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

INFORMATION DISCLOSURE ON THE INTERNET

REGARDING THE NOTICE OF

THE 18TH ANNUAL SHAREHOLDERS' MEETING

Notes to the Consolidated Financial Statements

Notes to the Non-Consolidated Financial Statements

"Notes to the Consolidated Financial Statements" and "Notes to the Non-Consolidated Financial Statements" have been provided to shareholders on the Company's website pursuant to provisions of laws and regulations as well as Article 14 of the Articles of Incorporation.

Baroque Japan Limited

Notes to the Consolidated Financial Statements

1. Notes to the Basis for Preparation of Consolidated Financial Statements

(1) Scope of consolidation

Status of consolidated subsidiaries:

1) Number of consolidated subsidiaries	6
2) Names of consolidated subsidiaries	BAROQUE HK LIMITED Baroque (Shanghai) Trading Ltd. BAROQUE CHINA LIMITED Baroque (Shanghai) Enterprise Development Ltd. FRAME LIMITED BAROQUE USA LIMITED

From the fiscal year under review, the newly established company BAROQUE USA LIMITED is included in the scope of consolidation.

(2) Application of the equity method

Status of equity-method associates:

1) Number of equity-method associates	3
2) Names of equity-method associates	BAROQUE CHINA APPARELS LIMITED Baroque (Shanghai) Clothing Ltd. Baroque (Beijing) Clothing Ltd.

3) Special notes with respect to application of the equity method

Among the equity-method associates, the account closing date of BAROQUE CHINA APPARELS LIMITED is February 28, and its financial statements based on a provisional settlement of accounts as of December 31 are used in the preparation of the consolidated financial statements. Necessary adjustments are made on a consolidated basis to reflect any significant transactions made between the consolidated closing date and that of BAROQUE CHINA APPARELS LIMITED. In addition, the account closing date of both Baroque (Shanghai) Clothing Ltd. and Baroque (Beijing) Clothing Ltd. is December 31, and their financial statements as of that day are used in the preparation of the consolidated financial statements. Necessary adjustments are made on a consolidated basis to reflect any significant transactions made between the consolidated closing date and that of the two subsidiaries.

(3) Fiscal years of consolidated subsidiaries

Except for FRAME LIMITED, the account closing date of the other five consolidated subsidiaries is December 31. Their financial statements as of that day are used in the preparation of the consolidated financial statements. Necessary adjustments are made on a consolidated basis to reflect any significant transactions made between the consolidated closing date and that of the subsidiaries. The account closing date of FRAME LIMITED is January 31.

(4) Significant matters concerning accounting policies

1) Standards and methods for valuation of significant assets

a. Derivatives	Stated at fair value
b. Inventories	Valuation stated at cost (method of writing values down in line with decline in profitability)
Inventories	Mainly uses the weighted average method
Consumables	Specific cost method

2) Depreciation method for significant depreciable assets

a. Property, plant and equipment: The declining balance method is mainly applied. However, the straight line method is applied for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and for facilities attached to buildings and leasehold improvements acquired on or after April 1, 2016.
The main useful lives are as follows:

Buildings and leasehold improvements	2-50 years

b. Intangible assets: The straight line method is applied. The main useful lives are as follows:

Software	5 years
Other intangible assets (trademarks right)	18 years

3) Method for treatment of deferred assets

Stock delivery expenses: Amortized over three years using the straight line method.

4) Significant standards of accounting for provisions and reserves

a. Provision for doubtful accounts: Provision for doubtful accounts is provided based on the historical write-off rate for ordinary receivables, and the estimated amount of irrecoverable debt based on recoverability of individual cases for specified receivables such as doubtful accounts.

b. Provision for bonus: A reserve for bonuses is provided based on the amount of estimated bonuses to employees that should be borne in the consolidated fiscal year under review.

c. Provision for directors' retirement benefits: A reserve for retirement benefits to officers (including Executive Officers) is provided based on the amount of retirement benefits payable at the end of the fiscal year according to internal regulations. However, the system of directors' retirement benefits was abolished by a resolution at the Board of Directors meeting held on July 13, 2016. As all officers (including Executive Officers) submitted a request to surrender their rights to receive directors' retirement benefits in line with the abolishment, the 129 million yen balance in provision for directors' retirement benefits is recorded under extraordinary income as "reversal of provision for directors' retirement benefits."

5) Other significant matters in the preparation of consolidated financial statements

a. Significant hedge accounting methods

Method of hedge accounting:

The basic principle is to use deferred hedge accounting.

Hedging instruments and hedged items:

Hedging instruments: Interest rate swaps

Hedged items: Interest on borrowings

Hedging policy:

Based on authority regulations related to derivative transactions and internal regulations that stipulate the limit of transaction amounts, etc., the interest rate fluctuation risks concerning the hedged items are hedged to a certain extent.

Method of evaluating effectiveness of hedging:

In accordance with the risk management policy, interest rate swaps that fulfill the following conditions are concluded.

I. The notional principal amount of the interest rate swap is equivalent to the principal amount of the interest-bearing borrowings.
II. The interest rate swap and the interest-bearing borrowings have the same contract period and maturity.
III. The floating rate index of the interest-bearing borrowings is almost equivalent to the floating rate index of receipts and payments of the interest rate swap.
IV. The interest-bearing borrowings and the interest rate swap have the same interest rate revision conditions in the receipt and payment conditions.
V. The receipt and payment conditions of the interest rate swap are consistent throughout the period of the swap.

Accordingly, since the important conditions of the hedging instruments and hedged items are identical and any rate fluctuations are expected to be completely offset, the evaluation of their effectiveness as of the account closing date is omitted.

b. Accounting treatment of retirement benefits

Method of attributing the estimated benefit obligation to periods:

Upon calculating the retirement benefit obligation, the estimated benefit obligation is attributed to the period up until the end of the fiscal year under review on a benefit formula basis.

Amortization method of actuarial differences:

Actuarial differences are allotted proportionately using the straight line method over a certain number of years within the average remaining service period of employees (4 years) as of the fiscal year incurred and amortized from the following fiscal year.

c. Accounting treatment of consumption taxes, etc.

The tax exclusion method is applied in the accounting treatment of consumption taxes, etc.

2. Changes in Accounting Policies

(Adoption of Accounting Standard for Business Combinations, etc.)

Accounting Standard for Business Combinations (Accounting Standards Board of Japan ("ASBJ") Statement No. 21, September 13, 2013), Accounting Standard for Consolidated Financial Statements (ASBJ No. 22, September 13, 2013) and Accounting Standard for Business Divestiture (ASBJ No. 7, September 13, 2013) have been adopted since the first quarter ended April 30, 2016. Accordingly, changes have been made in the presentation of profit for the period and the change in presentation from minority interests to non-controlling interests.

(Adoption of Practical Solution on a change in depreciation method due to Tax Reform 2016)

Following the revision to the Corporation Tax Act, the Group has adopted the "Practical Solution on a change in depreciation method due to Tax Reform 2016" (ASBJ PITF No. 32, June 17, 2016) from the first quarter ended April 30, 2016, and changed the depreciation method for facilities attached to buildings and leasehold improvements acquired on or after April 1, 2016 from the declining balance method to the straight line method.

The effect on the consolidated financial statements for the year ended January 31, 2017 is immaterial.

3. Notes to the Consolidated Balance Sheet

Accumulated depreciation of property, plant and equipment 3,944 million yen

4. Notes to the Consolidated Statement of Changes in Equity

Total number of outstanding shares:

Class of shares	Number of shares as of the beginning of the fiscal year	Increase	Decrease	Number of shares as of the end of the fiscal year
Common stock	156,515	35,346,485	–	35,503,000

The Company conducted a 200-for-one stock split of its common stock on August 26, 2016. Due to a third-party allotment related to a sale of the Company's shares with October 31, 2016 as the payment date, the number of outstanding shares increased by 4,200,000 shares, and at the time of publication, the total number of outstanding shares is 35,503,000 shares.

5. Notes on Financial Instruments

(1) Status of financial instruments

1) Policy on initiatives regarding financial instruments

The Group mainly raises necessary capital through borrowings from banks and installment contracts with lease companies in accordance with its capital investment plan. Temporary idle funds are invested in financial assets that are highly secure, and short-term working capital is raised through borrowings from banks. Basically, derivatives are used to avoid the risks described below, and are not used in speculative transactions.

2) Details of financial instruments and related risks

Trade and other receivables are subject to customer credit risk. In addition, trade receivables denominated in foreign currencies arising from the development of business overseas are also subject to the risk of exchange rate fluctuations.

Rental deposits are mainly guarantee deposits paid for new store openings, and are subject to credit risk of the deposit destination.

Trade notes payable, trade and other payables, other payables, and current tax payable

are trade payables that have due dates within a year. Among them, there are items denominated in foreign currencies for the import of products, etc., which are subject to the risk of exchange rate fluctuations.

Other payables and interest-bearing borrowings are mainly funds raised for capital investment, for which repayment dates fall after the account closing date and within five years.

Deposits received refer to deposits for transactions received from business partners based on franchisee agreements and deposits corresponding to the refund guarantee of rental deposits concerning lease agreements.

Derivative transactions refer to forward exchange contracts intended for hedging against the risk of exchange rate fluctuations concerning trade payables denominated in foreign currencies, and interest rate swaps intended for hedging against the risk of fluctuations of interest payments concerning borrowings.

3) Management system of risks related to financial instruments

a. Management of credit risks (risks related to contract breaches by business partners, etc.)

The Group sets credit limits based on the credit control provisions, cooperates with each business department and the Accounting Department to manage the due dates and balances of each of its major business partners, as well as strives for the early detection and reduction of doubtful debts due to a deteriorated financial situation, etc.

The credit situation of the destination of rental deposits are confirmed at the point of concluding the lease contract as well as regular monitoring of its credit situation after moving in, in order to achieve the early detection and reduction of doubtful debts.

Derivative transactions are deemed to have essentially no credit risk as transaction partners are limited to financial institutions with high credit ratings.

b. Management of market risks (risks related to fluctuations in exchange rates, interest rates, etc.)

Trade payables denominated in foreign currencies of the Group are hedged using forward exchange contracts to cover the risk of exchange rate fluctuations in the future. In addition, interest rate swaps are used to avoid the risk of fluctuations of interest payments concerning borrowings.

Derivative transactions are managed by setting out transaction authorities and transaction amount limits in accordance with the derivative management provisions. After the transaction is implemented, the status of the balance, etc. of the derivative transaction is monitored and managed by the Accounting Department.

c. Management of liquidity risks related to capital raising (risks related to inability to make payments on due dates)

The Group manages liquidity risks by having the Accounting Department formulate and update the financing plan in a timely manner based on reports from each department, and continuously maintaining liquidity on hand.

4) Supplementary explanation regarding fair value, etc. of financial instruments

Besides amounts based on market values, the fair value of financial instruments includes reasonable calculations in cases where the market value is not available. As the calculations of such amounts take into account some variation factors, if different assumptions are used in the calculations, the said amounts may fluctuate.

(2) Fair value, etc. of financial instruments

The amounts posted on the consolidated balance sheet, the fair values, and the differences thereof as of January 31, 2017 are as follows. Amounts in cases where it is deemed extremely difficult to determine the fair values are not stated in the following table.

	Consolidated balance sheet amount (million yen)	Fair value (million yen)	Difference (million yen)
(1) Cash and cash equivalents	17,309	17,309	—
(2) Trade and other receivables	6,172		
Provision for doubtful accounts	(1)		
Trade and other receivables (net)	6,170	6,170	—
(3) Rental deposits	3,471	3,147	(323)
Total assets	26,952	26,628	(323)
(1) Trade notes payable	341	341	—
(2) Trade and other payables	4,906	4,906	—
(3) Other payables	1,439	1,439	—
(4) Current tax payable	845	845	—
(5) Interest-bearing borrowings*1	10,558	10,558	—
(6) Other payables	102	99	(2)
(7) Deposits received*2	324	324	(0)
Total liabilities	18,518	18,515	(2)
Derivative transactions*3	[11]	[11]	—

Notes: 1. Interest-bearing borrowings include interest-bearing borrowings, current liabilites.
2. Deposits received include deposits received classified under current liabilities.
3. Payables and receivables arising from derivative transactions are presented in net values, and summed net payables are presented in brackets "[ ]."

(Note 1) Calculation method of fair value of financial instruments and derivative transactions

Assets

(1) Cash and cash equivalents (2) Trade and other receivables

As these are settled in the short term and the fair values will be similar to the book values, the book value amounts are used.

(3) Rental deposits

The fair value of this item is calculated based on the current value of future cash flows discounted using an appropriate rate such as the yield of an AA-rated bond.

Liabilities

(1) Trade notes payable (2) Trade and other payables (3) Other payables (4) Current tax payable

As these are settled in the short term and the fair values will be similar to the book values, the book value amounts are used.

(5) Interest-bearing borrowings (6) Other payables

Excluding interest-bearing borrowings with floating rates, fair values of these items are calculated based on the current values by discounting the sum of principal and interest by a rate estimated for a similar new transaction. The fair values of interest-bearing borrowings with floating rates however, are recorded at their book value since their conditions stipulate that their interest rates are to be revised each time after a certain period and their fair values will be similar to the book values.

(7) Deposits received

The fair values are calculated based on the current values of future cash flows discounted using a rate based on an appropriate indicator such as bond yields, in accordance with the contract period.

Derivative transactions

Derivative transactions

The fair values as of the end of the fiscal year are calculated based on the prices, etc. provided by counterparty financial institutions, etc.

(Note 2) Financial instruments for which fair values are deemed extremely difficult to determine

	Consolidated balance sheet amount (million yen)
Investments in and advances to associates	1,820
Deposits received	540

Investments in and advances to associates are not included in the table in (2) Fair value, etc. of financial instruments, as market values are not available, and the Company is unable to estimate future cash flows, with fair values deemed extremely difficult to determine.

Among deposits received, items where the Company is unable to reasonably estimate the date of repayment and a reasonable estimation of cash flows is deemed extremely difficult are not included in (7) Deposits received.

6. Notes to Per Share Information

(1) Net assets per share 465.68 yen

(2) Earnings per share 108.37 yen

The Company conducted a 200-for-one stock split of its common stock on August 26, 2016. Earnings per share is calculated based on the number of outstanding shares after the stock split, assuming the stock split occurred at the beginning of the fiscal year under review.

7. Notes on Significant Subsequent Events

Not applicable.

Notes to the Non-Consolidated Financial Statements

1. Notes to Significant Accounting Policies

(1) Standards and methods for valuation of assets

1) Investments in subsidiaries and associates	Stated at cost using the moving average method
2) Derivatives	Stated at fair value

3) Standards and methods for valuation of inventories

Valuation stated at cost (method of writing values down in line with decline in profitability)

Inventories	Mainly uses the weighted average method
Consumables	Specific cost method

(2) Depreciation method for non-current assets

1) Property, plant and equipment	The declining balance method is mainly applied. However, the straight line method is applied for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and for facilities attached to buildings and leasehold improvements acquired on or after April 1, 2016. The main useful lives are as follows: Buildings 2-50 years Tools, furniture and fixtures 2-20 years
2) Intangible assets	The straight line method is applied. Software for internal use is amortized based on the internal useful life (5 years).
3) Prepaid expenses	Amortized using the straight line method.

(3) Method for treatment of deferred assets

Stock delivery expenses	Amortized over three years using the straight line method.

(4) Standards of accounting for provisions and reserves

1) Provision for doubtful accounts	Provision for doubtful accounts is provided based on the historical write-off rate for ordinary receivables, and the estimated amount of irrecoverable debt based on recoverability of individual cases for specified receivables such as doubtful accounts.
2) Provision for bonus	A reserve for bonuses is provided based on the amount of estimated bonuses to employees that should be borne in the fiscal year under review.
3) Provision for retirement benefits	A reserve for retirement benefits of employees is provided based on the amount of the retirement benefit obligation as of the last day of the fiscal year under review. Actuarial differences are allotted using the straight line method over a certain number of years within the average remaining service period of employees (4 years) in the fiscal year incurred and amortized from the following fiscal year.
4) Provision for directors' retirement benefits	A reserve for retirement benefits to officers (including Executive Officers) is provided based on the amount of retirement benefits payable at the end of the fiscal year according to internal regulations. However, the system of directors' retirement benefits was abolished by a resolution at the Board of Directors meeting held on July 13, 2016. As

all officers (including Executive Officers) submitted a request to surrender their rights to receive directors' retirement benefits in line with the abolishment, the 129 million yen balance in provision for directors' retirement benefits is recorded under extraordinary income as "reversal of provision for directors' retirement benefits."

(5) Other matters that form the basis of preparation of non-consolidated financial statements

1) Significant hedge accounting methods

Method of hedge accounting:

The basic principle is to use deferred hedge accounting.

Hedging instruments and hedged items:

Hedging instruments: Interest rate swaps

Hedged items: Interest on borrowings

Hedging policy:

Based on authority regulations related to derivative transactions and internal regulations that stipulate the limit of transaction amounts, etc., the interest rate fluctuation risks concerning the hedged items are hedged to a certain extent.

Method of evaluating effectiveness of hedging:

In accordance with the risk management policy, interest rate swaps that fulfill the following conditions are concluded.

I. The notional principal amount of the interest rate swap is equivalent to the principal amount of the interest-bearing borrowings.
II. The interest rate swap and the interest-bearing borrowings have the same contract period and maturity.
III. The floating rate index of the interest-bearing borrowings is almost equivalent to the floating rate index of receipts and payments of the interest rate swap.
IV. The interest-bearing borrowings and the interest rate swap have the same interest rate revision conditions in the receipt and payment conditions.
V. The receipt and payment conditions of the interest rate swap are consistent throughout the period of the swap.

Accordingly, since the important conditions of the hedging instruments and hedged items are identical and any rate fluctuations are expected to be completely offset, the evaluation of their effectiveness as of the account closing date is omitted.

2) Accounting treatment of consumption taxes, etc.

The tax exclusion method is applied in the accounting treatment of consumption taxes, etc.

2. Changes in Accounting Policies

(Adoption of Practical Solution on a change in depreciation method due to Tax Reform 2016)

Following the revision to the Corporation Tax Act, the Group has adopted the "Practical Solution on a change in depreciation method due to Tax Reform 2016" (ASBJ PITF No. 32, June 17, 2016) from the first quarter ended April 30, 2016, and changed the depreciation method for facilities attached to buildings and leasehold improvements acquired on or after April 1, 2016 from the declining balance method to the straight line method.

The effect on the non-consolidated financial statements for the year ended January 31, 2017 is immaterial.

3. Notes to the Non-Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment 3,838 million yen

(2) Contingent liabilities

Debt guarantees

The Company provides debt guarantees for trade and other payables of the following subsidiary in the amounts below.

BAROQUE HK LIMITED	Trade and other payables	88 thousand USD (10 million yen)

(3) The monetary claims and debts with respect to subsidiaries and associates are as follows.

1)	Short-term monetary claims	973 million yen
2)	Long-term monetary claims	300 million yen
3)	Short-term monetary debts	477 million yen

4. Notes to the Non-Consolidated Income Statement

Balances of transactions with subsidiaries and associates:

1)	Turnover	1,206 million yen
2)	Purchase of goods	4,906 million yen
3)	Other trade transactions	332 million yen
4)	Balance of transactions other than trade transactions	16 million yen

5. Notes to Tax Effect Accounting

Breakdown of main causes of deferred tax assets and deferred tax liabilities:

	(million yen)
Deferred tax assets (current)	
Provision for inventories	305
Enterprise tax payable	64
Unearned revenue repudiation	16
Provision for reinstatement costs	9
Business office taxes payable	6
Others	3
Subtotal of deferred tax assets (current)	406
Valuation reserve	—
Total deferred tax assets (current)	406
Deferred tax assets (non-current)	
Overdepreciation	181
Provision for retirement benefits	183
Provision for reinstatement costs	294
Others	22
Subtotal of deferred tax assets (non-current)	681
Valuation reserve	—
Total deferred tax assets (non-current)	681
Deferred tax liabilities (non-current)	
Retirement expenses of provision for reinstatement costs	(160)
Total deferred tax liabilities (non-current)	(160)
Net deferred tax liabilities (non-current)	520

6. Notes to Transactions with Associates

Subsidiaries and associates, etc.:

Type	Name of company, etc.	Capital or amount invested	Description of business or occupation	Holding of voting rights, etc. (or held of the Company) (%)
Subsidiary	BAROQUE HK LIMITED	HKD 257,000 thousand	Import, export and retail sales of clothing, etc.	Directly holds 100.00
Subsidiary	Baroque (Shanghai) Trading Ltd.	HKD 90,600 thousand	Handling consigned business operations	Indirectly holds 100.00
Subsidiary	Baroque (Shanghai) Enterprise Development Ltd.	CNY 20,000 thousand	Wholesaling of clothing, etc.	Indirectly holds 51.00
Subsidiary	BAROQUE USA LIMITED	USD 1,455 thousand	Retail sales of clothing, etc.	Directly holds 100.00
Associate	Baroque (Shanghai) Clothing Ltd.	CNY 140,000 thousand	Retail sales of clothing, etc.	Indirectly holds 49.00

Type	Name of company, etc.	Relationship		Transaction details	Transaction amount (million yen) (Note 1)	Description	Fiscal year-end balance (million yen) (Note 1)
		Interlocking directorates, etc.	Business relationship				
Subsidiary	BAROQUE HK LIMITED	2 Officers	Purchase and sale of goods, providing capital loans	Debt guarantees concerning trade and other payables	10	–	
				Providing capital loans (Note 2)	–	Loans receivable, current assets	265
						Loans receivable, non-current assets	300
				Receipt of interest (Note 2)	16	Other current assets	49
				Sale of goods (Note 2)	103	Trade and other receivables	16
				Royalty income (Note 2)	30		
				Purchase of goods (Note 2)	4,635	Trade and other payables	428
				Business consignment expenses, etc. (Note 2)	298	Other payables	17
Subsidiary	Baroque (Shanghai) Trading Ltd.	2 Officers	Business consignment	Business consignment expenses, etc. (Note 2)	33	Other payables	3
Subsidiary	Baroque (Shanghai) Enterprise Development Ltd.	2 Officers	Sale of goods	Sale of goods (Note 2)	682	Trade and other receivables	107
				Purchase of goods (Note 2)	270	Trade and other payables	26
Subsidiary	BAROQUE USA LIMITED	1 Officer	Sale of goods, payment of reimbursable expenses	Sale of goods (Note 2)	33	Trade and other receivables	33
				Reimbursable cost	266	Other receivables	266
Associate	Baroque (Shanghai) Clothing Ltd.	3 Officers	Royalty for sale of goods	Royalty income (Note 2)	357	Trade and other receivables	202

Notes: 1. The transaction amount does not include consumption taxes, etc., while the fiscal year-end balance includes consumption taxes, etc.

2. Transaction terms and policies, etc. regarding determination of transaction terms
Transaction terms are determined through negotiations upon consideration of market trends.

7. Notes to Per Share Information

(1) Net assets per share 453.87 yen
(2) Earnings per share 94.99 yen

(Note) The Company conducted a 200-for-one stock split of its common stock on August 26, 2016. Earnings per share is calculated based on the number of outstanding shares after the stock split, assuming the stock split occurred at the beginning of the fiscal year under review.

8. Notes on Significant Subsequent Events

Not applicable.