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

(Securities Code 3548)
May 11, 2020

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 21ST ANNUAL SHAREHOLDERS' MEETING

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

You are cordially invited to attend the 21st Annual Shareholders' Meeting of Baroque Japan Limited (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing. Please review the attached Reference Documents for the Shareholders' Meeting, indicate your vote for or against each proposal on the enclosed Voting Rights Exercise Form, and return it so that it is received by 7 p.m. on Tuesday, May 26, 2020 Japan time.

1. **Date and Time:** Wednesday, May 27, 2020 at 10 a.m. Japan time (reception will open at 9 a.m.)

2. **Venue:** B2F Ballroom, Cerulean Tower Tokyu Hotel
26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo, Japan

3. **Meeting Agenda:**

Matters to be reported:

1. Business Report, Consolidated Financial Statements for the Company's 21st Term (March 1, 2019 – February 29, 2020) 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 21st Term (March 1, 2019 - February 29, 2020)

Proposals to be resolved:

Proposal No. 1: Election of Eight (8) Directors
Proposal No. 2: Election of Four (4) Auditor & Supervisory Board Members

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Reference Documents for the Shareholders' Meeting

Proposals and References

Proposal No. 1: Election of Eight (8) Directors

The terms of office of all eight (8) Directors currently in office will expire at the conclusion of this year's Annual Shareholders' Meeting. Accordingly, the election of eight (8) Directors is proposed.

The candidates for Directors are as follows.

No.	Name		Positions and responsibilities in the Company
1	Hiroyuki Murai	Reappointed	Representative Director, President and Chief Executive Officer
2	Akihito Fukasawa	Reappointed	Executive Director and Deputy Chief Executive Officer, General Manager, Sales Management Headquarters
3	Fang Sheng	Reappointed Outside Director	Outside Director
4	Xiaoling Hu	Reappointed Outside Director	Outside Director
5	Kyosuke Shinozawa	Reappointed Outside Director Independent Director	Outside Director
6	Kunihisa Hama	Reappointed Outside Director Independent Director	Outside Director
7	Nobuhide Hayashi	Reappointed Outside Director Independent Director	Outside Director
8	Yingnan Zhang	Reappointed Outside Director	Outside Director

No.	Name (Date of birth) Number of shares of the Company held	Career summary, positions, responsibilities, and significant concurrent positions
1	**Hiroyuki Murai** Reappointed (July 26, 1961) 3,648,100 shares	Aug 1985 Joined Canon Inc. Apr 1994 President, KAI LUNG CONSULTANTS LIMITED Apr 1995 President, CENTURY GROW LIMITED Jul 1997 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.) Oct 2006 Representative Director and Chairman, Fakedelic Holdings Co., Ltd. Jan 2007 Managing Director, BAROQUE HK LIMITED Apr 2007 Representative Director, Chairman and President, Fakedelic Holdings Co., Ltd.; Representative Director and Chairman, Baroque Japan Limited (the former BJL) Feb 2008 Representative Director, President and Chief Executive Officer, the Company May 2009 Representative Director, Baroque (Shanghai) Trading Ltd. (to present) May 2013 Representative Director, President, Chief Executive Officer and Chief Operating Officer, the Company Sep 2013 Director, BAROQUE CHINA LIMITED; Managing Director (to present); Director, BAROQUE CHINA APPARELS LIMITED (to present); Director, Baroque (Shanghai) Clothing Ltd. (to present) Nov 2013 Representative Director, Baroque (Shanghai) Enterprise Development Ltd. (to present) Feb 2014 Representative Director, President and Chief Executive Officer, the Company (to present); Managing Director, FRAME LIMITED (to present) Feb 2015 Director and Chairman, BAROQUE HK LIMITED (to present) Apr 2016 Director, BAROQUE USA LIMITED (to present)
	Reasons for selection as a candidate for Director Mr. Hiroyuki Murai possesses rich expertise in the field of global business, including business in China, and has led the Group since he became the Company's representative, with a focus on expanding the global SPA business. Based on his track record, we request for 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, responsibilities, and significant concurrent positions</th></tr>
<tr><td rowspan="2">2</td><td>Akihito Fukasawa

Reappointed

(January 21, 1975)

128,000 shares</td><td>Mar 2001
Mar 2005

Feb 2008

Apr 2011

Jan 2014

Jul 2015

Apr 2016
May 2017

Feb 2018

Apr 2018

Mar 2019

May 2019</td><td>Joined Fakedelic K.K.
Representative Director, Jackpot Production Co., Ltd.
Executive Officer, General Manager, SHEL'TTER Business Department, the Company
Senior Executive Officer, General Manager, SHEL'TTER Business Division, and General Manager, SHEL'TTER Business Department
Senior Executive Officer, General Manager, Outlet and Wholesale Business Department, and General Manager, Overseas Business Department
Senior Executive Officer, General Manager, Overseas Business Department, and Deputy General Manager, Sales Control Division
Director, BAROQUE USA LIMITED (to present)
Managing Executive Officer, Unit Manager, The Second Unit, and General Manager, Overseas Business Department, the Company
Managing Executive Officer, General Manager, Global Business Division, the Company
Director, Managing Executive Officer, General Manager, Global Business Division, the Company
Director, Managing Executive Officer, General Manager, Sales Control Division, the Company
Executive Director and Deputy Chief Executive Officer, General Manager, Sales Management Headquarters, the Company (to present)</td></tr>
<tr><td colspan="3">Reasons for selection as a candidate for Director
Mr. Akihito Fukasawa has been involved in the fashion industry for many years, and was mainly in charge of promoting the Company's domestic and overseas apparel business. We believe that he can capitalize on his accumulated experience and track record to lead the Company's global business. Therefore, we request for his continued election as a Director.</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, responsibilities, and significant concurrent positions</th></tr>
<tr><td rowspan="2">3</td><td>Fang Sheng

Reappointed
Outside Director

(November 11, 1972)

0 shares</td><td>Nov 1993 Shanghai Office, Gulf Semiconductor Ltd.
Nov 2005 Regional Manager, Belle International Holdings Limited
May 2007 Group SVP & Head of Eastern China Region, Belle International Holdings Limited
May 2011 Executive Director, Belle International Holdings Limited (to present)
Dec 2011 Deputy Chairman, Smile Charity Foundation (to present)
Apr 2013 Adjunct Professor of Innovation and Entrepreneurship, Tongji University (to present)
Aug 2013 Outside Director, the Company (to present)
Sep 2013 Director, BAROQUE CHINA APPARELS LIMITED (to present);
Representative Director, Baroque (Shanghai) Clothing Ltd. (to present)
Nov 2013 Director, Baroque (Shanghai) Enterprise Development Ltd. (to present)
Jun 2019 Non-executive Director, Topsports International Holdings Limited (to present)</td></tr>
<tr><td colspan="2">Reasons for selection as a candidate for Outside Director
In order for Mr. Fang Sheng to utilize his rich experience and extensive insight in corporate management in the management of the Company, we request for his election as an Outside Director. At the conclusion of this Annual Shareholders' Meeting, he will have served as an Outside Director for six years and nine months.</td></tr>
<tr><td rowspan="2">4</td><td>Xiaoling Hu

Reappointed
Outside Director

(August 5, 1970)

0 shares</td><td>Jul 1995 Certified Public Accountant, Arthur Andersen & Co.
May 1999 China International Capital Corporation Limited
Aug 2002 Managing Director, CDH Investments (to present)
Sep 2005 Non-executive Director, Belle International Holdings Limited (to present)
Aug 2013 Outside Director, the Company (to present)
May 2015 Non-executive Director, Dali Foods Group Company Limited (to present)
Jun 2019 Non-executive Director, Topsports International Holdings Limited (to present)</td></tr>
<tr><td colspan="2">Reasons for selection as a candidate for Outside Director
In order for Ms. Xiaoling Hu to utilize her rich experience and extensive insight in corporate management in the management of the Company, we request for her continued election as an Outside Director. At the conclusion of this Annual Shareholders' Meeting, she will have served as an Outside Director for six years and nine months.</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, responsibilities, and significant concurrent positions</th></tr>
<tr><td rowspan="2">5</td><td>Kyosuke Shinozawa

Reappointed
Outside Director
Independent Director

(March 1, 1937)

0 shares</td><td>Apr 1960
May 1995
May 1998

Oct 1999

Jun 2001

Jan 2008

Apr 2009
Oct 2019</td><td>Joined the Ministry of Finance
Administrative Vice Minister
Governor, The Overseas Economic Cooperation Fund, Japan
Executive Managing Director, Japan Bank for International Cooperation
Governor, Japan Bank for International Cooperation
President, Incorporated Foundation Capital Markets Research Institute (presently Public Interest Incorporated Foundation Capital Markets Research Institute)
Outside Director, the Company (to present)
Advisor, Public Interest Incorporated Foundation Capital Markets Research Institute (to present)</td></tr>
<tr><td colspan="3">Reasons for selection as a candidate for Outside Director
Mr. Kyosuke Shinozawa has had a long career in the Ministry of Finance and in the field of international finance. In order for him to utilize his rich knowledge, experience, and extensive insight cultivated through his career in the management of the Company, we request for his continued election as an Outside Director. At the conclusion of this Annual Shareholders' Meeting, he will have served as an Outside Director for eleven years and one month.</td></tr>
</table>

No.	Name (Date of birth) Number of shares of the Company held	Career summary, positions, responsibilities, and significant concurrent positions
6	**Kunihisa Hama** Reappointed Outside Director Independent Director (December 2, 1934) 0 shares	Apr 1959 Appointed as a prosecutor Dec 1991 Director General, Criminal Affairs Bureau, Ministry of Justice Dec 1993 Vice-Minister of Justice Jan 1996 Superintending Prosecutor, Tokyo High Public Prosecutors Office Dec 1997 Registered as a lawyer Jun 1998 Outside Audit & Supervisory Board Member, MIROKU JYOHO SERVICE CO., LTD. Aug 2001 Outside Audit & Supervisory Board Member, YOMIURI LAND CO., LTD. (to present) Jun 2002 Outside Director, Japan Securities Depository Center, Incorporated Dec 2006 Chairperson, Compliance Committee, the Company (to present) Jun 2008 Outside Audit & Supervisory Board Member, YUKI GOSEI KOGYO CO., LTD.; Outside Director, NITTO BOSEKI CO., LTD. (to present) Jun 2010 Outside Audit & Supervisory Board Member, KAJIMA CORPORATION Aug 2013 Outside Audit & Supervisory Board Member, the Company Apr 2016 Outside Director (to present) Jun 2016 Outside Director, ENSUIKO SUGAR REFINING CO., LTD. (to present)
	Reasons for selection as a candidate for Outside Director Besides capitalizing on his rich experience and extensive insight in the legal field and in legal administration, we also hope Mr. Kunihisa Hama can utilize his experience as the Company's Outside Audit & Supervisory Member and Chairperson of the Company's Compliance Committee in the management of the Company. Accordingly, we request for his continued election as an Outside Director. Although he has never been directly involved in corporate management other than as an Outside Director, on top of his experience and insight, based on his track record since assuming the position of the Company's Outside Director, we have deemed that he is qualified to be an Outside Director of the Company who is responsible for continuously strengthening the corporate governance. At the conclusion of this Annual Shareholders' Meeting, he will have served as an Outside Director for four years and one month.	

<table>
<tr><th>No.</th><th>Name
(Date of birth)
Number of shares of the Company held</th><th>Career summary, positions, responsibilities, and significant concurrent positions</th></tr>
<tr><td rowspan="2">7</td><td>Nobuhide Hayashi

Reappointed
Outside Director
Independent Director

(March 27, 1957)

0 shares</td><td>Apr 1980 Joined The Fuji Bank, Limited
Apr 2007 Executive Officer, General Manager of Sales Department 13, Mizuho Corporate Bank, Ltd.
Apr 2009 Managing Executive Officer in charge of Business Promotion
Jun 2011 Managing Executive Director, Head of International Banking Unit
Apr 2013 Deputy President and Executive Officer, Deputy President in charge of International Banking Unit, Mizuho Financial Group, Inc.
Deputy President and Executive Officer, Deputy President in charge of MHCB International Banking Unit Collaboration, Mizuho Bank, Ltd.
Member of the Board of Directors, Deputy President in charge of International Banking Unit, Mizuho Corporate Bank, Ltd.
Jun 2013 Member of the Board of Directors, Executive Vice President in charge of International Banking Unit
Jul 2013 Member of the Board of Directors, Deputy President in charge of International Banking Unit, Mizuho Bank, Ltd.
Apr 2014 President, Member of the Board of Directors
Apr 2017 Chairman, Member of the Board of Directors
Mar 2019 Outside Director, Kao Corporation (to present)
Apr 2019 Executive Advisor, Mizuho Bank, Ltd. (to present)
May 2019 Outside Director, the Company (to present)
Jun 2019 Outside Audit & Supervisory Board Member, JTB Corp. (to present)</td></tr>
<tr><td colspan="2">Reasons for selection as a candidate for Outside Director
In order for Mr. Nobuhide Hayashi to utilize his rich experience and extensive insight in the financial field at major financial institutions for many years for the development of the Company's global corporate management, we request for his election as an Outside Director. At the conclusion of this Annual Shareholders' Meeting, he will have served as an Outside Director for one year.</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, responsibilities, and significant concurrent positions</th></tr>
<tr><td rowspan="2">8</td><td>Yingnan Zhang

Reappointed
Outside Director

(May 8, 1984)

0 shares</td><td>Jul 2007

May 2010
July 2010

May 2013

May 2014
Apr 2017
May 2019
Apr 2020</td><td>Senior Analyst, BOC International (China) Limited
Joined ORIX Corporation
Investment Manager, ORIX (China) Investment Company Limited
Vice President, ORIX Financial Services Hong Kong Limited
Senior Vice President, ORIX Asia Capital Limited
Executive Director
Outside Director, the Company (to present)
Senior Executive Director, ORIX Asia Capital Limited (to present)</td></tr>
<tr><td colspan="3">Reasons for selection as a candidate for Outside Director
In order for Ms. Yingnan Zhang to utilize her rich experience and extensive insight in the investment business in China and Asia for the development of the Company's global corporate management, we request for her election as an Outside Director. At the conclusion of this Annual Shareholders' Meeting, she will have served as an Outside Director for one year.</td></tr>
</table>

(Notes)
1. Mr. Fang Sheng is concurrently serving as the Executive Director of Belle International Holdings Limited, which indirectly controls a major shareholder of the Company, MUTUAL CROWN LIMITED. In addition, Baroque (Shanghai) Clothing Ltd., at which he serves as Representative Director is the Company's equity method associate, and there is a transactional relationship involving the use of the Company's brand trademark rights between said company and the Company.
2. Ms. Xiaoling Hu is concurrently serving as the Managing Director of CDH Investments, which indirectly controls a major shareholder of the Company, CDH RUNWAY INVESTMENT (HK) LIMITED.
3. Ms. Yingnan Zhang is concurrently serving as Senior Executive Director of ORIX Asia Capital Limited, a company indirectly controlled by ORIX Corporation, a major shareholder of the Company.
4. No significant transactions or other material interest exists between the Company and other corporations at which the other candidates concurrently serve.
5. In accordance with Article 27, Paragraph 2 of the Articles of Incorporation and Article 427, Paragraph 1 of the Companies Act, the Company can enter into an agreement with Directors (excluding Executive Directors) to limit their liability for damages to the Company within a certain scope. Accordingly, the Company has entered into a liability limitation agreement with Mr. Fang Sheng, Ms. Xiaoling Hu, Mr. Kyosuke Shinozawa, Mr. Kunihisa Hama, Mr. Nobuhide Hayashi and Ms. Yingnan Zhang, and the Company plans to continue the said agreement with each of them if their reelection is approved.
6. Mr. Kyosuke Shinozawa, Mr. Kunihisa Hama and Mr. Nobuhide Hayashi satisfy the requirements for independent directors based on the provisions of Tokyo Stock Exchange, Inc.
7. Mr. Nobuhide Hayashi concurrently serves as Executive Advisor of Mizuho Bank, Ltd., which is a lender of the Company and also served as Chairman of the Board of Directors of Mizuho Bank, Ltd. until March 2019. However, since Mizuho Bank, Ltd. is not the Company's main bank, we judge that there is no issue with respect to the independence of Mr. Nobuhide Hayashi.

Proposal No. 2: Election of Four (4) Auditor & Supervisory Board Members

The terms of office of all three (3) Audit & Supervisory Board Members currently in office will expire at the conclusion of this year's Annual Shareholders' Meeting. Accordingly, to strengthen and enhance the auditing system, the election of four (4) Audit & Supervisory Board Members is proposed.

The Audit & Supervisory Board has already approved this proposal.

The candidates for Auditor & Supervisory Board Members are as follows.

No.	Name		Positions in the Company
1	Yoshiki Yoshida	Reappointed Outside Director Independent Director	Outside Audit & Supervisory Board Member, Full-time Audit & Supervisory Board Member
2	Hiroshi Nagayasu	Reappointed Outside Director Independent Director	Outside Audit & Supervisory Board Member
3	Koichiro Watanabe	Newly Appointed Outside Director Independent Director	
4	Shinichi Matsuda	Newly Appointed	CEO Advisor

No.	Name (Date of birth) Number of shares of the Company held	Career summary, positions, and significant concurrent positions
1	**Yoshiki Yoshida** Reappointed Outside Audit & Supervisory Board Member Independent Director (March 3, 1950) 0 shares	Apr 1972 Joined MITSUI & CO., LTD. Mar 2002 General Manager, Chemicals Department, Kyushu Branch May 2004 General Manager, Chubu Synthetic Resin & Inorganic Chemicals Department, Synthetic Resin & Inorganic Chemicals Division Jun 2005 Inspector, Internal Audit Division Jun 2009 Full-time Audit & Supervisory Board Member, MITSUI FOODS CO., LTD. Apr 2013 Outside Audit & Supervisory Board Member, the Company (to present) Jul 2013 Full-time Audit & Supervisory Board Member (to present)
	Reasons for selection as a candidate for Outside Audit & Supervisory Board Member In order for Mr. Yoshiki Yoshida to utilize his rich experience, acquired from engaging in the internal auditing of corporations and being a full-time audit & supervisory board member, in the strengthening of the Company's auditing system, we request for his reelection as an Outside Audit & Supervisory Board Member. Although he has not been directly involved in corporate management other than being an outside officer, we have determined that he will be able to perform his duties properly as an Outside Audit & Supervisory Board Member for the above reasons. At the conclusion of this Annual Shareholders' Meeting, he will have served as an Outside Audit & Supervisory Board Member for seven years and one month.	

No.	Name (Date of birth) Number of shares of the Company held	Career summary, positions, and significant concurrent positions
2	**Hiroshi Nagayasu** Reappointed Outside Audit & Supervisory Board Member Independent Director (December 20, 1947) 0 shares	Apr 1974 Registered as a lawyer (Daini Tokyo Bar Association) Apr 1974 Joined Anderson Mori & Rabinowitz Jan 1984 Partner, Anderson Mori & Rabinowitz Mar 1984 Audit & Supervisory Board Member, Nihon Achison Co., Ltd. Mar 1987 Director, ECC International (presently IMERYS Minerals Japan K.K.) Sep 1994 Partner, Tozai Sogo Law Office Mar 1999 Audit & Supervisory Board Member, CBMM Asia Co., Ltd. Jun 2004 Audit & Supervisory Board Member, Datacard Japan Ltd. (to present) Apr 2007 Audit & Supervisory Board Member, AIG Real Estate Management Jan 2008 Audit & Supervisory Board Member, Johnson & Johnson K.K. Mar 2008 Audit & Supervisory Board Member, GfK Marketing Services Japan Ltd. Apr 2009 Outside Audit & Supervisory Board Member, the Company (to present) Oct 2009 Audit & Supervisory Board Member, GfK Custom Research Japan K.K. Feb 2011 Audit & Supervisory Board Member, Ortho Clinical Diagnostics (presently Johnson & Johnson Holdings K.K.) May 2013 Audit & Supervisory Board Member, Janssen Pharmaceutical K.K. Jun 2014 Outside Audit & Supervisory Board Member, Tokai Rubber Industries, Ltd. (presently Sumitomo Riko Company Limited) (to present)
	Reasons for selection as a candidate for Outside Audit & Supervisory Board Member In order for Mr. Hiroshi Nagayasu to reflect his rich experience and extensive insight regarding corporate law acquired as a lawyer, as well as his rich experience as an Outside Audit & Supervisory Board Member in the Company's auditing activities, we request for his reelection as an Outside Audit & Supervisory Board Member. Although he has not been directly involved in corporate management other than being an outside officer, we have determined that he will be able to perform his duties properly as an Outside Audit & Supervisory Board Member for the above reasons. At the conclusion of this Annual Shareholders' Meeting, he will have served as an Outside Audit & Supervisory Board Member for eleven years and one month.	

<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 significant concurrent positions</th></tr>
<tr><td rowspan="2">3</td><td>Koichiro Watanabe

Newly appointed
Outside Audit & Supervisory Board Member
Independent Director

(January 11, 1956)

0 shares</td><td>Apr 1978
Mar 1982
Sep 1989

May 2003
Jan 2011

Jan 2011

Jul 2014

Jul 2017

Jun 2018

Jun 2019</td><td>Joined Arthur Andersen LLP
Registered as a Certified Public Accountant
Joined Century Audit Corporation (presently Ernst & Young ShinNihon LLC)
Senior Partner, Ernst & Young ShinNihon LLC
General Manager, Audit Department 7, Ernst & Young ShinNihon LLC
Deputy General ,Manager, Audit Department 2, Ernst & Young ShinNihon LLC
Deputy General Manager of PCM Office, Ernst & Young ShinNihon LLC
President, Koichiro Watanabe CPA Office (to present)
Outside Audit & Supervisory Board Member, TOMY COMPANY, LTD. (to present)
Outside Audit & Supervisory Board Member, JAMCO CORPORATION (to present)</td></tr>
<tr><td colspan="3">Reasons for selection as a candidate for Outside Audit & Supervisory Board Member
In order for Mr. Koichiro Watanabe to utilize his extensive insight acquired through accounting audits and advisory activities conducted on a variety of industries at a major auditing corporation, as well as his rich experience as an Outside Audit & Supervisory Board Member in the Company's auditing, we request for his election as an Outside Audit & Supervisory Board Member. Although he has not been directly involved in corporate management other than being an outside officer, we have determined that he will be able to perform his duties properly as an Outside Audit & Supervisory Board Member for the above reasons.</td></tr>
</table>

No.	Name (Date of birth) Number of shares of the Company held	Career summary, positions, and significant concurrent positions
4	**Shinichi Matsuda** Newly appointed (September 25, 1960) 0 shares	Apr 1988 Joined SANEI-INTERNATIONAL CO., LTD. Sep 2001 Executive Officer, General Manager, Sales Division Nov 2003 Director, Executive Officer, and Manager, Company 1 Nov 2007 Managing Director, General Manager, Sales Division Jan 2009 Managing Director, Deputy General Manager, Business Division Sep 2009 Director, General Manager, Business Promotion Division, and General Manager, Regional Sales Control Division Oct 2010 Executive Officer, General Manager, Business Division 2, the Company Apr 2011 Director, Executive Officer, and General Manager, Business Division 2 Apr 2012 Director, Senior Executive Officer, and General Manager, Business Division 2 Jun 2012 Director, Senior Executive Officer, and General Manager, Corporate Planning Division Sep 2012 Director, Senior Executive Officer, General Manager, Corporate Planning Division, and General Manager, BLACK BY MOUSSY Business Department May 2013 Director, Senior Executive Officer, General Manager, Sales Control Division, and General Manager, BLACK BY MOUSSY Business Department May 2015 Senior Managing Executive Officer, General Manager, Production Division, and Deputy General Manager, Sales Control Division Dec 2016 Senior Managing Executive Officer, General Manager, Production Division, and General Manager, STACCATO Business Department May 2017 Senior Managing Executive Officer, General Manager, Sales & Marketing Division, and General Manager, STACCATO Business Department May 2018 CEO Advisor (to present)
	Reasons for selection as a candidate for Audit & Supervisory Board Member In order for Mr. Shinichi Matsuda to utilize his rich experience and insight in the apparel industry, acquired through many years of working as a business manager at a major apparel company and as a corporate executive of the Company, in the Company's auditing, we request for his election as an Audit & Supervisory Board Member.	

(Notes) 1. There are no special relationships between the Company and the candidates for Audit & Supervisory Board Members.

2. In accordance with Article 35, Paragraph 2 of the Company's current Articles of Incorporation and Article 427, Paragraph 1 of the Companies Act, the Company can enter into an agreement with Audit & Supervisory Board Members to limit their liability for damages to the Company within a certain scope. Accordingly, the Company has entered into a liability limitation agreement with Mr. Yoshiki Yoshida and Mr. Hiroshi Nagayasu, and the Company plans to continue the said agreement with each of them if their reelection is approved. Similarly, the Company plans to enter into the said agreement with Mr. Koichiro Watanabe and Shinichi Matsuda if they are elected as an Audit & Supervisory Board Members.

3. Mr. Yoshiki Yoshida, Mr. Hiroshi Nagayasu and Mr. Koichiro Watanabe satisfy the requirements for independent directors based on the provisions of Tokyo Stock Exchange, Inc.

(Appendix)

Business Report

(March 1, 2019 – February 29, 2020)

At the 19th Ordinary General Meeting of Shareholders held on April 25, 2018, we changed the fiscal year end from January 31 to the end of February.
As a result, the 20th fiscal year became 13-month period, which was from February 28, 2018 to February 28, 2019. Accordingly, the year-on-year change in business results has been omitted in this consolidated fiscal year's report.

1. Overview of the Group

(1) Business in the Fiscal Year under Review

1) Business Progress and Results

During the year ended February 29, 2020, Japan's economy showed patches of robustness, due to improvements in the employment and income environment and an increase in capital investment, although there were also signs of stagnation with a decline in consumption due to consumption tax hikes and a series of natural disasters. Overseas, there are many uncertain events, such as tensions between the USA and China over trade issues and the UK's Brexit. In addition, a sense of uncertainty about the world economy is growing with the global spread of coronavirus disease 2019 (COVID-19).

The casual wear specialty store industry, to which we belong, continued to face a challenging environment due to the impact of the consumption tax hikes and the natural disasters mentioned above, as well as customers' changing needs for autumn and winter clothes due to milder winter weather from the early autumn.

Against this backdrop, in our domestic business, we continued to strive to develop products in line with demand, while suppressing excessive discounts that would damage our brand image, aiming to increase product sales at list prices." In addition, we have been working "to provide more attractiveness and convenience through NEW RETAIL solution under the innovation concept," one of our priority strategies under the new mid-term (5 year) plan "GLOBAL NEW RETAIL 1ST STAGE 2024." Specifically, we are engaged in initiatives to promote more efficient operations and enhance customer satisfaction, such as introducing RFID (Radio Frequency Identification) product tags for AZUL BY MOUSSY, strengthening collaboration between our e-commerce platform and stores, and introducing marketing automation, which automatically provides customers with personalized content based on the analysis of their behaviors.

By brand categories, our department store brands performed well, led by some brands that have not spent much time since they were created, despite some impacts of the consumption tax hikes and the warm winter. Sales of our shopping center brands began to recover in the second half of the fiscal year, thanks to measures such as controlled purchasing of winter clothes, strengthening the product appeal of mid-clothing (jackets, blouses, shirts, pants, etc.) and selling products at appropriate prices. However, sales of fashion buildings and railway station building brands struggled to grow, partly due a shortage of hit products that sold better than those of the previous year, in addition to the effect of the consumption tax hikes and seasonal factors mentioned above. These conditions drove our company's same store sales for the year ended February 29, 2020 slightly below the previous year's level, despite a recovery during the second half.

With regard to the gross profit, we achieved an improvement in the domestic gross profit margin through a reduction in the purchase cost ratio resulting from the ongoing reforms of the supply chain management (SCM) and the promotion of a company-wide proprietary sales strategy. Regarding domestic SG&A expenses, although personnel expenses were greater than planned due to increasing the number of store staffs with the aim of promoting work style reforms, we worked to control costs through review of outsourcing expenses, and reductions in commission rent, sales outsourcing and other expenses.

In the overseas business, sales of retail company (equity-method affiliates) in the Chinese joint venture with Belle International Holdings Limited, a strategic business partner, were favorable at both stores and e-commerce contributed by the increase of the Japan originated product mix. The wholesale company's (consolidated subsidiaries) profit also increased, despite the impact of the depreciation of the renminbi. In the U.S. business of MOUSSY, we continued to cultivate new sales channels in Europe and other regions around the world using New York as our base. We also cultivated new wholesale customers around the world with ENFÖLD, which is originated from Japan.

As a result, as at February 29, 2020, we have 356 stores in Japan (direct-operated 268, franchise 88), and 5 stores overseas (direct-operated 5), totaling 361 stores. In addition, we have 285 stores in China with our joint venture partner Belle International Holdings Limited.

Consolidated turnover is 65,880 million yen, operating profit is 4,604 million yen, recurring profit is 4,586 million yen, and net profit is 2,871 million yen.

(Turnover by Country)

Turnover and composition by country are as follows:

Country	For the fiscal year under review	
	Turnover (million yen)	Composition (%)
Japan	58,094	88.2
China (including Hong Kong)	6,974	10.6
United States	811	1.2
Total	65,880	100.0

2) Capital Investments

During the fiscal year under review, the Group made capital investments that amounted to a total of 1,771 million yen. The main investments are as follows:

Rental and guarantee deposits related to new store openings	341 million yen
Investments in store facilities related to new store openings and store renovations	1,052 million yen

3) Financing

Not applicable.

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.

Not applicable.

(2) Assets and Income

The assets and income of the Group are as follows:

Item	18th term (Year ended January 31, 2017)	19th term (Year ended January 31, 2018)	20th term (Year ended February 28, 2019)	21st term (Year ended February 29, 2020) (Fiscal year under review)
Turnover (million yen)	69,493	67,952	71,034	65,880
Net profit (million yen)	3,507	1,236	2,944	2,871
Earnings per share (yen)	108.37	34.51	81.42	79.22
Total assets (million yen)	38,459	41,317	40,715	38,282
Equity (million yen)	17,002	18,466	20,365	21,492
Net assets per share (yen)	465.68	488.43	530.41	562.48

(Notes) 1. Earnings 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. 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 18th term.
4. The Company's 20th term (the consolidated fiscal year under review) consisted of the 13 months from February 1, 2018, to February 28, 2019, pursuant to the change in the fiscal year.

(3) Significant Parent Companies and Subsidiaries

1) Relationship with Parent Companies
Not applicable.

2) Material Subsidiaries
Material 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, export and sale of clothing, etc.
Baroque (Shanghai) Trading Ltd.	HKD 90,600 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) Enterprise Development Ltd.	CNY 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

The Group will give priority to the improvement of profitability of the domestic business and continuous expansion of our overseas business with a focus in China. At the same time, we will address challenges such as enhancing brand value, promoting sustainability initiatives, further improving product quality, developing human resources, strengthening company management, improving ERP system, responding to our business operation risk of spreading COVID-19.

1) Improving profitability in the domestic business

a) Finding new customers through new businesses

Based on our founding principle "Create what we want to wear," we have provided customers of diverse individuality and sensitivity with a variety of brands. In addition, we have focused on acquiring customers through the development of unique and creative business models, through measures such as the launch of an e-commerce platform ahead of competitors.

In terms of new businesses, we will create new value not only through the enhancement of characteristic highly-fashionable brands, but also through new initiatives targeting potential customers. On the other hand, we will abolish unprofitable brands, and carry out brand selection and consolidation.

In addition, we are seeing new business models emerge such as sharing, custom-made fashion based on e-commerce, and cross-border e-commerce, mainly due to the diversification of personal values and the progress of IT and digitization. Grasping this trend accurately, we will promote investment in new businesses where we can expect to complement and strengthen our brand business so that we can provide customers with new values and more convenience.

We will cultivate and acquire new customers through these new brands and new businesses.

b) Initiatives to build sustainable customer relationships

For our domestic business, in addition to continuing to approach new and existing customers through digital marketing, we will utilize the "SHEL'TTER PASS" membership point app to enhance service through measures to increase active user rates. We will also strive to further strengthen collaboration between stores and e-commerce (the transition to omnichannel) through the app and build sustainable customer relationships.

The Group has already integrated the membership data of "SHEL'TTER PASS" and those on our e-commerce system, and delivered information on recommended products or information on deals such as coupons that match the customer's preferences, based on the customer's purchase and browsing history information. In addition to this function, we aim to evolve "SHEL'TTER PASS" into an app that has customers accessing it even when they do not buy any products, leading to the creation of its own community of users.

In the second half of the year ended February 29, 2020, we also began implementing measures to strengthen coordination between our e-commerce platform and all direct-operated stores by measures including displaying store inventory on the e-commerce website, linking store inventory and proprietary e-commerce inventory automatically, and facilitating the store settlement of e-commerce inventory.

Through these measures, we will work on increasing the volume of customers visiting our stores and our e-commerce website, while offering greater appeal and convenience to our customers.

c) Improving the gross profit ratio

For each brand's business, we will strengthen sales that does not rely on discounts, by developing mainstay products with clearly defined product strengths and taking a more detailed approach to merchandising, including setting selling prices in line with demand.

We will also endeavor to realize more reasonable product costs, through the promotion of direct trade that does not rely on trading companies for production in China, and supply chain management (SCM) reform that utilizes production in third countries such as those in the ASEAN region.

Furthermore, as part of our NEW RETAIL initiative, we will promote the strategic linkage of data and people by utilizing digital technologies to design merchandising based on big data and introducing tools to optimize distribution.

Through these measures, we will work on improving the gross profit ratio.

d) Controlling selling and administrative expenses and raising efficiency

While maintaining our basic strategy of pursuing growth by proactively investing in new businesses and brands requiring enhancement, we will strive to reform our cost structure by utilizing ICT, enhance the efficiency of store operations, and optimize personnel deployment at the stores and the head office with the aim of controlling and improving the efficiency of major SG&A expenses, including expenses for advertising and promotion, and human resources.

Specifically, we aim to improve the efficiency of using promotion costs, by promoting digital marketing and strengthening analysis by inflow channel, which is not possible through a paper medium.

In addition, by introducing RFID (Radio Frequency Identification) product tags, registering the product data of each carton, introducing a system that manages the location information during shipment, and adopting a standardized carton to improve the container load factor, we endeavor to improve the efficiency of logistics.

Furthermore, by introducing RFID management systems for stores, we aim to streamline inventory operations, cash register operations, and other operations, and promote efficient store management. Also, we will work on improving the efficiency of staff members in the stores through strategic scrap and build of the stores.

Through these efforts, we will work on reducing expenses for advertising and promotion, logistics, and human resources.

Through these measures, we will endeavor to improve profitability in the domestic business.

2) Expanding the overseas business including China

For our business in China, besides strengthening the e-commerce business on the back of greater brand recognition, we will aim at a stable business growth, limiting the net increase in the number of stores to around 20 to 30 per year.

For our business in the United States, we will develop the robust wholesale business of MOUSSY not only within the United States but to other countries across the world.

We are also expanding the overseas wholesale business of ENFÖLD brand from Japan. We will monitor the reputation and evaluation of the brand in each country through these wholesale operations, and will link this to opening of stores in Southeast Asia and other countries to accelerate our global expansion.

Through the above, we will work on expanding the overseas business.

3) Enhancing brand value

We are designing and producing edgy apparel products mainly for customers and fans in Japan and China with sophisticated fashion sense. Moving forward, we will continue to cater to customer preferences and seek to expand our customer base through enhanced product development and introduction of new businesses, with a view to further enhancing our brand value.

4) Sustainability Response

The repeated cycle of "mass production, mass consumption, and mass disposal" characterizes the apparel industry. We recognize this cycle as a challenge risking not only the sustainability of the apparel industry but also that of the entire globe. As part of our efforts to enhance corporate value sustainably, we will focus on initiatives to overcome the challenge.

Specifically, in addition to taking a more detailed approach to merchandizing to produce only products that will not be wasted, we will work to develop products using recycled down, a mixture of recovered and new down, and polyester material made recycled PET bottles as part of our efforts to use environmentally-friendly materials.

Based on these measures, we will endeavor to provide a rich and expansive future to all our stakeholders.

5) Further improving product quality

We will further improve the quality of our products by carefully selecting production contractors with a focus on quality, inspecting products, and managing logistics and inventory.

6) Developing human resources

At our stores, we build relationships with our customers by offering personalized suggestions for outfit coordination of highly fashionable products. As a means of attracting customers, we develop original products by appointing members of our sales staff to participate in product development, and for marketing, make frequent use of information disseminated by our sales staff via digital media.

We will augment these efforts to secure and develop human resources, which are important management resources for the Company. In addition, we will promote efficient operations through the use of ICT and respond to the reforms of working styles.

7) Strengthening company management

We believe that a strong corporate governance system is essential to our business expansion. We will continue to enforce thorough regulatory compliance and appropriate implementation of internal control systems to ensure the appropriateness of our business operations and reliability of our financial reports.

8) Improving maintenance and stable operation of our core system and other business systems

We use a number of POS, accounting and e-commerce systems in our business operations. Stable operation of these systems is essential for the continuity and growth of our business. We will strengthen our framework for system development, maintenance and inspection of our core system and other business systems to ensure stable operation.

9) Responding to our business operation risk of the outbreak of COVID-19 infections

Due to the global outbreak of COVID-19 infections, it is anticipated that domestic and overseas retail facilities in which our group operates will take short-term or temporary closure of operations, which will result in a decrease in sales and may adversely affect our business results. In addition, if this situation expands or lengthens, overall decline in sales may affect the profitability of the Group. In light of these conditions, in the fiscal year ending February 28, 2021, we are giving top priority to securing profits with aiming to manage inventories and costs thoroughly in Japan and overseas.

(5) Principal Businesses (As of February 29, 2020)

The Group consists of the Company and six consolidated subsidiaries of the Company. The Group is mainly engaged in the planning, sales and manufacturing of clothing, etc., principally in the manufacturing and retailing business (SPA*) of clothing, etc. for women.

(Note) SPA is the abbreviation of "Specialty store retailer of Private Label Apparel."

(6) Principal Sales Offices and Plants (As of February 29, 2020)

1) Business Offices of the Company

Head office	Meguro-ku, Tokyo
Stores	268 (Direct-operated stores in Japan)

2) Business Offices of Subsidiaries

BAROQUE HK LIMITED	Hong Kong Special Administrative Region, People's Republic of China
Baroque (Shanghai) Trading Ltd.	Shanghai City, People's Republic of China
BAROQUE CHINA LIMITED	Hong Kong Special Administrative Region, People's Republic of China
Baroque (Shanghai) Enterprise Development Ltd.	Shanghai City, People's Republic of China
FRAME LIMITED	Hong Kong Special Administrative Region, People's Republic of China
BAROQUE USA LIMITED	New York City, United States of America

(7) Employees (As of February 29, 2020)

1) Employees of the Group

Number of employees	Change from previous fiscal year-end
1,511	-2

2) Employees of the Company

Number of employees	Changes from previous fiscal year-end	Average age	Average service period
1,393 (238)	-7 (+35)	29.1	5 years and 5 months

(Notes) 1. The number of employees refers to the number of full-time employees (excluding employees of the Company assigned to other companies), and the number of temporary staff (part-time employees) in the most recent 12 months is specified in parentheses "( )."
2. The number of temporary staff refers to the average number of part-time employees employed in the most recent 12 months (translated in an eight-hour working day basis). This number excludes the number of dispatched employees.

(8) Principal Lenders (As of February 29, 2020)

Lender	Amount borrowed (million yen)
Sumitomo Mitsui Banking Corporation	3,470
Mizuho Bank, Ltd.	2,487
MUFG Bank, Ltd.	1,000
Sumitomo Mitsui Trust Bank, Limited	100
Resona Bank, Limited.	50

(Note) To raise working capital efficiently, the Company has concluded a commitment line agreement with Sumitomo Mitsui Banking Corporation.

(9) Other Important Information Concerning the Group

Not applicable.

2. Overview of the Company

(1) Shares (As of February 29, 2020)

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 25,748 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	20.14
ORIX Corporation	6,815,600	18.84
CDH RUNWAY INVESTMENT (HK) LIMITED	5,242,900	14.49
Hiroyuki Murai	3,648,100	10.08
Qingguang Jin	1,200,000	3.31
The Master Trust Bank of Japan, Ltd. (Trust Account)	548,300	1.51
Japan Trustee Services Bank, Ltd. (Trust Account)	466,300	1.28
Japan Trustee Services Bank, Ltd. (Trust Account 5)	280,700	0.77
Trust & Custody Services Bank, Ltd. (Trust Account E)	206,200	0.57
Japan Trustee Services Bank, Ltd. (Trust Account 1)	181,500	0.50

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

2. The Company holds treasury stock (512,700 stocks) but is excluded from the above major shareholders. The shareholding ratio is calculated by deducting treasury stock from the total number of outstanding shares. Treasury stock does not include 206,200 shares held by the trust through performance-based stock compensation plan, “the Board Benefit Trust (BBT)”.

(2) Company Officers

1) Directors and Audit & Supervisory Board Members (As of February 29, 2020)

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) Trading Ltd. Managing Director, BAROQUE CHINA LIMITED Director, BAROQUE CHINA APPARELS LIMITED Director, Baroque (Shanghai) Clothing Ltd. Representative Director, Baroque (Shanghai) Enterprise Development Ltd. Managing Director, FRAME LIMITED Director, BAROQUE USA LIMITED
Director	Akihito Fukasawa	General Manager, Sales Management Headquarters Director, BAROQUE USA LIMITED
Director	Fang Sheng	Executive Director, Belle International Holdings Limited Deputy Chairman, Smile Charity Foundation Adjunct Professor of Innovation and Entrepreneurship, Tongji University Director, BAROQUE CHINA APPARELS LIMITED Representative Director, Baroque (Shanghai) Clothing Ltd. Director, Baroque (Shanghai) Enterprise Development Ltd. Non-executive Director, Topsports International Holdings Limited
Director	Xiaoling Hu	Managing Director, CDH Investments Non-executive Director, Belle International Holdings Limited Non-executive Director, Dali Foods Group Company Limited Non-executive Director, Topsports International Holdings Limited
Director	Kyosuke Shinozawa	Advisor, Public Interest Incorporated Foundation Capital Markets Research Institute

Position	Name	Areas of responsibility at the Company and significant concurrent positions
Director	Kunihisa Hama	Chairperson, Compliance Committee Outside Audit & Supervisory Board Member, YOMIURI LAND CO., LTD. Outside Director, NITTO BOSEKI CO., LTD. Outside Director, ENSUIKO SUGAR REFINING CO., LTD.
Director	Nobuhide Hayashi	Executive Advisor, Mizuho Bank, Ltd. Outside Director, Kao Corporation Outside Audit & Supervisory Board Member, JTB Corp.
Director	Yingnan Zhang	Senior Executive Director, ORIX ASIA Capital Limited
Full-time Audit & Supervisory Board Member	Yoshiki Yoshida	
Audit & Supervisory Board Member	Teruo Ozaki	President, Teruo Ozaki CPA Office Executive Director, ORIX JREIT Inc.
Audit & Supervisory Board Member	Hiroshi Nagayasu	Lawyer, Tozai Sogo Law Office Audit & Supervisory Board Member, Datacard Japan Ltd. Outside Audit & Supervisory Board Member, Sumitomo Riko Company Limited

(Notes)
1. Directors Mr. Fang Sheng, Ms. Xiaoling Hu, Mr. Kyosuke Shinozawa, Mr. Kunihisa Hama, Mr. Nobuhide Hayashi, and Ms. Yingnan Zhang are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.
2. Audit & Supervisory Board Members Mr. Yoshiki Yoshida and Mr. Hiroshi Nagayasu are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act.
3. The Company has reported Outside Directors Mr. Kyosuke Shinozawa, Mr. Kunihisa Hama, and Mr. Nobuhide Hayashi and Outside Audit & Supervisory Board Members Mr. Yoshiki Yoshida and Mr. Hiroshi Nagayasu as independent directors 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 a major shareholder of the Company, MUTUAL CROWN LIMITED. In addition, Baroque (Shanghai) Clothing Ltd., at which he serves as Representative Director is the Company's equity-method associate, and there is a transactional relationship involving the use of the Company's brand trademark rights between said company and the Company.
5. Director Ms. Xiaoling Hu concurrently serves as the Managing Director of CDH Investments, which indirectly controls a major shareholder of the Company, CDH RUNWAY INVESTMENT (HK) LIMITED.
6. Director Ms. Yingnan Zhang is concurrently serving as Senior Executive Director of ORIX Asia Capital Limited, a company indirectly controlled by ORIX Corporation, a major shareholder of the Company.
7. There are no significant transactions or other special relationships between the Company and other corporations at which Outside Directors and Outside Audit & Supervisory Board Members concurrently serve.

8. Directors Mr. Nobuhide Hayashi and Director Ms. Yingnan Zhang were newly elected at the Company's 20th Annual Shareholders' Meeting held on May 30, 2019.
9. Director Mr. Hideki Ikeuchi and Director Mr. Makoto Inoue resigned as of the Company's 20th Annual Shareholders' Meeting held on May 30, 2019, due to the expiration of their term of office.
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.
11. Audit & Supervisory Board Member Mr. Teruo Ozaki has years of operational experience in accounting as a certified public accountant, 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, the Company has entered into an agreement with each of its Outside Directors and each of its Audit & Supervisory Board Member, 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 laws and regulations.

3) Total Compensation to Directors and Audit & Supervisory Board Members in the Fiscal Year under Review

Category	Number of officers	Amount of compensation, etc. (million yen)
Directors (of which are Outside Directors)	6 (3)	122 (21)
Audit & Supervisory Board Members (of which are Outside Audit & Supervisory Board Members)	3 (2)	22 (15)
Total (of which are Outside officers)	9 (5)	145 (36)

(Notes)
1. The total amount of compensation, etc. to Directors do not include the employee portion of salary paid to Directors who are concurrently serving as employees.
2. The abovementioned amount of compensation, etc. includes the Board Benefit Trust (BBT) expenses recorded for the fiscal year under review. The BBT is a stock compensation system that records expenses over several years according to the receiving period of the compensation, which was resolved as a form of compensation paid to officers in the 18th Annual Shareholders' Meeting held on April 26, 2017, and the details of which were resolved in the Board of Directors meeting held on June 14, 2017. The amount of expenses recorded in the fiscal year under review was 5 million yen for three Directors. In addition, Outside Directors are not eligible for the BBT.
3. In the 12th Annual Shareholders' Meeting held on April 26, 2011, the maximum amount of compensation to Directors in a fiscal year was resolved to be 1,000 million yen (not including the employee portion of salary).
4. In the 10th Annual Shareholders' Meeting held on April 28, 2009, the maximum amount of compensation to Audit & Supervisory Board Members in a fiscal year was resolved to be 50 million yen.
5. Among the Directors, four Directors will not receive any compensation.

4) Outside Officers
Main Activities in the Fiscal Year under Review

Name	Status of participation in meetings and opinions provided
Director Fang Sheng	Participated in 13 out of 14 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 mainly from engaging in corporate management, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings.
Director Xiaoling Hu	Participated in all 14 meetings of the Board of Directors during the fiscal year under review; provided opinions from a perspective based on her rich experience and extensive insight acquired mainly from engaging in corporate management, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings.
Director Kyosuke Shinozawa	Participated in all 14 meetings of the Board of Directors during the fiscal year under review; provided advice and suggestions based on his expert operational experience related to international finance and economics, from a standpoint independent of the Company's business executives, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings.
Director Kunihisa Hama	Participated in all 14 meetings of the Board of Directors during the fiscal year under review; provided opinions based on his rich experience and extensive insight acquired mainly from engaging in the legal industry and legal administration, from a standpoint independent of the Company's business executives, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings.
Director Nobuhide Hayashi	Participated in all 10 meetings of the Board of Directors held after he assumed office as an Outside Director; provided opinions from a perspective based on his rich experience and extensive insight acquired mainly from engaging in corporate management, from a standpoint independent of the Company's business executives, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings.
Director Yingnan Zhang	Participated in all 10 meetings of the Board of Directors held after she assumed office as an Outside Director; provided opinions from a perspective based on her rich experience and extensive insight acquired mainly from her experience of working in different international environments such as China and other Asian countries, from a standpoint independent of the Company's business executives, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings.
Audit & Supervisory Board Member Yoshiki Yoshida	Participated in all 14 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board 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 at Board of Directors meetings; as a Full-time Audit & Supervisory Board Member, he conducts as necessary audits of all aspects of management and business execution of Directors.

Name	Status of participation in meetings and opinions provided
Audit & Supervisory Board Member Hiroshi Nagayasu	Participated in all 14 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board during the fiscal year under review; provided opinions mainly based on his operational experience in the legal field as a lawyer, from a standpoint independent of the Company's business executives, conducive to securing the validity and appropriateness of decisions made at Board of Directors meetings; provided appropriate and necessary opinions regarding the Company's compliance and internal control at Audit & Supervisory Board meetings.

(3) Accounting Auditor

1) Name of Accounting Auditor
PricewaterhouseCoopers Aarata LLC

2) Compensation, etc.

	Compensation, etc.
Accounting Auditor's compensation, etc., for the fiscal year under review	58 million yen
Cash and other benefits payable by the Company or its subsidiaries to Accounting Auditor	58 million yen

(Notes) 1. Under the audit agreement between the Company and its Accounting Auditor, compensation, etc. for audits pursuant to the Companies Act 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 Aarata 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 Nonreappointment 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, 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) The Company shall endeavor to strengthen risk management from a legal perspective, and strengthen the capabilities of human resources in the legal department.
   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, 14 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 formulated the Risk Management Regulations for an emergency situation where an event causes a material impact on 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

Based on its Authority Regulations and Subsidiaries and Associates Management Regulations, the Company sanctions important matters regarding its subsidiaries and associates, or receives reports from its 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 have regular meetings with the Internal Audit Office and the Accounting Auditor to cooperate by sharing information and exchanging opinions, so as to conduct audits efficiently. Meetings for an exchange of opinions are regularly held between the Representative Director and President and the Audit & Supervisory Board Members.

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

The Group positions the return of profits to shareholders as one of the most important tasks of management, and has a basic policy of implementing stable dividends while considering the amount of internal reserves necessary to strengthen the financial structure and support active business development. Going forward, from a medium- to long-term perspective, the Company will strive for sustainable growth, enhancing corporate value and increasing shareholder value by investing management resources into business fields where growth is expected.

Furthermore, the Company adopts a basic policy aiming at a stable payout ratio of 30-40%, and we will continue to secure adequate internal reserves to ensure the ongoing expansion and development of the business and strengthen our corporate structure to enable us to cope with changes in the industry and increased business competition.

The Group will distribute a final dividend of ¥38 per share for the fiscal year under review.

Consolidated Balance Sheet

(As of February 29, 2020)

(Unit: million yen)

Description	Amount	Description	Amount
(Assets)		**(Liabilities)**	
I Current assets	**29,285**	**I Current liabilities**	**11,849**
Cash and cash equivalents	16,133	Notes and trade payables	387
Notes and trade receivables	7,455	Trade and other payables	3,055
Inventories	5,163	Interest-bearing borrowings	3,982
Consumables	61	Other payables	1,868
Others	472	Accrued expenses	653
Provision for doubtful accounts	(0)	Current tax payable	1,338
		Provision for bonus	261
II Non-current assets	**8,997**	Provision for reinstatement costs	66
1 Property, plant and equipment	**2,005**	Deposits received	25
Buildings and leasehold improvements	1,544	Others	211
Land	350		
Construction in progress	7	**II Non-current liabilities**	**4,940**
Others	104	Interest-bearing borrowings	3,125
2 Intangible assets	**640**	Provision for retirement benefits	18
Software	566	Provision for reinstatement costs	1,056
Others	74	Other payables	111
3 Investments and other assets	**6,351**	Deposits received	470
Investments in and advances to associates	1,666	Deferred tax liabilities	64
Rental deposits	3,334	Others	93
Deferred tax assets	1,219	**Total liabilities**	**16,790**
Others	130	**(Equity)**	
		I Shareholders' equity	**20,439**
		1 Share capital	**8,258**
		2 Share premium	**8,075**
		3 Retained earnings	**4,854**
		4 Treasury stock	**(749)**
		II Other reserves	**(213)**
		1 Deferred gains or losses on hedges	**(0)**
		2 Foreign currency translation reserve	**(213)**
		III Non-controlling interests	**1,267**
		Total equity	**21,492**
Total assets	**38,282**	**Total liabilities and equities**	**38,282**

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

Consolidated Income Statement

(March 1, 2019 - February 29, 2020)

(Unit: million yen)

Description	Amount	
Turnover		**65,880**
Cost of goods sold		**28,043**
Gross profit		**37,837**
Selling, general and administrative expenses		**33,232**
Operating profit		**4,604**
Non-operating income		
Interest income	7	
Subsidy Income	93	
Rent Income	29	
Share of profit of associates	24	
Other income	18	173
Non-operating expenses		
Interest on bank and other loans	42	
Finance charges	27	
Loss on disposals of property, plant and equipment	34	
Foreign exchange losses	52	
Other expenses	35	192
Recurring profit		**4,586**
Extraordinary expenses		
Impairment loss	140	140
Profit before taxation		**4,446**
Corporation tax, inhabitants tax and business tax	1,119	
Deferred income tax	201	1,321
Profit for the period		**3,125**
Profit attributable to non-controlling interests		253
Net profit		**2,871**

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

Consolidated Statement of Changes in Equity

(March 1, 2019 - February 29, 2020)

(Unit: million yen)

	Shareholders' equity				
	Share capital	Share premium	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 1, 2019	8,234	8,051	3,374	(258)	19,401
Changes during the fiscal year					
Issuance of shares	24	24	—	—	48
Dividend	—	—	(1,391)	—	(1,391)
Treasury stock	—	—	—	(497)	(497)
Disposal of treasury stock	—	—	—	7	7
Net profit	—	—	2,871	—	2,871
Net changes other than shareholders' equity	—	—	—	—	—
Total changes during the fiscal year	24	24	1,479	(490)	1,038
Balance as of February 29, 2020	8,258	8,075	4,854	(749)	20,439

	Other reserves			Non-controlling interests	Total equity
	Deferred gains or losses on hedges	Foreign currency translation reserve	Total other reserves		
Balance as of March 1, 2019	(1)	(87)	(88)	1,052	20,365
Changes during the fiscal year					
Issuance of shares	—	—	—	—	48
Dividend	—	—	—	—	(1,391)
Treasury stock	—	—	—	—	(497)
Disposal of treasury stock	—	—	—	—	7
Net profit	—	—	—	—	2,871
Net changes other than shareholders' equity	1	(126)	(125)	214	89
Total changes during the fiscal year	1	(126)	(125)	214	1,127
Balance as of February 29, 2020	(0)	(213)	(213)	1,267	21,492

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

Non-Consolidated Balance Sheet

(As of February 29, 2020)

(Unit: million yen)

Description	Amount	Description	Amount
(Assets)		**(Liabilities)**	
I Current assets	**24,077**	**I Current liabilities**	**10,175**
Cash and cash equivalents	14,815	Notes and trade payables	387
Trade and other receivables	3,825	Trade and other payables	1,669
Inventories	4,734	Interest-bearing borrowings	3,982
Consumables	61	Other payables	1,805
Prepaid expenses	188	Accrued expenses	649
Current portion of long-term loans receivable	300	Current tax payable	1,123
Others	153	Advances received	40
Provision for doubtful accounts	(0)	Provision for bonus	261
		Provision for reinstatement costs	66
		Deposits received	25
II Non-current assets	**10,530**	Others	163
1 Property, plant and equipment	**1,862**		
Buildings and leasehold improvements	1,441	**II Non-current liabilities**	**4,862**
Tools, furniture and fixtures	56	Interest-bearing borrowings	3,125
Land	350	Provision for retirement benefits	18
Construction in progress	7	Provision for reinstatement costs	1,043
Others	7	Other payables	111
2 Intangible assets	**640**	Deposits received	470
Software	566	Others	93
Others	74	**Total liabilities**	**15,038**
3 Investments and other assets	**8,027**	**(Equity)**	
Investments in subsidiaries and associates	3,379	**I Shareholders' equity**	**19,569**
Rental deposits	3,233	**1 Share capital**	**8,258**
Loans receivable	150	**2 Share premium**	**8,075**
Prepaid expenses	129	(1) Legal capital surplus	8,055
Deferred tax assets	1,134	(2) Other capital surplus	20
		3 Retained earnings	**3,984**
		(1) Other retained earnings	3,984
		Retained earnings brought forward	3,984
		4 Treasury stock	**(749)**
		II Valuation and translation adjustments	**(0)**
		1 Deferred gains or losses on hedges	**(0)**
		Total equity	**19,569**
Total assets	**34,608**	**Total liabilities and equities**	**34,608**

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

Non-Consolidated Income Statement

(March 1, 2019 - February 29, 2020)

(Unit: million yen)

Description	Amount	
Turnover		**59,115**
Cost of goods sold		**23,537**
Gross profit		**35,578**
Selling, general and administrative expenses		**31,716**
Operating profit		**3,862**
Non-operating income		
Interest income	9	
Rent Income	29	
Other income	13	52
Non-operating expenses		
Interest on bank and other loans	42	
Finance charges	19	
Loss on disposals of property, plant and equipment	34	
Foreign exchange loss	11	
Other expenses	35	142
Recurring profit		**3,771**
Extraordinary expenses		
Impairment loss	139	139
Profit before taxation		**3,632**
Corporation tax, inhabitants tax and business tax	953	
Deferred income tax	107	1,061
Profit for the period		**2,570**

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

Non-Consolidated Statement of Changes in Equity

(March 1, 2019 - February 29, 2020)

(Unit: million yen)

	Shareholders' equity					
	Share capital	Share premium		Retained earnings	Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Other retained earnings		
				Retained earnings brought forward		
Balance as of March 1, 2019	8,234	8,031	20	2,805	(258)	18,832
Changes during the fiscal year						
Issuance of shares	24	24	—	—	—	48
Dividend	—	—	—	(1,391)	—	(1,391)
Treasury stock	—	—	—	—	(497)	(497)
Disposal of treasury stock	—	—	—	—	7	7
Profit for the period	—	—	—	2,570	—	2,570
Net changes other than shareholders' equity	—	—	—	—	—	—
Total changes during the fiscal year	24	24	—	1,179	(490)	737
Balance as of February 29, 2020	8,258	8,055	20	3,984	(749)	19,569

	Valuation and translation adjustments		Total equity
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance as of March 1, 2019	(1)	(1)	18,830
Changes during the fiscal year			
Issuance of shares	—	—	48
Dividend	—	—	(1,391)
Treasury stock	—	—	(497)
Disposal of treasury stock	—	—	7
Profit for the period	—	—	2,570
Net changes other than shareholders' equity	1	1	1
Total changes during the fiscal year	1	1	738
Balance as of February 29, 2020	(0)	(0)	19,569

(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, 2020

To the Board of Directors
Baroque Japan Limited

We have audited the accompanying consolidated financial statements of Baroque Japan Limited (hereinafter referred to as the "Company") for the fiscal year from March 1, 2019 to February 29, 2020, which consist of the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity and the notes to the consolidated financial statements, pursuant to Article 444, Paragraph 4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting standards generally accepted in Japan. This responsibility includes designing and operating internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Baroque Japan Limited and its consolidated subsidiaries as of February 29, 2020, and their financial performance for the year then ended in conformity with accounting principles generally accepted in Japan.

Conflict of Interest

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

PricewaterhouseCoopers Aarata LLC

Sakae Toda, CPA
Designated and Engagement Partner
Kazuaki Sekine, CPA
Designated and Engagement Partner

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*The original audit report is in Japanese. This English translation is for readers' convenience and reading this translation is not a substitute for reading the original audit report in Japanese.

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

Independent Auditor's Report
(English Translation*)

April 24, 2020

To the Board of Directors
Baroque Japan Limited

We have audited the non-consolidated financial statements of Baroque Japan Limited (hereinafter referred to as the "Company") for the 21st term from March 1, 2019 to February 29, 2020, which consist of the non-consolidated balance sheet, the non-consolidated income statement, the non-consolidated statement of changes in equity, the notes to the non-consolidated financial statements and the supplementary schedules pursuant to Article 436, Paragraph 2-1 of the Companies Act.

Management's Responsibility for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of non-consolidated financial statements and supplementary schedules in accordance with accounting standards generally accepted in Japan. This responsibility includes designing and operating internal control as management determines is necessary to enable the preparation and fair presentation of non-consolidated financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements and the supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the supplementary schedules are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements and supplementary schedules

referred to above present fairly, in all material respects, the financial position of the Company as of February 29, 2020, and its financial performance for the year then ended in conformity with accounting principles generally accepted in Japan.

Conflict of Interest

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

PricewaterhouseCoopers Aarata LLC

Sakae Toda, CPA
Designated and Engagement Partner
Kazuaki Sekine, CPA
Designated and Engagement Partner

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*The original audit report is in Japanese. This English translation is for readers' convenience and reading this translation is not a substitute for reading the original audit report in Japanese.

Audit Report of the Audit & Supervisory Board

Audit Report

(English Translation)

Regarding the performance of duties by the Directors for the 21st term from March 1, 2019 to February 29, 2020, 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.
      1) 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.
      2) 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, 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.
      3) We monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, as well as received reports from the Accounting Auditor regarding the performance of its duties and sought explanations as necessary. In addition, we received notice from the Accounting Auditor that the systems for ensuring that the performance of duties is being carried out correctly (matters set forth in each Item of Article 131 of the Rules of Corporate Accounting) had been prepared in accordance with the Quality Control Standards for Audit (issued by the Business Accounting Council on October 28, 2005) and other relevant standards, and sought explanations as necessary.

   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

1) 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.
2) 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.
3) 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 Aarata 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 Aarata LLC are fair and reasonable.

April 24, 2020

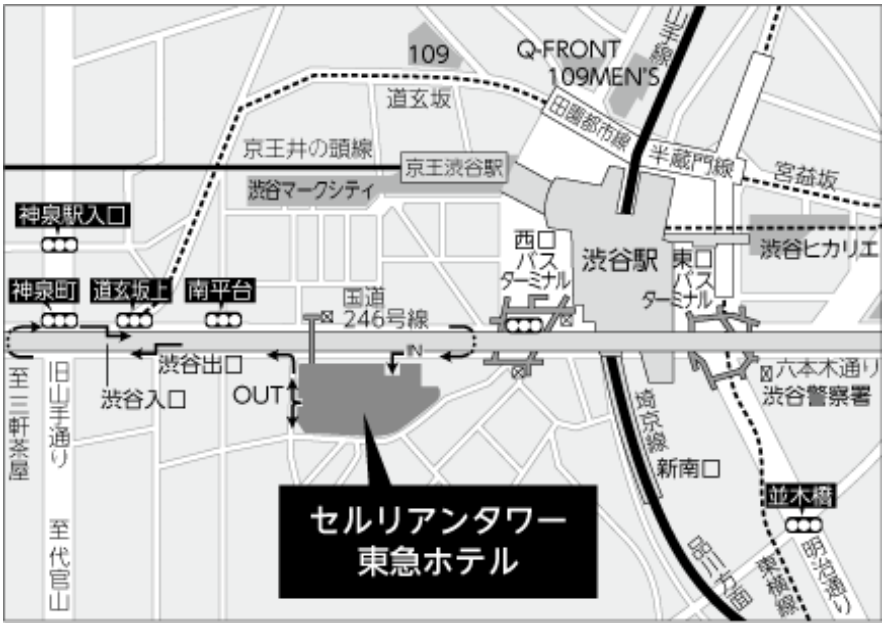
Audit & Supervisory Board, Baroque Japan Limited

Full-time Audit & Supervisory Board Member	Yoshiki Yoshida
Audit & Supervisory Board Member	Teruo Ozaki
Audit & Supervisory Board Member	Hiroshi Nagayasu

(Note) Full-time Audit & Supervisory Board Member Mr. Yoshiki Yoshida and Audit & Supervisory Board Member Mr. Hiroshi Nagayasu are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 and Article 335, Paragraph 3 of the Companies Act.

Map of Venue for the Shareholders' Meeting

Venue: B2F Ballroom, Cerulean Tower Tokyu Hotel
26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo, Japan
Tel: +81-3-3476-3000 (Switchboard of hotel)



Transportation:	JR	Yamanote Line, Saikyo Line, Shōnan Shinjuku Line
	Tokyu Lines	Tokyu Tōyoko Line, Den-en-toshi Line
	Tokyo Metro	Ginza Line, Hanzomon Line, Fukutoshin Line
	Keiō Railway	Inokashira Line
	5-minute walk from the Shibuya Station of each line	

*Please use public transport as no parking lot has been arranged.