarding the compensation, etc. for Directors is, according to their roles, to appropriately set fixed compensation and performance-based compensation

ratios, etc., ensuring it functions sufficiently as an incentive for the continuous improvement of corporate value. The compensation of individual Directors is determined while respecting the opinions from the Nomination and Compensation Advisory Committee and setting compensation at an appropriate level based on each individual's responsibility.

In accordance with this basic policy, the Company resolved and established a decision policy for determining the content of individual Director compensation (hereinafter referred to as the "Decision Policy") at the Board of Directors meeting held on February 17, 2021, which was then revised at the Board of Directors meeting held on May 27, 2026.

Specifically, the compensation for executive directors consists of basic compensation (monetary compensation) as fixed compensation and performance-based stock compensation, while Outside Directors, who perform a supervisory function, receive only basic compensation (monetary compensation) as fixed compensation in light of their duties.

The basic compensation (monetary compensation) for Directors of the Company is a fixed monthly compensation, determined according to their position, responsibility, etc., by taking into consideration factors such as compensation standards at other companies, the performance of the Company, and the salary levels of employees, and a fixed amount is paid each month.

The Company has introduced the Board Benefit Trust (BBT) and Board Benefit Trust-Restricted Stock (BBT-RS) as performance-based stock compensation for executive directors. For each fiscal year (hereinafter referred to as the "Evaluation Period"), executive directors are granted points that are determined in consideration of their position, achievement level, etc., based on the regulation of the Board Benefit Trust established by the Board of Directors. Provided they meet the beneficiary requirements stipulated in the regulation of the Board Benefit Trust, executive directors will receive share benefits upon retirement (in the case of BBT) or restricted stock with the transfer restrictions lifted upon retirement (in the case of BBT-RS), corresponding to the accumulated points in principle. The number of shares granted is calculated by multiplying the points awarded according to the position of the executive director on the grant date by points reflecting the Company's performance during the Evaluation Period (with profit attributable to owners of parent being used as the index in consideration of the low impact on company performance, while aiming for sustainable corporate value improvement by sharing interests with shareholders) and a performance evaluation coefficient during the Evaluation Period. The points are valued at 1 point = 1 share.

The compensation ratio for each type of executive director is determined by comprehensively considering their position, performance, etc. However, the composition ratio of the amount of basic compensation (monetary compensation) is higher than the amount of performance-based stock compensation.

Performance-based stock compensation may not be paid if the Board of Directors of the Company determines that it does not sufficiently function as an incentive for the continuous

improvement of corporate value, or in light of other circumstances.

For basic compensation (monetary compensation) as fixed compensation, 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 for Directors in the current fiscal year, the Board of Directors has ensured that the content and decision method align with the Decision Policy, respecting the opinions of the Nomination and Compensation Advisory Committee, and that the individual compensation has been determined based on these opinions and is in line with the Decision Policy.

Business Report

(March 1, 2025–February 28, 2026)

1. Overview of the Group

(1) Business in the Fiscal Year under Review

1) Business Progress and Results

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

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

(Group's domestic business)

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

On the other hand, selling, general and administrative expenses were controlled at a level below those of the previous fiscal year as a result of a reduction in sales commissions linked to net sales and the containment of fixed costs, and accordingly, operating profit exceeded that of the previous fiscal year.

(Group's overseas business)

As for the U.S. business, the Group has been focusing on a business model primarily centered around e-commerce and wholesale distribution to high-end department stores and select shops,

selling Japanese-made high-end denim products. While e-commerce sales were higher than the previous fiscal year, we were not able to sufficiently curb selling, general and administrative expenses, and the impact of the bankruptcy of a major department store also contributed to a year-on-year decline in profit.

We terminated the Chinese joint venture with BELLE INTERNATIONAL HOLDINGS LIMITED (hereon, “Belle”) and transferred shares of the wholesale company and retail company in China to Belle. During the fiscal year ended February 28, 2026, the wholesale company in China, which had been included in the scope of consolidation, was excluded from the scope of consolidation, and as a result, this has become a factor in the decrease in consolidated net sales and other items. During the current fiscal year, the retail company in China, which had been an equity-method affiliate, was also excluded from the scope of equity-method application, resulting in no share of loss of entities accounted for using the equity method. In addition, gain on sale of shares of subsidiaries and associates was recorded as a result of the above-mentioned transactions.

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

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

(Net Sales by Country)

Net sales and composition by country are as follows:

Country	For the fiscal year under review		Year-on-year change (%)
	Net sales (million yen)	Composition (%)	
Japan	50,156	97.4	96.4
China (including Hong Kong)	142	0.3	3.1
United States	1,200	2.3	82.1
Total	51,499	100.0	88.5

2) Capital Investments

During the fiscal year under review, the Group made capital investments that amounted to 1,327 million yen. The main investments are as follows:

Investments in store facilities related to new store openings and store renovations	687 million yen
Investments in core systems	360 million yen

3) Financing

There are no significant matters to report.

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.

Through its wholly-owned subsidiary BAROQUE HK LIMITED, the Company has established DB Capital Limited, a joint venture with Jingdong Group Investment Ltd. which is the wholly-owned subsidiary of JD.com, Inc. The Company has acquired 25,000,000 shares in DB Capital Limited (25% of its total number of outstanding shares as of February 28, 2026) at a cost of USD 25,000,000.

(2) **Assets and Income**

The assets and income of the Group are as follows:

Item	24th term (Year ended February 28, 2023)	25th term (Year ended February 29, 2024)	26th term (Year ended February 28, 2025)	27th term (Year ended February 28, 2026) (Fiscal year under review)
Net sales (million yen)	58,842	60,290	58,180	51,499
Profit (loss) attributable to owners of parent (million yen)	243	945	(2,575)	366
Earnings (losses) per share (yen)	6.77	26.24	(71.58)	10.19
Total assets (million yen)	37,245	37,261	34,051	32,593
Net assets (million yen)	22,085	22,202	18,796	14,705
Net assets per share (yen)	541.99	535.80	434.58	408.27

(Notes)1. Earnings (losses) 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) Significant Subsidiaries

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

In line with the sale of shares in the Company's wholly-owned subsidiary BAROQUE HK LIMITED at the end of the fiscal year under review, BAROQUE CHINA LIMITED and its wholly-owned subsidiary Baroque Shanghai Development Co., Ltd., which were consolidated subsidiaries at the end of the previous fiscal year, have been removed from the scope of consolidation. Moreover, FRAME LIMITED, which was similarly a consolidated subsidiary at the end of the previous fiscal year, has also been removed from the scope of consolidation due to the completion of liquidation in the fiscal year under review. Further, the newly established BAROQUE TRADING LIMITED is included in the scope of consolidation from the fiscal year under review.

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 69,600 thousand	100.0% (100.0%)	Handling consigned business operations
BAROQUE USA LIMITED	USD 2,900 thousand	100.0%	Sale of clothing, etc.
BAROQUE TRADING LIMITED	JPY 2,500 thousand	100.0%	Sale and import/export of alcohol beverages, 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

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

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

1) Recovery of apparel business performance

a) Domestic business

We will continue to concentrate management resources on high-profit brands and expand store openings for brands with growth potential, while focusing on

developing new brands with net sales exceeding 10 billion yen and creating global brands. At the same time, recovering the customer traffic and net sales of AZUL BY MOUSSY, our mainstay SC brand, is an urgent priority. We will drive a recovery in net sales by applying the know-how of our successful brands in terms of planning capabilities and brand communication to enhance brand value and ability to attract customers.

b) Overseas business

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

2) Transition to an efficient management structure

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

3) Entry into new industries

Through its wholly-owned subsidiary BAROQUE HK LIMITED, on December 22, 2025, the Company established “DB Capital Limited,” a joint venture with Jingdong Group Investment Ltd. which is the wholly-owned subsidiary of JD.com, Inc. to make investments into consumer goods-related companies and others in Japan. Through this company, we will promote Japan’s finest technology and culture to the world and work to enhance the value of domestic manufacturing companies.

4) Strengthening human capital

Our basic policy is “By providing growth opportunities to a diverse workforce and fostering a corporate culture where individuals resonate and empathize with one another, we aim to create new value and contribute to the realization of a prosperous society.” Based on this policy, we will promote strategic recruitment and development activities, strengthen employee engagement, and drive workstyle reforms.

5) Sustainability response

While implementing measures from three perspectives of environment, society, and people, we will promote initiatives to provide a prosperous and expansive future for all stakeholders.

For the current fiscal year as well, we have calculated CO₂ emissions (including SCOPE 3 emissions). Moreover, we have disclosed information on progress of our sustainability-related objectives, including emissions reduction targets for CO₂, and our initiatives in terms of climate change-related risks and opportunities based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Furthermore, we have attained a B rating for our climate change response from the Carbon Disclosure Project (CDP), an international non-governmental organization that promotes information disclosure on environmental initiatives by major global corporations.

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

(5) Major Businesses (As of February 28, 2026)

The Group consists of the Company and four consolidated subsidiaries of the Company, and is primarily engaged in the manufacturing and retailing business (SPA*) of women's clothing, etc. The Group's main business activities include the planning, sales and manufacturing of clothing, etc.

*SPA is an abbreviation of "Specialty store retailer of Private label Apparel."

(6) Major Sales Offices and Plants (As of February 28, 2026)

1) Business Offices of the Company

Head office	Meguro-ku, Tokyo
Stores	254 (Directly-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, People's Republic of China
BAROQUE USA LIMITED	Delaware, United States of America
BAROQUE TRADING LIMITED	Meguro-ku, Tokyo

(7) Employees (As of February 28, 2026)

1) Employees of the Group

Number of employees	Change from previous fiscal year-end
1,266	-115

2) Employees of the Company

Number of employees	Changes from previous fiscal year-end	Average age	Average service period
1,242 (221)	-79 (-1)	30.4	7 years and 1 month

(Notes) 1. The number of employees refers to the number of full-time employees (excluding employees of the Company assigned to other companies). The number of temporary staff (part-time employees) is shown in parentheses “()” as the average over the past 12 months.

2. The number of temporary staff represent the average number of part-time employees employed over the past 12 months (converted to an eight-hour working day basis). Dispatched employees are excluded.

(8) Major Lenders (As of February 28, 2026)

Lender	Amount borrowed (million yen)
Sumitomo Mitsui Banking Corporation	5,000
Mizuho Bank, Ltd.	2,000
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, 2026)

- 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 63,521 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	5,610,800	15.49
Murai Capital Co., Ltd.	2,600,000	7.17
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,834,900	5.06
Hiroyuki Murai	1,048,100	2.89
Custody Bank of Japan, Ltd. (Trust Account E)	195,900	0.54
Seiki Nara	166,400	0.45
SMBC Nikko Securities Inc.	141,600	0.39
Mizuki Fukasawa	140,000	0.38
Custody Bank of Japan, Ltd. (Trust Account)	130,000	0.35

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

2. The Company holds treasury shares (460,430 shares) which is excluded from the above major shareholders. The shareholding ratio is calculated by deducting treasury shares from the total number of outstanding shares. Treasury shares do not include 195,900 shares held by the trust through the performance-based stock compensation system, “the Board Benefit Trust (BBT).”

(2) Company Officers

1) Directors and Audit & Supervisory Board Members (As of February 28, 2026)

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 Director, BAROQUE USA LIMITED Director and Chairman, DB Capital Limited
Executive Director and Deputy Chief Executive Officer	Akihito Fukasawa	General Manager, Sales Management Division Director, BAROQUE USA LIMITED
Director	Shan Zhao	Managing Executive Officer Head of China and Asia Region Director, BAROQUE SHANGHAI LIMITED Managing Director, BAROQUE HK LIMITED
Director	Satoru Matsuzaki	
Director	Masuo Okumura	Auditor, Maruichi Steel Tube Ltd.
Director	Fang Sheng	Executive Director, Belle International Holdings Limited Deputy Chairman, Smile Charity Foundation Director, BAROQUE CHINA APPARELS LIMITED Non-executive Director, Topsports International Holdings Limited Chairman & CEO, Belle Fashion Group
Full-time Audit & Supervisory Board Member	Shinichi Matsuda	
Audit & Supervisory Board Member	Yoshiki Yoshida	
Audit & Supervisory Board Member	Akira Tsujishima	Managing Attorney, Tsujishima Ishibe Law Firm

- (Notes) 1. Directors Mr. Satoru Matsuzaki, Mr. Masuo Okumura, and Mr. Fang Sheng are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act of Japan.
2. Audit & Supervisory Board Members Mr. Yoshiki Yoshida and Mr. Akira Tsujishima 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. Satoru Matsuzaki and Mr. Masuo Okumura,

and Outside Audit & Supervisory Board Members Mr. Yoshiki Yoshida and Mr. Akira Tsujishima as independent officers 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 MUTUAL CROWN LIMITED, a major shareholder of the Company.
5. No significant transactions or other material interest exist between the Company and the corporations at which Outside Directors and Outside Audit & Supervisory Board Members concurrently serve.
6. Ms. Shan Zhao was newly elected and commenced her role at the 26th Annual Shareholders' Meeting convened on May 27, 2025.
7. Ms. Yingnan Zhang retired as a Director following the expiration of her term of office at the conclusion of the 26th Annual Shareholders' Meeting convened on May 27, 2025.
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 Audit & Supervisory Board Members, 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 relevant laws and regulations.

3) Summary of the Directors and Officers Liability Insurance

The Company has entered into a directors and officers liability insurance contract, as stipulated in Article 430-3, Paragraph 1 of the Companies Act of Japan, with an insurance company. The insured persons under this policy include Directors, Audit & Supervisory Board Members, Executive Officers of the Company and its subsidiaries (including those who were in office during the current fiscal year). The full amount of the insurance premiums is borne by the Company.

This insurance policy provides coverage for damages that may arise from assuming liability for the execution of duties by the insured, or from receiving claims related to such responsibilities. This policy is renewed annually.

However, in order to maintain the integrity of proper duty execution, certain exclusions apply. For instance, the insurance does not cover damages resulting from actions that the insured committed knowing that such actions are in violation of laws and regulations.

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. for Directors

The Company has established a compensation system for Directors linked to business performance, ensuring it functions sufficiently as an incentive for the continuous improvement of corporate value. The compensation of individual Directors is determined with the basic policy of respecting opinions from the Nomination and Compensation Advisory Committee and setting compensation at an appropriate level based on each individual's responsibility.

In accordance with this basic policy, the Company has resolved and established a decision policy for determining the content of individual Director compensation (hereinafter referred to as the "Decision Policy") at the Board of Directors meeting held on February 17, 2021.

Specifically, the compensation for executive directors consists of basic compensation as fixed compensation and performance-based stock compensation, while Outside Directors, who perform a supervisory function, receive only basic compensation in light of their duties.

The basic compensation for Directors of the Company is a fixed monthly compensation, determined according to the position, responsibility, etc., by taking into consideration factors such as compensation standards at other companies, the performance of the Company, and the salary levels of employees.

The Company has introduced the Board Benefit Trust (BBT) as performance-based stock compensation. For each fiscal year, Directors are granted points that are determined in consideration of their position, achievement level, etc., based on the regulation of the Board Benefit Trust. Upon their retirement, and provided they meet the beneficiary requirements stipulated in the regulation of the Board Benefit Trust, Directors will receive share benefits corresponding to the accumulated points in principle. The number of shares granted is calculated by multiplying the points awarded according to the position of the Director on the grant date by points reflecting the Company's performance during the evaluation period (with profit attributable to owners of parent being used as the index in consideration of the low impact on company performance, while aiming for sustainable corporate value improvement by sharing interests with shareholders) and a performance evaluation coefficient during the evaluation period. The points are valued at 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 10:1.

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 for Directors in the current fiscal year, the Board of Directors has ensured that the content and decision method align with the Decision Policy, respecting the opinions of the Nomination and Compensation Advisory Committee, and that the individual compensation has been determined based on these opinions and is in line with the Decision Policy.

(ii) Matters concerning resolutions of Shareholders' Meetings regarding compensation, etc. of Directors and Audit & Supervisory Board Members
 The compensation of the Directors was resolved at the 12th Annual Shareholders' Meeting held on April 26, 2011, to be within 1,000 million yen per year (excluding the salary of employees who also serve as Directors). The number of Directors at the conclusion of the Annual Shareholders' Meeting was 11. In addition, separate from this compensation, the 18th Annual Shareholders' Meeting held on April 26, 2017, resolved that the maximum number of shares for performance-based stock compensation would be up to 72,000 shares per year (31,000 of which will be granted to Directors, and Outside Directors are not eligible). The number of Directors (excluding Outside Directors) at the conclusion of the Annual Shareholders' Meeting was 3.

The compensation for Audit & Supervisory Board Members was resolved at the 10th Annual Shareholders' Meeting held on April 28, 2009, to be within 50 million yen per year. The number of Audit & Supervisory Board Members at the conclusion of the Annual Shareholders' Meeting was 3.

(iii) Total amount of compensation for Directors and Audit & Supervisory Board Members, etc.

Category	Amount of compensation, etc. (million yen)	Total amount by type of compensation (million yen)		Number of eligible officers
		Basic compensation	Performance-based stock compensation	
Directors (of which, Outside Directors)	170 (17)	167 (17)	3 (-)	5 (2)
Audit & Supervisory Board Members (of which, Outside Audit & Supervisory Board Members)	26 (13)	26 (13)	-	3 (2)
Total (of which, outside officers)	196 (30)	193 (30)	3 (-)	8 (4)

(Notes) 1. The performance-based stock compensation includes expenses recorded for the fiscal year under review under the Board Benefit Trust (BBT). The BBT is a stock compensation system that records expenses over multiple years based on the period during which the compensation is received.

2. The performance-based stock compensation uses profit attributable to owners of parent, 1,338 million yen, as the performance evaluation index, and the actual result for the current fiscal year was 366 million yen.

3. Among the Directors, two Directors do not receive any compensation.

5) Outside Officers

Main Activities in the Fiscal Year under Review

Name	Status of main activities
Director Satoru Matsuzaki	Participated in all 18 meetings of the Board of Directors held during the fiscal year under review; provided opinions especially from the perspective of corporate management and global business development, to ensure the validity and appropriateness of the decisions made by the Board of Directors from a standpoint independent of the Company's business executives; and provided essential remarks and advice from an objective and neutral standpoint, as necessary, as a member of the Nomination and Compensation Advisory Committee, which is a voluntary committee of the Company.
Director Masuo Okumura	Participated in all 18 meetings of the Board of Directors held during the fiscal year under review; provided opinions especially from the perspective of risk management and compliance, to ensure the validity and appropriateness of the decisions made by the Board of Directors from a standpoint independent of the Company's business executives; and provided essential remarks and advice from an objective and neutral standpoint, as necessary, as a member of the Nomination and Compensation Advisory Committee, which is a voluntary committee of the Company.
Director Fang Sheng	Participated in all 18 meetings of the Board of Directors held 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 licensing business in China, conducive to securing the validity and appropriateness of decisions made by the Board of Directors.
Audit & Supervisory Board Member Yoshiki Yoshida	Participated in all 18 meetings of the Board of Directors and all 17 meetings of the Audit & Supervisory Board held 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 by the Board of Directors.
Audit & Supervisory Board Member Akira Tsujishima	Participated in 17 out of 18 meetings of the Board of Directors and all 17 meetings of the Audit & Supervisory Board held 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 by the Board of Directors; and provided appropriate and necessary opinions regarding the Company's compliance and internal control at Audit & Supervisory Board meetings.

(3) Accounting Auditor

1) Name of Accounting Auditor

PricewaterhouseCoopers Japan LLC

2) Compensation, etc.

	Compensation, etc.
Accounting Auditor's compensation, etc., for the fiscal year under review	54 million yen
Cash and other benefits payable by the Company or its subsidiaries to Accounting Auditor	54 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 Japan 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 Non-reappointment 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, 18 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 established Risk Management Regulations to address emergency situations wherein an event significantly affects 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

In accordance with its Authority Regulations and Subsidiaries and Associates Management Regulations, the Company authorizes significant affairs concerning its subsidiaries and associates, or receives reports from said 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 regularly convene meetings with the Internal Audit Office and the Accounting Auditor to facilitate collaboration, enabling the sharing of information and exchange of opinions aimed at conducting audits efficiently. Additionally, routine sessions for the exchange of viewpoints occur 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 Committee 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. The committee deliberates on the matters outlined below in response to the consultation of the Board of Directors and submits its opinions to the Board of Directors.

- i) Deliberation of the draft of the proposal to be submitted to the annual shareholders' meeting regarding the election or dismissal of Directors
- ii) Deliberation of drafts for selection, dismissal and division of duties of representative directors, executive directors and executive officers (hereinafter referred to as "Directors, etc.") to be submitted to the Board of Directors meeting
- iii) Deliberation of successor plan
- vi) Deliberation of the draft for individual remuneration amounts (including calculation method) for Directors, etc.
- v) Deliberation of policies and procedures, including the composition of remuneration for Directors, etc.

2) Evaluation of the effectiveness of the Board of Directors

The Company conducts an annual evaluation of the effectiveness of the Board of Directors. The details of the effectiveness evaluation conducted in the fiscal year ended February 28, 2025, were as follows.

i) Evaluation method

A questionnaire was administered to all Directors and Audit & Supervisory Board Members. The responses were then aggregated and analyzed, and the strengths and issues of the Board of Directors of the Company were discussed at the Board meeting. The effectiveness of the Board of Directors was evaluated based on these discussions. To ensure transparency and effectiveness, an external organization was involved in the aggregation and analysis of questionnaires.

The questionnaire included the following 8 items:

- Role and function of the Board of Directors
- Structure and scale of the Board of Directors
- Management of the Board of Directors
- Development of internal controls, etc.
- Utilization of Outside Directors
- Relationship with shareholders/investors
- Management of the Nomination and Compensation Advisory Committee
- Progress of governance system compared to the previous year

ii) Analysis and evaluation results of the effectiveness of the Board of Directors

The Board of Directors of the Company was evaluated that the effectiveness was largely ensured in line with the matters required by the Corporate Governance Code.

In particular, the Company believes that the Board of Directors' strengths are in the depth of its discussions on management strategies, an excellent composition comprising a wide range of personnel from diverse industries, and appropriate oversight of business execution.

On the other hand, challenges remain in the formulation of successor plans and the enhancement of the Board' agenda, including reports on IR activities. As such, the Board intends to conduct discussions aimed at further enhancing these areas.

iii) Future action

For the formulation of successor plans, the Company will work to enhance discussions at the Nomination and Compensation Advisory Committee and develop a reporting system to the Board of Directors. Moreover, in terms of the Board's agenda, the Company will formulate annual schedules to further bolster the Board's effectiveness and elevate corporate governance standards.

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

The Company considers the return of profits to shareholders as one of the most important aspects of management, and as such, has adopted a basic policy of providing stable, long-term dividends. While strengthening our financial foundation, we aim to actively return profits to shareholders, taking into consideration medium-term changes in the business environment and our business strategies.

The year-end dividend for the current fiscal year is slated to be determined at 38 yen per share during the Board of Directors meeting following the Annual Shareholders' Meeting, contingent upon the approval of the proposal to reduce capital reserves at the 27th Annual Shareholders' Meeting.

Consolidated Balance Sheet

(As of February 28, 2026)

(Unit: million yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
I Current assets	19,151	I Current liabilities	11,107
Cash and deposits	11,319	Notes payable - trade	7
Accounts receivable - trade	2,442	Accounts payable - trade	1,907
Merchandise	5,003	Short-term borrowings	2,000
Supplies	64	Current portion of long-term borrowings	1,000
Other	321	Accounts payable - other	5,022
		Accrued expenses	589
II Non-current assets	13,441	Income taxes payable	159
1 Property, plant and equipment	1,643	Provision for bonuses	121
Buildings and structures	1,050	Asset retirement obligations	17
Land	350	Guarantee deposited	35
Construction in progress	5	Other	247
Other	238		
		II Non-current liabilities	6,779
2 Intangible assets	3,527	Long-term borrowings	5,000
Software	507	Retirement benefit liability	8
Software in progress	3,018	Asset retirement obligations	1,160
Other	0	Long-term accounts payable - other	7
		Guarantee deposits received	406
3 Investments and other assets	8,271	Provision for share awards for directors (and other officers)	191
Investment securities	3,941	Other	5
Leasehold and guarantee deposits	3,100		
Deferred tax assets	1,156	Total liabilities	17,887
Other	72	(Net assets)	
		I Shareholders' equity	13,223
		1 Share capital	8,258
		2 Capital surplus	5,705
		3 Retained earnings	(75)
		4 Treasury shares	(664)
		II Accumulated other comprehensive income	1,482
		1 Foreign currency translation adjustment	1,482
		Total net assets	14,705
Total assets	32,593	Total liabilities and net assets	32,593

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

Consolidated Statement of Income
(March 1, 2025–February 28, 2026)

(Unit: million yen)

Description	Amount	
Net sales		51,499
Cost of sales		20,572
Gross profit		30,927
Selling, general and administrative expenses		30,606
Operating profit		321
Non-operating income		
Interest income	111	
Rental income	21	
Other	40	173
Non-operating expenses		
Interest expenses	82	
Commission expenses	5	
Foreign exchange losses	4	
Loss on retirement of non-current assets	7	
Other	11	111
Ordinary profit		383
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	146	146
Extraordinary losses		
Impairment losses	139	139
Profit before income taxes		391
Income taxes - current	145	
Income taxes - deferred	(121)	24
Profit		366
Profit attributable to owners of parent		366

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

Consolidated Statement of Changes in Equity

(March 1, 2025–February 28, 2026)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of March 1, 2025	8,258	7,081	(367)	(724)	14,247
Changes during the fiscal year					
Dividends of surplus	–	(1,376)	–	–	(1,376)
Purchase of treasury shares	–	–	–	(0)	(0)
Disposal of treasury shares	–	–	–	60	60
Profit attributable to owners of parent	–	–	366	–	366
Increase or decrease due to liquidation of consolidated subsidiaries	–	–	(74)	–	(74)
Net changes in items other than shareholders' equity	–	–	–	–	–
Total changes during the fiscal year	–	(1,376)	292	60	(1,023)
Balance as of February 28, 2026	8,258	5,705	(75)	(664)	13,223

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of March 1, 2025	1,382	1,382	3,166	18,796
Changes during the fiscal year				
Dividends of surplus	–	–	–	(1,376)
Purchase of treasury shares	–	–	–	(0)
Disposal of treasury shares	–	–	–	60
Profit attributable to owners of parent	–	–	–	366
Increase or decrease due to liquidation of consolidated subsidiaries	–	–	–	(74)
Net changes in items other than shareholders' equity	99	99	(3,166)	(3,067)
Total changes during the fiscal year	99	99	(3,166)	(4,090)
Balance as of February 28, 2026	1,482	1,482	–	14,705

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

Balance Sheet

(As of February 28, 2026)

(Unit: million yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
I Current assets	15,414	I Current liabilities	6,928
Cash and deposits	7,621	Notes payable - trade	7
Accounts receivable - trade	2,631	Accounts payable - trade	1,767
Merchandise	4,796	Short-term borrowings	2,000
Supplies	64	Current portion of long-term borrowings	1,000
Prepaid expenses	197	Accounts payable - other	1,029
Other	104	Accrued expenses	583
II Non-current assets	12,734	Income taxes payable	157
1 Property, plant and equipment	1,603	Advances received	41
Buildings and structures	1,043	Provision for bonuses	121
Tools, furniture and fixtures	190	Asset retirement obligations	17
Land	350	Guarantee deposited	35
Construction in progress	5	Other	167
Other	13	II Non-current liabilities	6,758
2 Intangible assets	3,527	Long-term borrowings	5,000
Software	507	Provision for retirement benefits	8
Software in progress	3,018	Asset retirement obligations	1,139
Other	0	Long-term accounts payable - other	7
3 Investments and other assets	7,604	Guarantee deposits received	406
Investments in subsidiaries and associates	3,384	Provision for share awards for directors (and other officers)	191
Leasehold and guarantee deposits	3,057	Other	5
Prepaid expenses	72	Total liabilities	13,687
Deferred tax assets	1,089	(Net assets)	
Total assets	28,149	I Shareholders' equity	14,462
		1 Share capital	8,258
		2 Capital surplus	5,705
		(1) Legal capital surplus	5,055
		(2) Other capital surplus	649
		3 Retained earnings	1,163
		(1) Other retained earnings	1,163
		Retained earnings brought forward	1,163
		4 Treasury shares	(664)
		Total net assets	14,462
		Total liabilities and net assets	28,149

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

Statement of Income
(March 1, 2025–February 28, 2026)

(Unit: million yen)

Description	Amount	
Net sales		50,771
Cost of sales		20,836
Gross profit		29,935
Selling, general and administrative expenses		29,728
Operating profit		207
Non-operating income		
Interest income	17	
Dividend income	230	
Rental income	21	
Other	33	303
Non-operating expenses		
Interest expenses	82	
Commission expenses	3	
Loss on retirement of non-current assets	7	
Foreign exchange losses	8	
Other	9	111
Ordinary profit		399
Extraordinary losses		
Impairment losses	139	139
Profit before income taxes		260
Income taxes - current	63	
Income taxes - deferred	25	89
Profit		170

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

Statement of Changes in Equity
(March 1, 2025–February 28, 2026)

(Unit: million yen)

	Shareholders' equity						Total net assets
	Share capital	Capital surplus		Retained earnings	Treasury shares	Total shareholders' equity	
		Legal capital surplus	Other capital surplus	Other retained earnings			
				Retained earnings brought forward			
Balance as of March 1, 2025	8,25	7,05	2	99	(724)	15,6	15,60
Changes during the fiscal year							
Transfer from legal capital surplus to other capital surplus	–	(2,00)	2,00	–	–	–	–
Dividends of surplus	–	–	(1,37)	–	–	(1,37)	(1,37)
Purchase of treasury shares	–	–	–	–	(6)	(6)	(6)
Disposal of treasury shares	–	–	–	–	6	6	6
Profit	–	–	–	17	–	17	17
Total changes during the fiscal year	–	(2,00)	62	17	6	(1,14)	(1,14)
Balance as of February 28, 2026	8,25	5,05	64	1,16	(664)	14,4	14,46

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

Accounting Auditor's Audit Report on the Consolidated Financial Statements

Independent Auditor's Report

(English Translation*)

April 23, 2026

To the Board of Directors of Baroque Japan Limited

PricewaterhouseCoopers Japan LLC
Tokyo Office

Fumie Mizuno, CPA
Designated limited liability Partner
Engagement Partner
Shinichi Shimabukuro, CPA
Designated limited liability Partner
Engagement Partner

Opinion

We have audited, pursuant to Article 444, Paragraph 4 of the Companies Act of Japan, the accompanying consolidated financial statements, which comprise the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to 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, 2025 to February 28, 2026.

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 corporate group, consisting 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 (including those applied to audits of financial statements of entities of significant public interest), 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 Consolidated 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 planning and performing the audit of consolidated financial statements in order to obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries as a basis for forming 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 any measures that have been taken to eliminate obstacles or safeguards that have been put in place to reduce these obstacles to an acceptable level.

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*)

April 23, 2026

To the Board of Directors of Baroque Japan Limited

PricewaterhouseCoopers Japan LLC
Tokyo Office

Fumie Mizuno, CPA
Designated limited liability Partner
Engagement Partner
Shinichi Shimabukuro, CPA
Designated limited liability Partner
Engagement Partner

Opinion

We have audited, pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act of Japan, the accompanying financial statements, which comprise the balance sheet, statement of income, statement of changes in equity and notes to non-consolidated financial statements, and the supplementary schedules of Baroque Japan Limited (hereinafter referred to as the "Company") for the fiscal year from March 1, 2025 to February 28, 2026.

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 (including those applied to audits of financial statements of entities of significant public interest), 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 Auditors and Board of Corporate Auditors 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 any measures that have been taken to eliminate obstacles or safeguards that have been put in place to reduce these obstacles to an acceptable level.

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 27th term from March 1, 2025 to February 28, 2026, 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.
 - i) 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.
 - ii) 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.

- iii) In addition to overseeing and ensuring the Accounting Auditor's independence and the conduct of suitable audits, we received regular reports from the Accounting Auditor regarding the progress of their duties and requested clarifications as needed. Furthermore, the Accounting Auditor established systems aimed at ensuring the proper execution of their duties, as stipulated in Article 131 of the Corporate Accounting Regulations, in accordance with the "Quality Control Standards for Audits" issued by the Business Accounting Council. We have been informed that such systems are being formulated in compliance with the aforementioned standards, and we requested explanations as necessary, including insights into key audit matters.

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 statement of income, non-consolidated statement of changes in equity, and notes to non-consolidated financial statements) and the supplementary schedules, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and the notes to consolidated financial statements) related to the relevant fiscal year.

2. Results of Audit

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

- i) 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.
- ii) 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.
- iii) 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 Japan 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 Japan LLC are fair and reasonable.

April 24, 2026

Audit & Supervisory Board, Baroque Japan Limited

Full-time Audit & Supervisory Board Member	Shinichi Matsuda
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Yoshiki Yoshida
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Akira Tsujishima

(Note) Audit & Supervisory Board Member Mr. Yoshiki Yoshida and Audit & Supervisory Board Member Mr. Akira Tsujishima are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 and Article 335, Paragraph 3 of the Companies Act of Japan.

Start date of electronic provisioning measures: May 1, 2026

THE 27th 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

- 1) Number of consolidated subsidiaries 4
- 2) Names of consolidated subsidiaries BAROQUE HK LIMITED
BAROQUE SHANGHAI LIMITED
BAROQUE USA LIMITED
BAROQUE TRADING LIMITED

(2) Application of equity method

Affiliates accounted for by the equity method

- 1) Number of affiliates accounted for by the equity method 1
- 2) Name of the affiliated company accounted for by the equity method DB Capital Limited
- 3) Matters deemed particularly necessary to be stated with respect to the procedures for applying the equity method
The fiscal year end of the equity-method affiliate is December 31, and in preparing the consolidated financial statements, the financial statements as of the same date are used, with necessary adjustments for consolidation purposes made for significant transactions occurring between the end of its fiscal year and the end of the consolidated fiscal year.

(3) Fiscal year of consolidated subsidiaries

The fiscal year end of consolidated subsidiaries is December 31. In preparing the consolidated financial statements, the financial statements as of December 31 are used, and necessary adjustments for consolidation purposes are made for significant transactions that occurred between December 31 and the end of the consolidated fiscal year.

- (4) Accounting policies
- 1) Valuation standards and methods for significant assets
 - A) Inventory Valuation standards are based on the cost method
(book value devaluation based on decreased profitability).
 - Merchandise Weighted-average method
 - Supplies Specific identification method
 - B) Derivatives Fair value method

 - 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: 2-50 years
 - B) Intangible assets The straight-line method is used. The useful lives of major assets are as follows:
Software: 5-10 years

 - 3) Basis for significant provisions
 - A) Allowance for doubtful accounts To provide for possible losses on uncollectible receivables, an allowance is recorded 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 of specific receivables such as doubtful receivables.
 - B) Provision for bonuses To provide for bonuses to employees, the amount accrued for the current fiscal year out of the total amount of estimated bonus payments is recorded.
 - C) Provision for share awards for directors (and other officers) To provide for the granting of Company shares to Directors in accordance with the Company's regulations of the Board Benefit Trust, a provision is recorded 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

Revenue from real store sales is recognized when the performance obligation is satisfied, which is deemed to occur upon the delivery of goods to the customer.

Consideration for the transaction is received within one year of the performance obligation being satisfied, and no significant financing component is included.

B) Online sales and wholesale

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

For international sales, revenue is recognized when the risk is transferred to the customer, based on the terms of the contract with each customer.

However, for consignment sales through online and wholesale channels, revenue is recognized when the goods are sold to the end consumer.

Consideration for transactions is received within one year of the performance obligation being satisfied, and no significant financing component is included.

C) Proprietary point system

Under the Company's proprietary point system, points are awarded to members based on the amount of their purchases. The Company is obligated to provide consideration in the form of goods equivalent to in value to the points used by customers. Accordingly, granted points are identified as performance obligations, and the transaction price is allocated based on the arm's length sales price, which is calculated with consideration given to 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 the Scope of Consolidation or the Scope of Application of the Equity

Method

During the fiscal year under review, BAROQUE HK LIMITED, a consolidated subsidiary of the Company, transferred all shares of BAROQUE CHINA LIMITED and BAROQUE CHINA APPARELS LIMITED. As a result, BAROQUE CHINA LIMITED and its subsidiary, Baroque Shanghai Development Co., Ltd., have been excluded from the scope of consolidation, and BAROQUE CHINA APPARELS LIMITED and its two subsidiaries (Baroque Shanghai

Apparels Co., Ltd. and Roque Beijing Apparels Co., Ltd.) have been excluded from the scope of the application of the equity method.

In addition, during the fiscal year under review, BAROQUE TRADING LIMITED, which has been newly established, has been included as a consolidated subsidiary, while FRAME LIMITED, which has been liquidated, has been excluded from the scope of consolidation.

Furthermore, during the fiscal year under review, through the Company's consolidated subsidiary BAROQUE HK LIMITED, DB Capital Limited, which has been established as a joint venture with Jingdong Group Investment Ltd., the wholly-owned subsidiary of JD.com, Inc., has been included as an equity-method affiliate.

3. Notes to Changes in Accounting Policies

Application of "Accounting Standard for Current Income Taxes" and other standards

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter the "2022 Revised Accounting Standard") and other standards from the beginning of the fiscal year under review.

With regard to the revision to classification to record income taxes (taxation on other comprehensive income), the Company has conformed to the transitional treatment provided for in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard, and the transitional treatment provided for in the proviso to Paragraph 65-2 (2) of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter the "2022 Revised Implementation Guidance").

With regard to the revision associated with the review of the treatment in the consolidated financial statements in case that gain or loss on the sale of shares in a subsidiary, etc. among consolidated companies is deferred for tax purpose, the 2022 Revised Implementation Guidance has been applied from the beginning of the fiscal year under review.

The changes in accounting policies have no impact on consolidated financial statements.

4. Notes on Accounting Estimates

(1) Evaluation of merchandise

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

As of the end of the current consolidated fiscal year, merchandise on the consolidated balance sheet amounted to 5,003 million yen. In the current fiscal year, a write-down amount for merchandise due to decline in profitability of 748 million yen was recorded under cost of sales in the consolidated statement of income.

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. Notes to Basis of Presenting Consolidated Financial Statements, (4) Accounting policies, 1) Valuation standards and methods for significant assets, A) Inventory” the Group applies the cost method based on the weighted average method (with book values on the balance sheet calculated by writing down the book value of assets which decreased in profitability). Since the value of inventories declines with the passage of time, goods that are no longer in the operating cycle process beyond a certain holding volume is written down systematically to reflect the decline in profitability, based mainly on past sales and disposal performance. Specifically, the merchandise is managed and sold by brand and by season, “spring/summer” and “fall/winter.” The Group estimates the volume of inventory that can be sold without incurring a loss, and systematically writes down the book value of inventory exceeding this amount, assuming it will mainly be discarded.

The casual wear specialty industry, in which the Group operates, is subject to fierce competition and rapid changes in trends and tastes, resulting in a short product life cycle. In addition, economic trends and personal consumption are susceptible to various uncertainties. For instance, if the Group fails to offer products that align with changing customer preferences, if unpredictable weather conditions arise, or if there is a sharp downturn in the economy that significantly dampens consumer purchase sentiment, the volume of inventory that can be sold without incurring a loss may fluctuate greatly. Given the difficulty in making accurate forecasts, the method for determining systematic write-downs to reflect decreased profitability involves incorporating significant assumptions.

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

The Group's merchandise is susceptible to external environmental factors such as intensified competition and weather conditions, as well as changing customer needs driven by fashion trends. If future market conditions and demand trends deteriorate compared to expectations, there is a risk that profits may decrease due to inventory valuation losses.

(2) Impairment losses on non-current assets

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

As of the end of the current consolidated fiscal year, property, plant and equipment amounted to 1,643 million yen, and intangible assets amounted to 3,527 million yen on the consolidated balance sheet. The amount of impairment losses recorded in the consolidated statement of income for the current fiscal year was 139 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 primarily groups its fixed assets at the store level, which is considered the smallest unit that generates cash flow. When, for example, a store continues to record operating losses, this is deemed an indication of impairment.

If there is an indication of impairment, the Group determines whether impairment losses should be recognized by comparing the total amount of undiscounted future cash flows expected to be generated from the asset group with its carrying amount. If it is determined that impairment losses should be recognized, the carrying amount is written down to the recoverable amount (the higher of value in use or net realizable value), and the difference is recognized as an impairment loss.

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

The identification of indications of impairment losses on non-current assets and the recognition and measurement of impairment losses are based on reasonable judgements made using information available upon creation of financial statements. However, if there are changes in market environment or other factors that affect the significant assumptions underlying these estimates, the consolidated financial statements for the following consolidated fiscal year may be affected.

5. Notes to Consolidated Balance Sheet

Accumulated depreciation of property, plant and equipment

6,006 million yen

6. Notes to Consolidated Statement of Changes in Equity

(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	Number of shares increased during the current fiscal year	Number of shares decreased during the current fiscal year	Number of shares at the end of the current fiscal year
Common stock	36,676,300 shares	– shares	– shares	36,676,300 shares

(Note) The above number of shares includes 656,330 shares of treasury stock. 195,900 shares of those treasury shares are held by the “Board Benefit Trust (BBT),” following the introduction of the BBT system.

(2) Matters related to dividends

1) Dividend payment amount

Resolution	Type of stock	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
May 27, 2025 Board of Directors Meeting	Common stock	1,376	38	February 28, 2025	May 28, 2025

(Note) The total amount of dividends paid based on the resolution of the Board of Directors on May 27, 2025 includes 9 million yen of dividends paid on shares of the Company held by the Board Benefit Trust (BBT).

2) Dividends whose record date falls within the current fiscal year but the effective date falls in the following fiscal year (planned)

Resolution (planned)	Type of stock	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
May 27, 2026 Board of Directors Meeting	Common stock	1,376	38	February 28, 2026	May 28, 2026

(Note) The total amount of dividends to be paid based on the resolution of the Board of Directors on May 27, 2026 includes 7 million yen of dividends to be paid on shares of the Company held by the Board Benefit Trust (BBT).

7. 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 in line with its capital investment plans. Temporary surplus funds are invested in highly secure financial assets, and short-term working capital is procured through bank borrowings.

2) Description of financial instruments and risks associated with such instruments

Accounts receivable – trade, or accounts receivable, are exposed to credit risk associated with customers. In addition, trade receivables denominated in foreign currencies, arising from the Company's overseas operations, are subject to foreign exchange fluctuation risk.

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

Notes and accounts payable - trade, accounts payable - other, income taxes payable, which are trade receivable, are all due within one year. Some of these payments are denominated in foreign currencies in connection with imports of goods, etc., and thus exposed to the foreign exchange fluctuation risk. To avoid this risk, foreign exchange forward contracts are executed for a portion of the settlement amounts.

Borrowings primarily serve to finance business transactions, with redemption extending up to two years and one month from the balance sheet date.

3) Risk management system for financial instruments

A) Credit risk management (risk related to nonperformance by counterparties)

The Group sets credit limits in accordance with its credit management rules, and each business unit work together with the Accounting Department to manage due dates and outstanding balances for each major counterparty. The Group seeks to promptly identify and mitigate collection risks stemming from deteriorating financial conditions and other factors.

For leasehold and guarantee deposits, the Group assesses the tenant's credit status at the time of contract and continues to monitor their credit status periodically even after they have moved in to promptly identify and mitigate collection risks.

B) Market risk management

To hedge against foreign exchange fluctuation risk on foreign currency-denominated debt, the Group uses forward foreign exchange contracts. The execution of such contracts is conducted within actual demand limits, in accordance with internal management regulations, and requires approval from the appropriate decision-making authority.

C) Liquidity risk management (risk of inability to make payments on due dates)

The Group manages liquidity risk by having the Accounting Department prepare and update cash management plans in a timely manner based on reports from each business unit. It also ensures ongoing maintenance of adequate on-hand liquidity.

4) Supplementary explanation on matters concerning fair value, etc. of financial instruments

The fair values of financial instruments include market-based prices, or, in the absence of market prices, reasonably estimated values. These estimates incorporate variable factors, and the use of different assumptions, conditions, etc., may result in changes to the calculated fair values.

(2) Matters related to fair value of financial instruments

Consolidated balance sheet amount, fair value and their differences as of February 28, 2026 are as follows.

	Consolidated balance sheet amount (million yen)	Market value (million yen)	Difference (million yen)
(1) Leasehold and guarantee deposits	3,100	2,444	(656)
Total assets	3,100	2,444	(656)
(1) Long-term borrowings (*3)	6,000	6,000	—
Total liabilities	6,000	6,000	—

(*1) “Cash and deposits,” “Accounts receivable - trade,” “Notes payable - trade,” “Accounts payable - trade,” “Accounts payable - other,” “Income taxes payable,” and “Short-term borrowings” are omitted, because they are settled in a short period of time and their fair value approximates their book value.

(*2) 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 sheet are as follows.

Division	Consolidated balance sheet amount (million yen)
Unlisted shares	3,941

(*3) This amount includes the current portion of long-term borrowings.

- (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.

Level 1 Fair Value Fair value calculated based on quoted prices for the relevant assets or liabilities in active markets among the observable inputs used in the fair value calculation

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

Level 3 Fair Value Fair value calculated using unobservable inputs for the fair value calculation

When multiple inputs that significantly affect the calculation of fair value are used, the fair value is classified into the level with the lowest priority among the levels to which those individual inputs belong.

- 1) Financial instruments recorded on the balance sheet at their fair value
Not applicable.
- 2) Financial instruments other than those recorded on the balance sheet at market value

	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Leasehold and guarantee deposits	–	2,444	–	2,444
Total assets	–	2,444	–	2,444
Long-term borrowings	–	6,000	–	6,000
Total liabilities	–	6,000	–	6,000

(Note) The description of valuation techniques and inputs

Leasehold and guarantee deposits

The fair value of these deposits is calculated by discounting future cash flows to their present value using an appropriate interest rate, such as the yield on AA-rated corporate bonds. These are categorized as Level 2 Fair Value, as the valuation is based on observable inputs.

Long-term borrowings

For long-term borrowings with fixed interest rates, fair value is calculated by discounting the total amount of principal and interest at an interest rate that would be applied to a new similar transaction. These are classified as Level 2 Fair Value. However, for the borrowings with floating interest rates, the book value is used as the fair value, as the interest rates are periodically reset, making the book value a reasonable approximation of the fair value.

8. Notes to Revenue Recognition

(1) Disaggregation of revenue arising from contracts with customers

	Amount (million yen)
Real store sales	38,007
Online sales	10,380
Wholesales	2,018
Others	1,093
Revenue from contracts with customers	51,499

(2) Basis for understanding revenue arising from contracts with customers

As described in “1. Notes to Basis of Presenting Consolidated Financial Statements, (4) Accounting policies, 4) Basis 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)	7,760
Receivables arising from contracts with customers (ending balance)	2,442
Advances received (beginning balance)	28
Advances received (ending balance)	41
Contract liabilities (beginning balance)	34
Contract liabilities (ending balance)	35

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. These are recognized as revenue once the performance obligation is fulfilled upon delivery to customers. These amounts are included in other current liabilities in the consolidated balance sheet.

Contract liabilities consist mainly of points that the Company awarded to customers for sales translations. These are also included in other current liabilities in the consolidated balance sheet. The portion of revenue recognized in the current fiscal year related to the opening balance of contract liabilities is not material.

2) Transaction price allocated to remaining performance obligations

The transaction price allocated to remaining performance obligations is omitted because the original expected contract period is within one year. Therefore, the Company applies the practical expedient method to omit this information.

9. Notes to Per Share Information

(1) Net assets per share	408.27 yen
(2) Earnings per share	10.19 yen

(Note) The Company's shares remaining in the "Board Benefit Trust (BBT)," which are accounted for as treasury shares within shareholders' equity, are included in the deduction of treasury shares from the average number of shares outstanding throughout the fiscal year when calculating earnings per share. Additionally, these shares are included in the deduction of treasury shares from the total number of shares outstanding at the fiscal year-end when calculating net assets per share.

For the current fiscal year, the number of such treasury shares deducted in calculating net assets per share at the end of the period was 656,330 shares, and the average number of such treasury shares deducted in calculating earnings per share was 683,465 shares.

10. Notes on Significant Subsequent Events

Not applicable.

Notes to Non-Consolidated Financial Statements

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 write-down based on decreased profitability)
Merchandise Periodic average method
Supplies Specific identification method
- 3) Derivatives Fair value 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 and structures: 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 (5-10 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 To provide for possible losses on uncollectible receivables, an allowance is recorded 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 of specific receivables such as doubtful receivables.
- 2) Provision for bonuses To provide for bonuses to employees, the amount accrued for the current fiscal year out of the total amount of estimated bonus payments is recorded.
- 3) Provision 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.

- 4) Provision for share awards for directors (and other officers) To provide for the granting of Company shares to Directors in accordance with the Company's regulations of the Board Benefit Trust, a provision is recorded 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

1) Real store sales

Revenue from real store sales is recognized when the performance obligation is satisfied, which is deemed to occur upon the delivery of goods to the customer.

Consideration for the transaction is received within one year of the performance obligation being satisfied, and no significant financing component is included.

2) Online sales and wholesale

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

For international sales, revenue is recognized when the risk is transferred to the customer, based on the terms of the contract with each customer.

However, for consignment sales through online and wholesale channels, revenue is recognized when the goods are sold to the end consumer.

Consideration for transactions is received within one year of the performance obligation being satisfied, and no significant financing component is included.

3) Royalty

For royalties calculated based on the sales revenue of the contract partner, revenue is recognized when the sales revenue is recognized by the customers, based on the contractual royalty rate and the amount expected to be earned.

Consideration for transactions is received within one year of the performance obligation being satisfied, and no significant financing component is included.

4) Proprietary point system

Under the Company's proprietary point system, points are awarded to members based on the amount of their purchases. The Company is obligated to provide consideration in the form of goods equivalent to in value to the points used by customers. Accordingly, granted points are identified as performance obligations, and the transaction price is allocated based on the arm's length sales price, which is calculated with consideration given to the expected future expiration of the points.

2. Notes to Changes in Accounting Policies

Application of “Accounting Standard for Current Income Taxes” and other standards

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022) and other standards from the beginning of the fiscal year under review.

Details are omitted as they are presented in the Notes to Consolidated Financial Statements (3. Notes to Changes in Accounting Policies, Application of “Accounting Standard for Current Income Taxes” and other standards).

3. Notes on Changes in Presentation (Balance Sheet)

“Software in progress,” which was included in “Other” under “Intangible assets” in the previous fiscal year, is separately presented from the current fiscal year due to an increase in its monetary significance.

4. Notes on Accounting Estimates

(1) Evaluation of merchandise

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

As of the end of the current fiscal year, merchandise on the balance sheet amounted to 4,796 million yen. In the current fiscal year, a write-down amount for merchandise due to decline in profitability of 744 million yen was recorded under cost of sales in the statement of income.

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

The same information is provided in “4. Notes on Accounting Estimates” in the Notes to Consolidated Financial Statements and is therefore omitted.

(2) Impairment losses 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 amounted to 1,603 million yen and intangible assets amounted to 3,527 million yen on the balance sheet. The amount of impairment losses recorded in the statement of income for the current fiscal year was 139 million yen.

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

The same information is provided in “4. Notes on Accounting Estimates” in the Notes to Consolidated Financial Statements and is therefore omitted.

8. Notes to Tax-Effect Accounting

Significant components of deferred tax assets and liabilities

Deferred tax assets

Inventory provision	454 million yen
Accrued enterprise tax	29 million yen
Provision for bonuses	25 million yen
Excess depreciation	240 million yen
Provision for retirement benefits	2 million yen
Asset retirement obligations	363 million yen
Provision for share awards for directors (and other officers)	60 million yen
Retained loss	184 million yen
Others	87 million yen
Subtotal of deferred tax assets	<u>1,450 million yen</u>
Valuation allowance for total future deductible temporary differences	(263) million yen
Total deferred tax assets	<u>1,186 million yen</u>
Deferred tax liability	
Removal costs corresponding to asset retirement obligations	(97) million yen
Total deferred tax liabilities	<u>(97) million yen</u>
Net deferred tax assets	<u>1,089 million yen</u>

9. Notes on Transactions with Related Parties

Subsidiaries and subsidiaries of other associated companies, etc.

Attribution	Company name	Capital	Principal activities	Voting rights holding (held) (%)	Relation details		Transaction details	Transaction amount (million yen) (note 1)	Subject	Balance at end of year (million yen) (note 1)
					Concurrent directors, etc.	Business relationships				
Subsidiary company	BAROQUE HK LIMITED	257,000 Thousand HKD	Import-export of apparel & accessories	(Holding) Direct 100.00	Concurrent post 2	Purchase and sale of merchandise and lending of funds	Purchase of merchandise (note 2)	8,627	Accounts payable - trade	747
									Accounts payable - other	34
									Advance payments	28
Subsidiary company	BAROQUE SHANGHAI LIMITED	69,600 Thousand HKD	Outsourcing service	(Holding) Indirect 100.00	Concurrent post 2	Outsourcing	Outsourcing expenses, etc. (note 2)	55	Accounts payable - other	5
Subsidiary company	BAROQUE USA LIMITED	2,900 Thousand USD	Apparel & accessories wholesale and retail business	(Holding) Direct 100.00	Concurrent post 2	Sale of merchandise	Sales of merchandise (note 2)	592	Accounts receivable - trade	401
Subsidiary of other associated company	Baroque Shanghai Development Co., Ltd.	20,000 Thousand RMB	Apparel & accessories wholesale business	—	—	Sale of merchandise	Sales of merchandise (note 2)	22	Accounts receivable - trade	8
Subsidiary of other associated company	Baroque Shanghai Apparels Co., Ltd.	140,000 Thousand RMB	Apparel & accessories wholesale and retail business	—	—	Royalties on merchandise sales	Royalty income (note 2)	138	Accounts receivable - trade	47

(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.

10. 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.”

11. Notes to Per Share Information

(1) Net assets per share 401.51 yen

(2) Earnings per share 4.74 yen

(Note) The Company’s shares remaining in the “Board Benefit Trust (BBT),” which are accounted for as treasury shares within shareholders’ equity, are included in the deduction of treasury shares from the average number of shares outstanding throughout the fiscal year when calculating earnings per share. Additionally, these shares are included in the deduction of treasury shares from the total number of shares outstanding at the fiscal year-end when calculating net assets per share.

For the current fiscal year, the number of such treasury shares deducted in calculating net assets per share at the end of the period was 656,330 shares, and the average number of such treasury shares deducted in calculating earnings per share was 683,465 shares.

12. Notes on Significant Subsequent Events

Not applicable.