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

INFORMATION DISCLOSURE ON THE INTERNET

REGARDING THE NOTICE OF

THE 22ND ANNUAL SHAREHOLDERS' MEETING

Notes to the Consolidated Financial Statements

Notes to the Non-Consolidated Financial Statements

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

Baroque Japan Limited

Notes to the Consolidated Financial Statements

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

(1) Scope of consolidation

Status of consolidated subsidiaries:

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

(2) Application of the equity method

Status of equity-method associates:

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

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

Among the equity method affiliated companies, the account closing date of BAROQUE CHINA APPARELS LIMITED, is the last day of February, and when preparing consolidated financial statements, we use financial statements as of December 31. Baroque (Shanghai) Clothing Ltd. and Baroque (Beijing) Clothing Ltd. is the last day of the February, and their financial statements as of that day are used in the preparation of the consolidated financial statements. Necessary adjustments are made on a consolidated basis to reflect any significant transactions made between the consolidated closing date and that of the two subsidiaries.

(3) Fiscal years of consolidated subsidiaries

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

(4) Significant matters concerning accounting policies

1) Standards and methods for valuation of significant assets

Inventories	Valuation stated at cost (method of writing values down in line with decline in profitability)
Inventories	Mainly uses the weighted average method
Consumables	Specific cost method

2) Depreciation method for significant depreciable assets

a. Property, plant and equipment	The declining balance method is mainly applied. However, the straight line method is applied for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and for facilities attached to buildings and leasehold improvements acquired on or after April 1, 2016. The main useful lives are as follows: Buildings and leasehold improvements 2-50 years
b. Intangible assets	The straight line method is applied. The main useful lives are as follows: Software 5 years

3) Significant standards of accounting for provisions and reserves

a. Provision for doubtful accounts	Provision for doubtful accounts is provided based on the historical write-off rate for ordinary receivables, and the estimated amount of irrecoverable debt based on recoverability of individual cases for specified receivables such as doubtful accounts.
b. Provision for bonus	A reserve for bonuses is provided based on the amount of estimated bonuses to employees that should be borne in the consolidated fiscal year under review.

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

a. Accounting treatment of retirement benefits

A simplified method is applied to calculate net defined benefit liability and retirement benefit expenses, whereby the amount payable for voluntary termination as of the end of the fiscal year under review is taken to be the retirement benefit obligation.

b. Accounting treatment of consumption taxes, etc.

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

2. Additional Information

(About the uncertainty of accounting estimates)

The impact of Covid-19 epidemic can be seen in consumers refraining from going out and in a decrease of the number of customers visiting stores due to following requests for curtailment of business hours and operation. Given the current situation of the Covid-19 epidemic, we anticipate gradual recovery in business performance throughout regions where economic activity has resumed, but expect the impact of the Covid-19 epidemic on the Group to remain to a certain extent until the end of the next consolidated fiscal year. Under the assumption that business performance will recover by about 90% by year, we shall make accounting estimates for impairment of fixed assets and recoverability of deferred tax assets.

Moreover, it is unclear when Covid-19 pandemic will end and if it takes more time, it may affect business performance and financial situation of our Group.

3. Notes to the Consolidated Balance Sheet

Accumulated depreciation of property, plant and equipment 5,437 million yen

4. Notes to the Consolidated Statement of Changes in Equity

(1) Total number of outstanding shares:

Class of shares	Number of shares as of the beginning of the fiscal year	Increase	Decrease	Number of shares as of the end of the fiscal year
Common stock	36,676,300	–	–	36,676,300

Notes: The above number of shares as of the end of the fiscal year includes 62,000 shares of treasury stock, including 201,600 shares of the Company held by the Board Benefit Trust (BBT).

(2) Dividends:

(i) Amount of dividends paid

Date of resolution	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
April 14, 2020 Board of Directors' Meeting	Common stock	1,374	38	February 29, 2020	May 28, 2020

Note: The total amount of dividends resolved at the Board of Directors' Meeting held on April 14, 2020 includes dividends of 7 million yen for the Company's shares held by the Board Benefit Trust (BBT).

(ii) Dividends whose record date falls under the fiscal year under review, but the effective date falls under the next fiscal year

Date of resolution	Class of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
April 14, 2021 Board of Directors' Meeting	Common stock	1,158	32	February 28, 2021	May 28, 2021

Note: The total amount of dividends resolved at the Board of Directors' Meeting held on April 14, 2021 includes dividends of 6 million yen for the Company's shares held by the Board Benefit Trust (BBT).

5. Notes on Financial Instruments

(1) Status of financial instruments

1) Policy on initiatives regarding financial instruments

The Group mainly raises necessary capital through borrowings from banks and installment contracts with lease companies in accordance with its capital investment plan. Temporary idle funds are invested in financial assets that are highly secure, and short-term working capital is raised through borrowings from banks.

2) Details of financial instruments and related risks

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

Rental deposits are mainly guarantee deposits paid for new store openings, and are

subject to credit risk of the deposit destination.

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

Interest-bearing borrowings are mainly funds raised for daily operations, for which repayment dates fall after the account closing date and within three years.

Deposits received refer to deposits for transactions received from business partners based on franchisee agreements.

3) Management system of risks related to financial instruments

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

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

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

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

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

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

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

(2) Fair value, etc. of financial instruments

The amounts posted on the consolidated balance sheet, the fair values, and the differences thereof as of February 28, 2021 are as follows. Amounts in cases where it is deemed extremely difficult to determine the fair values are not stated in the following table.

	Consolidated balance sheet amount (million yen)	Fair value (million yen)	Difference (million yen)
(1) Cash and cash equivalents	15,924	15,924	—
(2) Notes and trade receivables	8,001		
Provision for doubtful accounts	—		
Notes and trade receivables (net)	8,001	8,001	—
(3) Rental deposits	3,232	2,966	(265)
Total assets	27,158	26,892	(265)
(1) Trade notes payable	579	579	—
(2) Trade and other payables	3,293	3,293	—
(3) Other payables	854	854	—
(4) Current tax payable	550	550	—
(5) Short-term borrowings	3,000	3,000	—
(6) Interest-bearing borrowings*1	6,125	6,125	—
(7) Other payable*2	99	99	(0)
(8) Deposits received*3	10	10	—
Total liabilities	14,512	14,512	(0)

Notes: 1. Interest-bearing borrowings include interest-bearing borrowings, current liabilities.
2. Other payables include their current portions, which are included in other payables classified under current liabilities.
3. Deposits received include deposits received classified under current liabilities.

(Note 1) Calculation method of fair value of financial instruments

(1) Cash and cash equivalents (2) Notes and trade receivables

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

(3) Rental deposits

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

Liabilities

(1) Trade notes payable (2) Trade and other payables (3) Other payables (4) Current tax payable
(5) Short-term borrowings

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

(6) Interest-bearing borrowings (7) Other payables

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

(8) Deposits received

As the fair values of the deposits received that are settled within one year will be similar to the book values, the book value amounts are used.

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

	Consolidated balance sheet amount (million yen)
Investments in and advances to associates	1,597

Other payables	7
Deposits received	459

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

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

Among deposits received, items where the Company is unable to reasonably estimate the date of repayment and a reasonable estimation of cash flows is deemed extremely difficult are not included in (8) Deposits received.

6. Notes to Per Share Information

(1) Net assets per share 536.18 yen

(2) Earnings per share 10.44 yen

(Note) Treasury stock for the purpose of the Board Benefit Trust (BBT) was deducted from the total number of common stock when the net profit per share, diluted net profit per share, and net assets per share were calculated.

Treasury stock of 662,000 shares were excluded when net assets per share was calculated. Treasury stock of 686,286 shares were excluded when net profit per share and diluted net profit per share were calculated.

7. Notes on Significant Subsequent Events

Not applicable.

Notes to the Non-Consolidated Financial Statements

1. Notes to Significant Accounting Policies

(1) Standards and methods for valuation of assets

1) Investments in subsidiaries and associates: Stated at cost using the moving average method

2) Standards and methods for valuation of inventories

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

Inventories	Weighted average method
Consumables	Specific cost method

(2) Depreciation method for non-current assets

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

The main useful lives are as follows:

Buildings	2-50 years
Tools, furniture and fixtures	2-20 years

2) Intangible assets: The straight line method is applied.

Software for internal use is amortized based on the internal useful life (5 years).

3) Prepaid expenses: Amortized using the straight line method.

(3) Standards of accounting for provisions and reserves

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

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

3) Provision for retirement benefits: A simplified method is applied to calculate provision for retirement benefits and retirement benefit expenses, whereby the amount payable for voluntary termination as of the end of the fiscal year under review is taken to be the retirement benefit obligation.

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

Accounting treatment of consumption taxes, etc.

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

2. Additional Information

(About the uncertainty of accounting estimates)

Since the same content is described in "Additional Information" in the consolidated note table, the note is omitted.

3. Notes to the Non-Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment 5,121 million yen

(2) Contingent liabilities

Debt guarantees

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

BAROQUE HK LIMITED	Trade and other payables	124 thousand USD (13 million yen)

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

1)	Short-term monetary claims	1,784 million yen
2)	Long-term monetary claims	300 million yen
3)	Short-term monetary debts	495 million yen

4. Notes to the Non-Consolidated Income Statement

Balances of transactions with subsidiaries and associates:

1)	Turnover	1,414 million yen
2)	Purchase of goods	7,249 million yen
3)	Other trade transactions	248 million yen
4)	Balance of transactions other than trade transactions	9 million yen

5. Notes to the Non-Consolidated Statement of Changes in Equity

Class and number of treasury stock as of the end of the fiscal year under review

Common stock 662,000 shares

In accordance with the introduction of the Board Benefit Trust (BBT) system, the above number of treasury stock contains 201,600 shares of the Company held by the BBT.

6. Notes to Tax Effect Accounting

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

	(million yen)
Deferred tax assets	
Provision for inventories	696
Enterprise tax payable	49
Provision for bonus	79
Overdepreciation	186
Provision for retirement benefits	5
Asset retirement obligations	341
Accrued retirement benefit expenses (DC)	30
Others	101
Subtotal of deferred tax assets	1,490
Valuation reserve	—
Total deferred tax assets	1,490
Deferred tax liabilities	
Expenses for asset retirement obligations	(160)
Total deferred tax liabilities	(160)
Net deferred tax liabilities	1,329

7. Notes to Transactions with Associates

Subsidiary and associate, etc.

Type	Name of company, etc.	Capital	Business	The Company's holding of voting rights (%)	Relationship		Transaction details	Transaction amount (million yen) (Note 1)	Description	Fiscal year-end balance (million yen) (Note 1)
					Interlocking directorates, etc.	Business relationship				
Subsidiary	BAROQUE HK LIMITED	HKD 257,000 thousand	Apparel & accessories import/export and retail business	(Holding) Direct 100.00	1 Officer	Purchase and sale of goods, providing capital loans	Debt guarantees concerning trade and other payables	13	–	-
							Providing capital loans (Note 2)	-	Loans receivable, current assets	150
									Loans receivable, non-current assets	300
							Receipt of interest (Note 2)	9	Other current assets	46
							Sale of goods (Note 2)	11	Trade and other receivables	3
							Royalty income (Note 2)	8		
							Purchase of goods (Note 2)	7,229	Trade and other payables	467
							Business consignment expenses, etc. (Note 2)	180	Other payables	17
Subsidiary	Baroque (Shanghai) Trading Ltd.	HKD 90,600 thousand	Business consignment	(Holding) Indirect 100.00	1 Officer	Business consignment	Business consignment expenses, etc. (Note 2)	20	Other payables	1
Subsidiary	Baroque (Shanghai) Enterprise Development Ltd.	CNY 20,000 thousand	Apparel & accessories wholesale business	(Holding) Indirect 51.00	2 Officers	Sale of goods	Sale of goods (Note 2)	515	Trade and other receivables	499
							Purchase of goods (Note 2)	19	Trade and other payables	9
Subsidiary	BAROQUE USA LIMITED	USD 2,900 thousand	Apparel & accessories retail and wholesale business	(Holding) Direct 100.00	2 Officers	Sale of goods	Sale of goods (Note 2)	457	Trade and other receivables	560
Associate	Baroque (Shanghai) Clothing Ltd.	CNY 140,000 thousand	Apparel & accessories retail and wholesale business	(Holding) Indirect 49.00	2 Officers	Royalty for sale of goods	Royalty income (Note 2)	420	Trade and other receivables	470

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

includes consumption taxes, etc.

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

8. Notes to Per Share Information

(1) Net assets per share 515.00 yen

(2) Earnings per share 8.67 yen

(Note) Treasury stock for the purpose of the Board Benefit Trust (BBT) was deducted from the total number of common stock when the net profit per share, diluted net profit per share, and net assets per share were calculated.
Treasury stock of 662,000 shares were excluded when net assets per share was calculated. Average treasury stock of 686,286 shares were excluded when net profit per share and diluted net profit per share were calculated.

9. Notes on Significant Subsequent Events

Not applicable.