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 12, 2025
(Start date of electronic provisioning measures: May 2, 2025)

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 26th ANNUAL SHAREHOLDERS' MEETING

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

You are cordially invited to the 26th 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 26th 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 Monday, May 26, 2025 Japan time.

1. **Date and Time:** Tuesday, May 27, 2025 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 26th Term (March 1, 2024–February 28, 2025) 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 26th Term (March 1, 2024–February 28, 2025)

   Proposals to be resolved:

   Proposal No. 1: Regarding the Reduction of Capital Reserves
   Proposal No. 2: Election of Six (6) Directors

- 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	Tuesday, May 27, 2025 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 Monday, May 26, 2025, 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 Monday, May 26, 2025, 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 7,055,458,900 yen, the amount of 2,000,000,000 yen will be reduced and transferred in full to other capital surplus. The amount of capital reserves following this reduction will be 5,055,458,900 yen.

(2) Effective date of the reduction in capital reserves
May 27, 2025

Note: The above amounts of capital reserves and capital reserves following reduction are based on figures as of February 28, 2025.

Proposal No. 2: Election of Six (6) 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 six (6) 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	Akihito Fukasawa	Reappointment	Executive Director and Deputy Chief Executive Officer, Aid to the President
3	Shan Zhao	New Appointment	Managing Executive Officer, Head of China and Asia Region
4	Satoru Matsuzaki	Reappointment Outside Director Independent Director	Outside Director
5	Masuo Okumura	Reappointment Outside Director Independent Director	Outside Director
6	Fang Sheng	Reappointment Outside Director	Outside Director

<table>
<tr><th>No.</th><th>Name
(Date of birth)
Number of shares of the Company held</th><th colspan="2">Career summary, positions and responsibilities in the Company</th></tr>
<tr><td rowspan="3">1</td><td rowspan="1">Hiroyuki Murai

Reappointment

(July 26, 1961)

1,048,100 shares

Number of years in office as a director: seventeen years and three months
(At the conclusion of this Annual Shareholders' Meeting)

Attendance at the Board of Directors meetings: 17/17 times (100%)</td><td>Aug 1985
Apr 1994
Apr 1995
Jul 1997

Oct 2006

Jan 2007
Apr 2007

Feb 2008

May 2009

May 2013

Sep 2013

Nov 2013

Feb 2014

Feb 2015

Apr 2016</td><td>Joined Canon Inc.
President, KAI LUNG CONSULTANTS LIMITED
President, CENTURY GROW LIMITED
President, Hong Kong local subsidiary, Japan Air System Co., Ltd. (presently Japan Airlines Co., Ltd.);
President, Hong Kong local subsidiary, JAS Trading Co., Ltd. (presently JALUX Inc.)
Representative Director and Chairman, Fakedelic Holdings Co., Ltd.
Managing Director, BAROQUE HK LIMITED
Representative Director, Chairman and President, Fakedelic Holdings Co., Ltd.;
Representative Director and Chairman, Baroque Japan Limited (the former BJL)
Representative Director, President and Chief Executive Officer, the Company
Representative Director, BAROQUE SHANGHAI LIMITED (to present)
Representative Director, President, Chief Executive Officer and Chief Operating Officer, the Company
Director, Managing Director, BAROQUE CHINA LIMITED (to present);
Director, BAROQUE CHINA APPARELS LIMITED (to present);
Director, Baroque Shanghai Apparels Co., Ltd. (to present)
Representative Director, Baroque Shanghai Development Co., Ltd. (to present)
Representative Director, President and Chief Executive Officer, the Company (to present);
Managing Director, FRAME LIMITED (to present)
Director and Chairman, BAROQUE HK LIMITED (to present)
Director, BAROQUE USA LIMITED (to present)</td></tr>
<tr><td colspan="3">Significant concurrent positions
Director and Chairman, BAROQUE HK LIMITED
Representative Director, BAROQUE SHANGHAI LIMITED
Director, Managing Director, BAROQUE CHINA LIMITED
Director, BAROQUE CHINA APPARELS LIMITED
Director, Baroque Shanghai Apparels Co., Ltd.
Representative Director, Baroque Shanghai Development Co., Ltd.
Managing Director, FRAME LIMITED
Director, BAROQUE USA LIMITED</td></tr>
<tr><td colspan="3">Reasons for selection as a candidate for Director
Mr. Hiroyuki Murai possesses extensive knowledge of global business, including in China, and has demonstrated strong leadership in driving the Group forward since assuming the role of the Company's representative, with a focus on expanding the global SPA business. Based on his track record, we request his continued election as a Director of the Company.</td></tr>
</table>

No.	Name (Date of birth) Number of shares of the Company held	Career summary, positions and responsibilities in the Company	
2	**Akihito Fukasawa** Reappointment (January 21, 1975) 128,000 shares Number of years in office as a director: seven years and one month (At the conclusion of this Annual Shareholders' Meeting) Attendance at the Board of Directors meetings: 17/17 times (100%)	Mar 2001	Joined Fakedelic K.K.
		Mar 2005	Representative Director, Jackpot Production Co., Ltd.
		Feb 2008	Executive Officer, General Manager, SHEL'TTER Business Department, the Company
		Apr 2011	Senior Executive Officer, General Manager, SHEL'TTER Business Division, and General Manager, SHEL'TTER Business Department, the Company
		Jan 2014	Senior Executive Officer, General Manager, Outlet and Wholesale Business Department, and General Manager, Overseas Business Department, the Company
		Jul 2015	Senior Executive Officer, General Manager, Overseas Business Department, and Deputy General Manager, Sales Control Division, the Company
		Apr 2016	Director, BAROQUE USA LIMITED (to present)
		May 2017	Managing Executive Officer, Unit Manager, The Second Unit, and General Manager, Overseas Business Department, the Company
		Feb 2018	Managing Executive Officer, General Manager, Global Business Division, the Company
		Apr 2018	Director, Managing Executive Officer, General Manager, Global Business Division, the Company
		Mar 2019	Director, Managing Executive Officer, General Manager, Sales Management Division, the Company
		May 2019	Executive Director and Deputy Chief Executive Officer (to present); General Manager, Sales Management Division, the Company
		Mar 2021	Unit Manager, The First Unit, the Company
		Mar 2022	General Manager, EC Business Division, the Company
		Apr 2022	Task Force on SCM Reform, the Company
		Mar 2023	General Manager, Sales Management Division, the Company
		Apr 2024	General Manager, Marketing Division, General Manager, Global Business Division, and General Manager, Moussy's Brand Department, the Company
		Jan 2025	Aid to the President, the Company (to present)
	Significant concurrent positions Director, BAROQUE USA LIMITED		
	Reasons for selection as a candidate for Director Mr. Akihito Fukasawa has been involved in the fashion industry for many years and has mainly been in charge of promoting the Company's domestic and overseas apparel business. Based on his accumulated experience and track record, we believe he is well-suited to lead the Company's global business. Accordingly, we request his continued election as a Director of the Company.		

<table>
<tr><th>No.</th><th>Name
(Date of birth)
Number of shares of the Company held</th><th colspan="2">Career summary, positions and responsibilities in the Company</th></tr>
<tr><td rowspan="11">3</td><td rowspan="9">Shan Zhao

New Appointment

(June 21, 1973)

0 shares

Number of years in office as a director:
-

Attendance at the Board of Directors meetings:
-</td><td>Oct 2006</td><td>Overseas Management Department, Fakedelic Holdings Co., Ltd.</td></tr>
<tr><td>Sep 2009</td><td>General Manager of Beijing Branch, BAROQUE SHANGHAI LIMITED</td></tr>
<tr><td>Sep 2010</td><td>General Manager, BAROQUE SHANGHAI LIMITED</td></tr>
<tr><td>Sep 2013</td><td>Director, BAROQUE SHANGHAI LIMITED (to present)
Director, BAROQUE CHINA LIMITED (to present)</td></tr>
<tr><td>Nov 2013</td><td>Director, Baroque Shanghai Development Co., Ltd. (to present)</td></tr>
<tr><td>Feb 2014
Feb 2015</td><td>Director, FRAME LIMITED (to present)
Managing Director, BAROQUE HK LIMITED (to present)</td></tr>
<tr><td>May 2017
May 2018</td><td>Executive Officer, the Company
Managing Executive Officer, the Company (to present)</td></tr>
<tr><td>Feb 2019</td><td>Head of China and Asia Region, the Company (to present)</td></tr>
<tr><td>Mar 2020</td><td>Global Business Promotion Taskforce, the Company</td></tr>
<tr><td colspan="3">Significant concurrent positions
Director, BAROQUE SHANGHAI LIMITED
Director, BAROQUE CHINA LIMITED
Director, Baroque Shanghai Development Co., Ltd.
Director, FRAME LIMITED
Managing Director, BAROQUE HK LIMITED</td></tr>
<tr><td colspan="3">Reasons for selection as a candidate for Director
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 election as a Director of the Company.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)
Number of shares of the Company held</th><th colspan="2">Career summary, positions and responsibilities in the Company</th></tr>
<tr><td rowspan="3">4</td><td>Satoru Matsuzaki

Reappointment

Outside Director

Independent Director

(March 10, 1954)

0 shares

Number of years in office as a director: two years
(At the conclusion of this Annual Shareholders' Meeting)

Attendance at the Board of Directors meetings: 17/17 times
(100%)</td><td>Apr 1978

Jul 2005

Feb 2008

May 2011

May 2012

May 2013

May 2015

Sep 2020

Sep 2021

May 2023
Mar 2024</td><td>Joined The Seiyu Stores, Ltd. (presently Seiyu Co., Ltd.)
Joined Ryohin Keikaku Co., Ltd.
General Manager of Regional Management – Asia, Overseas Operations Division, Ryohin Keikaku Co., Ltd.
Executive Officer, General Manager of Regional Management – China, Overseas Operations Division, Ryohin Keikaku Co., Ltd.
Director and Executive Officer, General Manager of Overseas Operations Division, Ryohin Keikaku Co., Ltd.
Managing Director and Executive Officer, General Manager of Overseas Operations Division, Ryohin Keikaku Co., Ltd.
Senior Managing Director and Executive Officer, General Manager of Overseas Operations Division, Ryohin Keikaku Co., Ltd.
President and Representative Director, Executive Officer, Ryohin Keikaku Co., Ltd.
President and Representative Director, MUJI House Co., Ltd.
President and Representative Director, Executive Officer, General Manager of Overseas Operations Division, Ryohin Keikaku Co., Ltd.
Vice Chairman and Director, Executive Officer, Ryohin Keikaku Co., Ltd.
Outside Director, the Company (to present)
Representative Partner, Matsuzaki Office, LLC (to present)</td></tr>
<tr><td colspan="3">Significant concurrent positions
Representative Partner, Matsuzaki Office, LLC</td></tr>
<tr><td colspan="3">Reasons for selection as a candidate and expected role as an Outside Director
Mr. Satoru Matsuzaki possesses extensive experience and broad insight as a corporate manager and is well-versed in overseas business.
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.
In addition, he serves as a member of the Company's voluntary Nomination and Compensation Advisory Committee.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)
Number of shares of the Company held</th><th>Career summary, positions and responsibilities in the Company</th></tr>
<tr><td rowspan="3">5</td><td>Masuo Okumura

Reappointment

Outside Director

Independent Director

(November 8, 1947)

0 shares

Number of years in office as a director: two years
(At the conclusion of this Annual Shareholders' Meeting)

Attendance at the Board of Directors meetings: 17/17 times
(100%)</td><td>Jul 1971 Joined National Police Agency
May 2001 Chief, the Osaka Prefectural Police Headquarters
Aug 2002 Director General, the Security Bureau, National Police Agency
Jan 2004 Superintendent General of the Metropolitan Police Department
Mar 2006 Chairperson, JAPAN TRAFFIC SAFETY ASSOCIATION
Jun 2013 Chairperson, Japan Road Traffic Information Center
Jun 2013 Auditor, Maruichi Steel Tube Ltd. (to present)
May 2023 Outside Director, the Company (to present)</td></tr>
<tr><td colspan="2">Significant concurrent positions
Auditor, Maruichi Steel Tube Ltd.</td></tr>
<tr><td colspan="2">Reasons for selection as a candidate and expected role as an Outside Director
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.
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.
In addition, he serves as a member of the Company's voluntary Nomination and Compensation Advisory Committee.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)
Number of shares of the Company held</th><th colspan="2">Career summary, positions and responsibilities in the Company</th></tr>
<tr><td rowspan="15">6</td><td rowspan="13">Fang Sheng

Reappointment

Outside Director

(November 11, 1972)

0 shares

Number of years in office as a director: eleven years and nine months
(At the conclusion of this Annual Shareholders' Meeting)

Attendance at the Board of Directors meetings: 17/17 times
(100 %)</td><td>Nov 1993</td><td>Shanghai Office, Gulf Semiconductor Ltd.</td></tr>
<tr><td>Nov 2005</td><td>Regional Manager, Belle International Holdings Limited</td></tr>
<tr><td>May 2007</td><td>Group SVP & Head of Eastern China Region, Belle International Holdings Limited</td></tr>
<tr><td>May 2011</td><td>Executive Director, Belle International Holdings Limited (to present)</td></tr>
<tr><td>Dec 2011</td><td>Deputy Chairman, Smile Charity Foundation (to present)</td></tr>
<tr><td>Apr 2013</td><td>Adjunct Professor of Innovation and Entrepreneurship, Tongji University</td></tr>
<tr><td>Aug 2013</td><td>Outside Director, the Company (to present)</td></tr>
<tr><td>Sep 2013</td><td>Director, BAROQUE CHINA APPARELS LIMITED (to present);
Representative Director, Baroque Shanghai Apparels Co., Ltd. (to present)</td></tr>
<tr><td>Nov 2013</td><td>Director, Baroque Shanghai Development Co., Ltd. (to present)</td></tr>
<tr><td>Jun 2019</td><td>Non-executive Director, Topsports International Holdings Limited (to present)</td></tr>
<tr><td>Feb 2022</td><td>Executive Director & CEO, Belle Fashion Group</td></tr>
<tr><td>Oct 2023</td><td>Chairman & CEO, Belle Fashion Group (to present)</td></tr>
<tr><td></td><td></td></tr>
<tr><td colspan="3">Significant concurrent positions
Executive Director, Belle International Holdings Limited
Deputy Chairman, Smile Charity Foundation
Director, BAROQUE CHINA APPARELS LIMITED
Representative Director, Baroque Shanghai Apparels Co., Ltd.
Director, Baroque Shanghai Development Co., Ltd.
Non-executive Director, Topsports International Holdings Limited
Chairman & CEO, Belle Fashion Group</td></tr>
<tr><td colspan="3">Reasons for selection as a candidate and expected role as an Outside Director
Mr. Fang Sheng possesses extensive experience and deep insight in corporate management in China.
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 joint ventures in China. Accordingly, we request his continued election as an Outside Director of the Company.</td></tr>
</table>

(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. In addition, Baroque Shanghai Apparels Co., Ltd., where he serves as Representative Director, is an equity-method affiliate of the Company, and engages in transactions with the Company regarding the licensing of brand trademark rights.
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 2025 under the same terms and conditions. The full cost of the premium is borne by the Company.

Reference

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

Name	Positions and responsibilities in the Company	Expertise, experience and expected roles					
		Business Management	Business Strategy, Branding, Marketing	Global	Financial Accounting	Governance, Risk Management	Other Business Knowledge
Hiroyuki Murai	Representative Director, President and Chief Executive Officer	●	●	●	●	●	
Akihito Fukasawa	Executive Director and Deputy Chief Executive Officer, Aid to the President	●	●	●	●	●	
Shan Zhao	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.

Business Report

(March 1, 2024–February 28, 2025)

1. Overview of the Group

(1) Business in the Fiscal Year under Review

1) Business Progress and Results

During the fiscal year ended February 28, 2025, the Japanese economy showed signs of gradual recovery amid an improved employment and income environment partly attributable to the effects of various government policies despite stagnant private consumption as a consequence of soaring prices. However, the future outlook remained uncertain due to surging raw material and energy prices, chronic weakness of the yen owing to global monetary tightening, and prolonged instability in overseas situations. As for the Chinese economy, the management environment continued to be challenging as a result of weak domestic demand caused by property recession and sluggish private consumption.

(Group's domestic business)

Regarding the Group's domestic business, store sales were 96.0% year-on-year while e-commerce sales were 102.3% year-on-year, which were higher than the previous fiscal year. Though e-commerce sales were robust, net sales declined year-on-year as the phasing out of unprofitable brands and scrapping of unprofitable stores had negative impacts on net sales. We also promoted sales that would efficiently turn into cash and strived to strategically liquidate inventory through the use of secondary sales channels, among other means. However, our efforts fell short of offsetting the increase in purchasing costs. As a result, gross profit from domestic operations in the current fiscal year was 95.8% year-on-year, which was lower than the previous fiscal year.

Despite increases in depreciation on investments in logistics facilities and costs associated with development of new businesses, we controlled selling, general and administrative expenses to the level below those of the previous fiscal year by curbing labor and other costs. However, it was not enough to cover the decline in gross profit, and operating profit fell below the level of the previous fiscal year.

(Group's overseas business)

As for the Chinese joint venture with strategic business partner Belle International Holdings Limited (hereon, "Belle"), due to the reduction in purchase made by retail companies in China, net sales from the joint venture were 87.6% year-on-year, which were lower than the previous fiscal year. Due to the negative impacts of the scrapping of unprofitable stores and valuation losses on merchandise, the Group has recorded a share of loss of entities accounted for using equity method of 2.43 billion yen from the retail companies in China. The number of stores decreased by 87 compared to the previous year-end.

As for the U.S. business, with the stabilization of product supply, orders recovered, wholesale sales remained strong, and in addition, e-commerce grew, resulting in significant year-on-year increases in sales and profit.

As of February 28, 2025, the Group has 340 stores in Japan (255 directly operated, 85 through franchise) and 6 overseas stores (1 directly operated, 5 through franchise) – for a total of 346 stores. In addition, the number of stores in the Chinese retail business operated through the joint venture with Belle was 157.

As a result of the above, the fiscal year ended February 28, 2025 saw consolidated net sales of 58,180 million yen (3.5% decrease from the prior year), operating profit of 812 million yen (58.4% decrease from the prior year), ordinary loss of 1,683 million yen (ordinary profit of 2,022 million yen for the prior year), and loss attributable to owners of parent of 2,575 million yen (profit attributable to owners of parent of 945 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	52,041	89.5	96.7
China (including Hong Kong)	4,677	8.0	88.3
United States	1,461	2.5	121.7
Total	58,180	100.0	96.5

2) Capital Investments

During the fiscal year under review, the Group made capital investments that amounted to 1,770 million yen. The main investments are as follows:

Rental and guarantee deposits related to new store openings	110 million yen
Investments in store facilities related to new store openings and store renovations	478 million yen
Investments in core systems	733 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.

The Company resolved, at the Board of Directors meeting held on April 14, 2025, to transfer all shares of BAROQUE CHINA LIMITED, a consolidated subsidiary of the Company, and BAROQUE CHINA APPARELS LIMITED, an equity-method affiliate, both held by BAROQUE HK LIMITED, a consolidated subsidiary of the Company, to ABLE CONCORD LIMITED, a special purpose company (SPC) owned by Belle. On the same day, BAROQUE HK LIMITED and ABLE CONCORD LIMITED entered into a legally binding Heads of Agreement on share transfer.

As a result, BAROQUE CHINA LIMITED and Baroque Shanghai Development

Co., Ltd. will cease to be Group subsidiaries as of the effective date of the share transfer.

(2) Assets and Income

The assets and income of the Group are as follows:

Item	23rd term (Year ended February 28, 2022)	24th term (Year ended February 28, 2023)	25th term (Year ended February 29, 2024)	26th term (Year ended February 28, 2025) (Fiscal year under review)
Net sales (million yen)	59,139	58,842	60,290	58,180
Profit (loss) attributable to owners of parent (million yen)	1,471	243	945	(2,575)
Earnings (losses) per share (yen)	40.87	6.77	26.24	(71.58)
Total assets (million yen)	38,632	37,245	37,261	34,051
Net assets (million yen)	22,437	22,085	22,202	18,796
Net assets per share (yen)	562.36	541.99	535.80	434.58

(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:

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 CHINA LIMITED	HKD 26,000 thousand	51.0% (51.0%)	Investment company dealing with the business in China
Baroque Shanghai Development Co., Ltd.	RMB 20,000 thousand	51.0% (51.0%)	Procurement and sale of clothing, etc.
FRAME LIMITED	HKD 1	100.0% (100.0%)	Business development and trademark management
BAROQUE USA LIMITED	USD 2,900 thousand	100.0%	Sale of clothing, etc.

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

(4) Challenges

1) Domestic apparel business

a) Clarification of key strengthening brands and discontinued brands

We will classify our brands into four categories: Flagship, Mature, Growth, and New. Based on this classification, we will identify "brands requiring concentrated management resources" and "brands needing revitalization." In the event of strategic withdrawal, we will particularly focus on reallocating management resources to new and growth businesses, with the goal of expanding flagship brands.

b) Strategic store scrap and build

We will enhance our market data analysis capabilities, then optimize store placement and operational formats aligned with brand business strategies.

c) Manufacture without overproduction

We will establish a mechanism with a team independent of brand operations to simulate future demand based on various external and internal environmental data, thereby quantitatively visualizing inventory risks and optimizing order balance.

d) New retail

We will enhance our OMO (Online Merge Offline) to achieve business efficiency and enhance customer convenience.

e) Further evolution of MOUSSY

MOUSSY was established in 2000 with the vision of “creating what we want to wear.” In 2008, AZUL BY MOUSSY was launched as a spin-off from MOUSSY, growing into a business generating sales of 51 billion yen domestically and internationally. We will continue to evolve the brand further within Japan while also aiming for expanding its presence in the overseas markets.

2) Chinese apparel business

Due to the economic slowdown in China, the overall economic environment has been marked by a decline in consumer sentiment driven by factors such as worsening employment conditions, a slump in the real estate market, and growing concerns regarding the future. Given the uncertain outlook of the Chinese economy, we have decided to transfer our shares in the Chinese joint venture in order to resolve all Chinese business risk at once. With respect to the future Chinese business outlook, we will maintain our brand licensing agreements and exclusive sales distributor agreements with Belle for the MOUSSY and SLY brands and carry on our collaborative relationship. This is not a withdrawal from the Chinese market, but rather a strategic move to temporarily resolve risks and pursue new development.

3) U.S. apparel business

The global luxury denim market exceeds USD 5 billion, with an expected annual average growth rate of 2.7% until 2030, indicating promising expansion opportunities. Leveraging “Made in Japan” denim as a competitive advantage, we aim to make a significant entry into the luxury denim market and target market share expansion.

4) New businesses

Alongside the reinforcement of our existing apparel business, we have begun developing revenue-generating businesses for the future. We are working on launching a new casual brand targeting older generations, performing test marketing using The SHEL’TTER TOKYO, and developing a footwear business in collaboration with Belle.

5) Sustainability response

Our sustainability goal is to “achieve zero waste and zero incineration.” To this end, we will promote measures from three perspectives of environment, society, and people, such as “what we can do to protect the global environment,” “providing opportunities to contribute to sustainability,” and “a workplace where everyone can thrive and embrace challenges.” We consider our sustainable efforts to be not only about making clothes using environmentally friendly materials, but also to be toward building a sustainable society and company. Our aim is to eliminate waste through the production of appropriate quantities of good products that sell through completely, thereby realizing manufacturing without overproduction. We are committed to providing a prosperous and expansive future for all stakeholders.

For the current fiscal year, we have calculated CO_2 emissions (including SCOPE 3 emissions) and formulated sustainability-related objectives, including reduction targets for CO_2, and have disclosed pertinent information 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, 2025)

The Group consists of the Company and six 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, 2025)

1) Business Offices of the Company

Head office	Meguro-ku, Tokyo
Stores	255 (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 CHINA LIMITED	Hong Kong Special Administrative Region, People's Republic of China
Baroque Shanghai Development Co., Ltd.	Shanghai, People's Republic of China
FRAME LIMITED	Hong Kong Special Administrative Region, People's Republic of China
BAROQUE USA LIMITED	Delaware, United States of America

(7) Employees (As of February 28, 2025)

1) Employees of the Group

Number of employees	Change from previous fiscal year-end
1,381	-43

2) Employees of the Company

Number of employees	Changes from previous fiscal year-end	Average age	Average service period
1,321 (222)	-35 (-4)	30.8	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, 2025)

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, 2025)

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 60,408 persons
4) Major shareholders (10 largest shareholders)

Shareholder name	Status of investment in the Company	
	Number of shares	Shareholding ratio
	shares	%
MUTUAL CROWN LIMITED	7,284,600	20.11
ORIX Corporation	6,815,600	18.81
Murai Capital Co., Ltd.	2,600,000	7.17
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,973,500	5.44
Hiroyuki Murai	1,048,100	2.89
Custody Bank of Japan, Ltd. (Trust Account E)	250,000	0.69
SMBC Nikko Securities Inc.	221,000	0.61
Keikou Kin	194,200	0.53
Custody Bank of Japan, Ltd. (Trust Account)	189,900	0.52
Seiki Nara	166,400	0.45

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

2. The Company holds treasury shares (460,400 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 250,000 shares held by the trust through the performance-based stock compensation plan, “the Board Benefit Trust (BBT).”

(2) Company Officers

1) Directors and Audit & Supervisory Board Members (As of February 28, 2025)

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, Managing Director, BAROQUE CHINA LIMITED Director, BAROQUE CHINA APPARELS LIMITED Director, Baroque Shanghai Apparels Co., Ltd. Representative Director, Baroque Shanghai Development Co., Ltd. Managing Director, FRAME LIMITED Director, BAROQUE USA LIMITED
Executive Director and Deputy Chief Executive Officer	Akihito Fukasawa	Aid to the President Director, BAROQUE USA LIMITED
Director	Satoru Matsuzaki	Representative Partner, Matsuzaki Office, LLC
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 Representative Director, Baroque Shanghai Apparels Co., Ltd. Director, Baroque Shanghai Development Co., Ltd. Non-executive Director, Topsports International Holdings Limited Chairman & CEO, Belle Fashion Group
Director	Yingnan Zhang	Senior Executive Director, ORIX Asia Capital Limited Chief Executive Officer, ORIX Asia Asset Management Limited

Position	Name	Areas of responsibility at the Company and significant concurrent positions
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, Mr. Fang Sheng, and Ms. Yingnan Zhang are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act of Japan.

2. Audit & Supervisory Board Members Mr. Yoshiki Yoshida 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. In addition, Baroque Shanghai Apparels Co., Ltd., where he serves as Representative Director, is an equity-method affiliate of the Company, and engages in transactions with the Company regarding the licensing of brand trademark rights.
5. Director Ms. Yingnan Zhang concurrently serves as Senior Executive Director of ORIX Asia Capital Limited, a company indirectly controlled by ORIX Corporation, a major shareholder of the Company.
6. 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.
7. Mr. Akira Tsujishima was newly elected and commenced his role at the 25th Annual Shareholders' Meeting convened on May 30, 2024.
8. Mr. Eiichi Nakamura and Mr. Nobuhide Hayashi retired as Directors following the expiration of their terms of office at the conclusion of the 25th Annual Shareholders' Meeting convened on May 30, 2024.
9. Mr. Hiroshi Nagayasu and Mr. Koichiro Watanabe retired as Audit & Supervisory Board Members following the expiration of their terms of office at the conclusion of the 25th Annual Shareholders' Meeting convened on May 30, 2024.
10. 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. of 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)	92 (20)	91 (20)	1 (–)	6 (3)
Audit & Supervisory Board Members (of which, Outside Audit & Supervisory Board Members)	28 (14)	28 (14)	–	5 (4)
Total (of which, outside officers)	120 (35)	119 (35)	1 (–)	11 (7)

(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, 1,204 million yen, as the performance evaluation index, and the actual result for the current fiscal year was a loss of 2,575 million yen.

3. Among the Directors, two Directors do not receive any compensation.
4. The above includes two Directors and two Audit & Supervisory Board Members who retired at the conclusion of the 25th Annual Shareholders' Meeting held on May 30, 2024.

5) Outside Officers

Main Activities in the Fiscal Year under Review

Name	Status of main activities
Director Satoru Matsuzaki	Participated in all 17 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 17 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 17 meetings of the Board of Directors during the fiscal year under review; provided opinions from a perspective based on his rich experience and extensive insight acquired especially from engaging in corporate management, regarding global management, including joint ventures in China, conducive to securing the validity and appropriateness of decisions made by the Board of Directors.
Director Yingnan Zhang	Participated in all 17 meetings of the Board of Directors held during the fiscal year under review; provided opinions from a perspective based on her rich experience and extensive insight acquired especially from her experience of working in investment business such as China and other countries in Asia, 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.

Name	Status of main activities
Audit & Supervisory Board Member Yoshiki Yoshida	Participated in all 17 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 all 13 meetings of the Board of Directors and all 13 meetings of the Audit & Supervisory Board held after his appointment on May 30, 2024; 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.

(Note) In addition to the number of Board of Directors meetings indicated above, there was also one resolution in writing, which is considered a resolution at the Board of Directors meeting in accordance with Article 370 of the Companies Act and Article 24 of the Company's Articles of Incorporation.

(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	60 million yen
Cash and other benefits payable by the Company or its subsidiaries to Accounting Auditor	60 million yen

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

2. The Company's Audit & Supervisory Board agreed to the compensation, etc. to PricewaterhouseCoopers 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, 17 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 29, 2024, 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
- Cooperation with auditing organizations
- Communication with managers
- 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 ensured in line with the matters required by the Corporate Governance Code.

The Company's Board of Directors is composed of individuals with diverse skills that enrich the Board's deliberations. The Board of Directors engages in open and dynamic discussions and appropriately supervises the state of internal control operations. These are recognized as strengths of the Board of Directors.

Conversely, the Board of Directors' oversight of nominations and remuneration, including successor planning, and executive training remain areas for improvement. As such, the Board intends to conduct discussions aimed at further enhancing these areas.

iii) Future action

To further bolster the effectiveness of the Board of Directors and elevate corporate governance standards, the Company will foster more comprehensive discussions within the Nomination and Compensation Advisory Committee regarding successor plans, nomination, and compensation. Additionally, the content of executive training programs will be reviewed and updated as necessary.

(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 26th Annual Shareholders' Meeting.

Consolidated Balance Sheet

(As of February 28, 2025)

(Unit: million yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
I Current assets	**24,789**	**I Current liabilities**	**7,316**
Cash and deposits	11,305	Notes payable - trade	27
Accounts receivable - trade	7,760	Accounts payable - trade	2,983
Merchandise	5,359	Short-term borrowings	2,000
Supplies	56	Accounts payable - other	1,136
Other	306	Accrued expenses	486
		Income taxes payable	59
II Non-current assets	**9,262**	Provision for bonuses	321
1 Property, plant and equipment	**1,747**	Asset retirement obligations	13
Buildings and structures	1,016	Guarantee deposited	20
Land	350	Other	268
Construction in progress	52		
Other	328		
2 Intangible assets	**3,246**	**II Non-current liabilities**	**7,937**
Software	657	Long-term borrowings	6,000
Software in progress	2,587	Retirement benefit liability	8
Other	1	Asset retirement obligations	1,127
		Long-term accounts payable - other	7
3 Investments and other assets	**4,268**	Guarantee deposits received	431
Leasehold and guarantee deposits	3,153	Deferred tax liabilities	84
Deferred tax assets	1,064	Provision for share awards for directors (and other officers)	245
Other	50	Other	32
		Total liabilities	**15,254**
		(Net assets)	
		I Shareholders' equity	**14,247**
		1 Share capital	**8,258**
		2 Capital surplus	**7,081**
		3 Retained earnings	**(367)**
		4 Treasury shares	**(724)**
		II Accumulated other comprehensive income	**1,382**
		1 Foreign currency translation adjustment	**1,382**
		III Non-controlling interests	**3,166**
		Total net assets	**18,796**
Total assets	**34,051**	**Total liabilities and net assets**	**34,051**

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

Consolidated Income Statement

(March 1, 2024–February 28, 2025)

(Unit: million yen)

Description	Amount	
Net sales		**58,180**
Cost of sales		**25,080**
Gross profit		**33,100**
Selling, general and administrative expenses		**32,287**
Operating profit		**812**
Non-operating income		
Interest income	45	
Rental income	15	
Subsidy income	38	
Other	21	121
Non-operating expenses		
Interest expenses	50	
Commission expenses	6	
Foreign exchange losses	89	
Loss on retirement of non-current assets	6	
Share of loss of entities accounted for using equity method	2,436	
Other	28	2,617
Ordinary loss		**1,683**
Extraordinary losses		
Impairment losses	281	281
Loss before income taxes		**1,965**
Income taxes - current	158	
Income taxes - deferred	272	431
Loss		**2,397**
Profit attributable to non-controlling interests		177
Loss attributable to owners of parent		**2,575**

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

Consolidated Statement of Changes in Equity

(March 1, 2024–February 28, 2025)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of March 1, 2024	8,258	8,059	2,605	(678)	18,244
Changes during the fiscal year					
Dividends of surplus	–	(977)	(398)	–	(1,376)
Purchase of treasury shares	–	–	–	(45)	(45)
Loss attributable to owners of parent	–	–	(2,575)	–	(2,575)
Net changes in items other than shareholders' equity	–	–	–	–	–
Total changes during the fiscal year	–	(977)	(2,973)	(45)	(3,997)
Balance as of February 28, 2025	8,258	7,081	(367)	(724)	14,247

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of March 1, 2024	1,058	1,058	2,900	22,202
Changes during the fiscal year				
Dividends of surplus	–	–	–	(1,376)
Purchase of treasury shares	–	–	–	(45)
Loss attributable to owners of parent	–	–	–	(2,575)
Net changes in items other than shareholders' equity	324	324	266	591
Total changes during the fiscal year	324	324	266	(3,405)
Balance as of February 28, 2025	1,382	1,382	3,166	18,796

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

Balance Sheet

(As of February 28, 2025)

(Unit: million yen)

Description	Amount	Description	Amount
(Assets)		**(Liabilities)**	
I Current assets	**16,719**	**I Current liabilities**	**5,841**
Cash and deposits	8,873	Notes payable - trade	27
Accounts receivable - trade	2,339	Accounts payable - trade	1,798
Merchandise	5,196	Short-term borrowings	2,000
Supplies	56	Accounts payable - other	974
Prepaid expenses	164	Accrued expenses	480
Other	87	Advances received	28
		Provision for bonuses	321
II Non-current assets	**12,538**	Asset retirement obligations	13
1 Property, plant and equipment	**1,653**	Guarantee deposited	20
Buildings and structures	1,006	Other	178
Tools, furniture and fixtures	227		
Land	350	**II Non-current liabilities**	**7,808**
Construction in progress	52	Long-term borrowings	6,000
Other	17	Provision for retirement benefits	8
		Asset retirement obligations	1,107
2 Intangible assets	**3,246**	Long-term accounts payable - other	7
Software	657	Guarantee deposits received	431
Other	2,589	Provision for share awards for directors (and other officers)	245
		Other	7
3 Investments and other assets	**7,638**		
Investments in subsidiaries and associates	3,379	**Total liabilities**	**13,650**
Leasehold and guarantee deposits	3,110	**(Net assets)**	
Prepaid expenses	50	**I Shareholders' equity**	**15,607**
Deferred tax assets	1,098	**1 Share capital**	**8,258**
		2 Capital surplus	**7,081**
		(1) Legal capital surplus	7,055
		(2) Other capital surplus	25
		3 Retained earnings	**992**
		(1) Other retained earnings	992
		Retained earnings brought forward	992
		4 Treasury shares	**(724)**
		Total net assets	**15,607**
Total assets	**29,257**	**Total liabilities and net assets**	**29,257**

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

Income Statement

(March 1, 2024–February 28, 2025)

(Unit: million yen)

Description	Amount	
Net sales		**52,734**
Cost of sales		**21,955**
Gross profit		**30,778**
Selling, general and administrative expenses		**30,669**
Operating profit		**109**
Non-operating income		
Interest income	10	
Rental income	15	
Other	13	39
Non-operating expenses		
Interest expenses	50	
Commission expenses	3	
Loss on retirement of non-current assets	6	
Foreign exchange losses	76	
Other	8	145
Ordinary profit		**3**
Extraordinary losses		
Impairment losses	281	281
Loss before income taxes		**278**
Income taxes - current	82	
Income taxes - deferred	164	247
Loss		**525**

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

Statement of Changes in Equity

(March 1, 2024–February 28, 2025)

(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, 2024	8,258	8,055	3	1,916	(678)	17,555	17,555
Changes during the fiscal year							
Transfer from legal capital surplus to other capital surplus	–	(1,000)	1,000	–	–	–	–
Dividends of surplus	–	–	(977)	(398)	–	(1,376)	(1,376)
Purchase of treasury shares	–	–	–	–	(45)	(45)	(45)
Loss	–	–	–	(525)	–	(525)	(525)
Total changes during the fiscal year	–	(1,000)	22	(924)	(45)	(1,947)	(1,947)
Balance as of February 28, 2025	8,258	7,055	25	992	(724)	15,607	15,607

(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 24, 2025

To the Board of Directors of Baroque Japan Limited

PricewaterhouseCoopers Japan LLC
Tokyo Office

Kazuaki Sekine, 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 profit and loss statement, consolidated statement of changes in net assets and notes to the consolidated financial statements, and the consolidated supplementary schedules of Baroque Japan Limited (hereinafter referred to as the "Company") for the fiscal year from March 1, 2024 to February 28, 2025.

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, 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.

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* 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.

Accounting Auditor's Audit Report on the Non-Consolidated Financial Statements

Independent Auditor's Report

(English Translation*)

April 24, 2025

To the Board of Directors of Baroque Japan Limited

PricewaterhouseCoopers Japan LLC
Tokyo Office

Kazuaki Sekine, 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, profit and loss statement, statement of changes in net assets and notes to the financial statements, and the supplementary schedules of Baroque Japan Limited (hereinafter referred to as the "Company") for the fiscal year from March 1, 2024 to February 28, 2025.

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

Basis for Opinion

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

Other Information

The other information comprises the business report and the supplementary schedules. Management is responsible for the preparation and disclosure of the other information. In addition, those charged with governance are responsible for overseeing the Company's reporting process of the other information.
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

Responsibilities of Management and 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.

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* 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 26th term from March 1, 2024 to February 28, 2025, 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 income statement, non-consolidated statement of changes in equity, and notes to the non-consolidated financial statements) and the supplementary schedules, as well as the consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and the notes to the consolidated financial statements) related to the relevant fiscal year.

2. Results of Audit

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

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 25, 2025

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 2, 2025

THE 26th 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	6
2)	Names of consolidated subsidiaries	BAROQUE HK LIMITED BAROQUE SHANGHAI LIMITED BAROQUE CHINA LIMITED Baroque Shanghai Development Co., Ltd. FRAME LIMITED BAROQUE USA LIMITED

(2) Application of equity method
Affiliates accounted for by the equity method

1)	Number of affiliates accounted for by the equity method	3
2)	Names of affiliated companies accounted for by the equity method	BAROQUE CHINA APPARELS LIMITED Baroque Shanghai Apparels Co., Ltd. Roque Beijing Apparels Co., Ltd.

3) Matters deemed particularly necessary to be stated with respect to the procedures for applying the equity method
In preparing consolidated financial statements for past fiscal years, for BAROQUE CHINA APPARELS LIMITED, whose fiscal year end is the last day of February, financial statements based on the provisional settlement of accounts as of December 31 were used. For Baroque Shanghai Apparels Co., Ltd. and Roque Beijing Apparels Co., Ltd., whose fiscal year ends are December 31, financial statements as of the same date were used. For all these companies, necessary adjustments for consolidation purposes were made for significant transactions occurring between the ends of their fiscal years and the end of the consolidated fiscal year. Effective the current fiscal year, from the viewpoint of timely provision of financial information, financial statements as of the last day of February, the fiscal year end of BAROQUE CHINA APPARELS LIMITED, are now used to prepare the consolidated financial statements of the company. For Baroque Shanghai Apparels Co., Ltd. and Roque Beijing Apparels Co., Ltd., financial statements based on the provisional settlement of accounts as of the consolidated fiscal year end are used.
Due to these changes, the consolidated financial statements for the current fiscal year reflect the profit and loss of these equity-method affiliates for the 14 months from January 1, 2024 to February 28, 2025.

(3) Fiscal year of consolidated subsidiaries
The fiscal year end of consolidated subsidiaries BAROQUE HK LIMITED, BAROQUE SHANGHAI LIMITED, and BAROQUE USA LIMITED is December 31, and the fiscal year end of FRAME LIMITED is January 31. In preparing the consolidated financial statements, the financial statements as of December 31 or January 31 are used, and necessary

adjustments for consolidation purposes are made for significant transactions that occurred between December 31 or January 31, and the end of the consolidated fiscal year.

In addition, in preparing the consolidated financial statements for the past fiscal years for the two consolidated subsidiaries whose fiscal year end is December 31, BAROQUE CHINA LIMITED and Baroque Shanghai Development Co., Ltd., the financial statements as of December 31 were used, and necessary adjustments were made for significant transactions that had occurred between December 31 and the end of the consolidated fiscal year. Effective the current fiscal year, from the viewpoint of timely provision of financial information, in preparing the consolidated financial statements, the financial statements based on the provisional settlement of accounts as of the consolidated fiscal year end are now used.

Due to these changes, the consolidated financial statements for the current fiscal year reflect the profit and loss of these two consolidated subsidiaries for the 14 months from January 1, 2024 to February 28, 2025.

(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	Mainly 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 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 on Changes in Presentation

(Consolidated 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.

3. 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 5,359 million yen. In the current fiscal year, a write-down amount for merchandise due to decline in profitability of 975 million yen was recorded under cost of goods sold in the consolidated income statement.

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," the Group primarily 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 judgments and 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 1,747 million yen, and intangible assets amounted to 3,246 million yen on the consolidated balance sheet. The amount of impairment losses recorded in the consolidated income statement for the current fiscal year was 281 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 as of the fiscal year end. However, if there are changes in market environment or other factors that affect the conditions and assumptions underlying these estimates, the consolidated financial statements for the following consolidated fiscal year may be affected.

4. Notes to Consolidated Balance Sheet

Accumulated depreciation of property, plant and equipment	5,834 million yen

5. Notes to Consolidated Statement of Changes in Net Assets

(1) Matters concerning the total number of shares issued and outstanding

Type of stock	Number of shares at the beginning of the current fiscal year	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 710,400 shares of treasury stock. 250,000 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 30, 2024 Board of Directors Meeting	Common stock	1,376	38	February 29, 2024	May 31, 2024

(Note) The total amount of dividends paid based on the resolution of the Board of Directors on May 30, 2024 includes 7 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, 2025 Board of Directors Meeting	Common stock	1,376	38	February 28, 2025	May 28, 2025

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

6. Notes to Financial Instruments

(1) Matters concerning the status of financial instruments

1) Policy on financial instruments

The Group procures necessary funds mainly through bank borrowings and installment contracts with leasing companies in 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 three 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, 2025 are as follows.

	Consolidated balance sheet amount (million yen)	Market value (million yen)	Difference (million yen)
(1) Leasehold and guarantee deposits	3,153	2,603	(550)
Total assets	3,153	2,603	(550)
(1) Long-term borrowings	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 sheets are as follows.

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

(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	–	2,603	–	2,603
Total assets	–	2,603	–	2,603
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.

7. Notes to Revenue Recognition

(1) Disaggregation of revenue arising from contracts with customers

	Amount (million yen)
Real store sales	39,159
Online sales	11,080
Wholesales	6,921
Others	1,018
Revenue from contracts with customers	58,180

(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)	9,613
Receivables arising from contracts with customers (ending balance)	7,760
Advances received (beginning balance)	36
Advances received (ending balance)	28
Contract liabilities (beginning balance)	33
Contract liabilities (ending balance)	34

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 sheets.

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 sheets. 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.

8. Notes to Per Share Information

(1) Net assets per share 434.58 yen

(2) Losses per share 71.58 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 net loss 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 710,400 shares, and the average number of such treasury shares deducted in calculating losses per share was 700,452 shares.

9. Notes on Significant Subsequent Events

(Transfer of shares in a significant subsidiary, etc.)

At the Board of Directors meeting held on April 14, 2025, the Company resolved to transfer all shares of BAROQUE CHINA LIMITED ("BCL"), a consolidated subsidiary of the Company, and BAROQUE CHINA APPARELS LIMITED ("BCAL"), an equity-method affiliate, both held by BAROQUE HK LIMITED ("BHL"), a consolidated subsidiary of the Company, to ABLE CONCORD LIMITED ("ABLE"), a special purpose company (SPC) owned by Belle International Holdings Limited ("Belle"). On the same day, the Company entered into a legally binding Heads of Agreement on share transfer with BHL and ABLE.

(1) Reason for the transfer

BCL and BCAL have been engaged in women's apparel retail business in China but have continued to face challenges due to changes in the business environment, including stagnant private consumption caused by the slowdown of the Chinese economy. While the Company has made efforts to improve profitability as a Group, it has determined that now is the appropriate time to pursue a fundamental turnaround of its China business. Accordingly, the Company has concluded that the optimal course of action is to transfer all shares of BCL and BCAL to ABLE, an SPC owned by its joint venture partner Belle, to enable more effective utilization of the management resources of both companies. As such, the Company has resolved that a share transfer agreement be concluded between BHL and ABLE.

(2) Name of the transferee

ABLE CONCORD LIMITED

(3) Date of the share transfer
April 30, 2025 (scheduled)

(4) Overview of the subsidiary and the equity-method affiliate

1) Names

BAROQUE CHINA LIMITED and BAROQUE CHINA APPARELS LIMITED

2) Outline of businesses

Companies engaging in wholesale business and retail business in China

(5) Number of shares to be transferred and shareholding status before and after the transfer

1) Number of shares held before the transfer	BAROQUE CHINA LIMITED	13,260,000 shares
	BAROQUE CHINA APPARELS LIMITED	127,400,000 shares
2) Number of shares to be transferred	BAROQUE CHINA LIMITED	13,260,000 shares
	BAROQUE CHINA APPARELS LIMITED	127,400,000 shares
3) Number of shares held after the transfer	BAROQUE CHINA LIMITED	0 shares (Shareholding ratio: 0%)
	BAROQUE CHINA APPARELS LIMITED	0 shares (Shareholding ratio: 0%)

(6) Profit (loss) on transfer
Profit (loss) on transfer is currently being measured.

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 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 at the later of when the underlying sales occur or when the related performance obligation is satisfied, 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 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 5,196 million yen. In the current fiscal year, a write-down amount for merchandise due to decline in profitability of 971 million yen was recorded under cost of sales in the income statement.

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

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

(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 1,653 million yen and intangible assets amounted to 3,246 million yen on the balance sheet. The amount of impairment losses recorded in the income statement for the current fiscal year was 281 million yen.

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

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

3. Notes to Balance Sheet

(1) Accumulated depreciation of property, plant and equipment	5,414	million yen
(2) Receivables from and payables to affiliated companies are as follows		
1) Short-term monetary claims	309	million yen
2) Short-term monetary debt	605	million yen

4. Notes to Profit and Loss Statement

Transactions with affiliated companies

1)	Sales	893 million yen
2)	Purchases	9,162 million yen
3)	Other operating transactions	40 million yen
4)	Non-operating transactions	0 million yen

5. Notes to Statements of Changes in Net Assets

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

Common stock 710,400 shares

The above number of shares includes 250,000 shares of the Company's stock held by the Board Benefit Trust (BBT) following the introduction of the "Board Benefit Trust (BBT)" system.

6. Notes to Tax-Effect Accounting

Significant components of deferred tax assets and liabilities

Deferred tax assets	
Inventory provision	536 million yen
Accrued enterprise tax	24 million yen
Provision for bonuses	86 million yen
Excess depreciation	249 million yen
Provision for retirement benefits	2 million yen
Asset retirement obligations	343 million yen
Provision for share awards for directors (and other officers)	72 million yen
Retained loss	53 million yen
Others	67 million yen
Subtotal of deferred tax assets	1,435 million yen
Valuation allowance for total future deductible temporary differences	(236) million yen
Total deferred tax assets	1,198 million yen
Deferred tax liability	
Removal costs corresponding to asset retirement obligations	(99) million yen
Total deferred tax liabilities	(99) million yen
Net deferred tax assets	1,098 million yen

7. Notes on Transactions with Related Parties

Subsidiaries and affiliates, 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 1	Purchase and sale of merchandise and lending of funds	Loan of funds (note 2)	150	Short-term loans receivable	–
							Receipt of interest (note 2)	0	Other current assets	–
							Purchase of merchandise (note 2)	9,161	Accounts payable - trade	575
									Accounts payable - other	26
									Advance payments	2
Subsidiary company	BAROQUE SHANGHAI LIMITED	69,600 Thousand HKD	Outsourcing service	(Holding) Indirect 100.00	Concurrent post 1	Outsourcing	Outsourcing expenses, etc. (note 2)	40	Accounts payable - other	3
Subsidiary company	Baroque Shanghai Development Co., Ltd	20,000 Thousand RMB	Apparel & accessories wholesale business	(Holding) Indirect 51.00	Concurrent post 2	Sale of merchandise	Sales of merchandise (note 2)	155	Accounts receivable - trade	15
							Royalty income (note 2)	9		
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)	570	Accounts receivable - trade	206
Affiliated company	Baroque Shanghai Apparels Co., Ltd	140,000 Thousand RMB	Apparel & accessories wholesale and retail business	(Holding) Indirect 49.00	Concurrent post 2	Royalties on merchandise sales	Royalty income (note 2)	158	Accounts receivable - trade	48

(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.

8. 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."

9. Notes to Per Share Information

(1) Net assets per share 433.96 yen

(2) Losses per share 14.62 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 net loss 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 710,400 shares, and the average number of such treasury shares deducted in calculating losses per share was 700,452 shares.

10. Notes on Significant Subsequent Events

The same information is provided in "9. Notes on Significant Subsequent Events" of the Notes to Consolidated Financial Statements and is therefore omitted.