

[Measures to prevent infection with the novel coronavirus disease (COVID-19)]

The Company will take following measures at the General Meeting of Shareholders for this year to prevent infection with and spread of COVID-19.

**We ask for our shareholders' understanding and cooperation in exercising their voting rights by postal mail (in writing) or via the internet and considering refraining from attending the meeting this year as a measure to prevent the spread of infections.**

- There will be significantly fewer seats than normal as we will need to space them out in order to prevent the spread of COVID-19 (we intend to prepare a total of 50 seats including in a second venue). As a result, please be aware that it is possible that not everyone who comes to the meeting will be able to enter the venue.
- For shareholders who travel to the venue, please wear face masks and use the liquid hand disinfectant placed at the venue.
- Organizing staff members at the venue may reach out to shareholders who appear to be unwell.
- Organizing staff members will wear face masks during the meeting.
- The items to be reported and detailed explanations of the proposals will be omitted in order to shorten the duration of the meeting.
- The merchandise exhibition booth installed annually and the management briefing held after the conclusion of the General Meeting of Shareholders have been canceled this year.
- If future developments in the spread of the disease necessitate changes in the way the meeting will be run, shareholders will be informed via the Company's website. Please check the information before you attend the meeting.

Notes:

- Please be aware that the meeting will be carried out in light clothing ("Cool Biz") on the day.
- Please understand that no gifts will be offered at this General Meeting of Shareholders.

The Company's website: <https://www.paris-miki.com/>

Note: This is an excerpt translation of the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail. PARIS MIKI HOLDINGS Inc. assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Securities Code: 7455  
July 13, 2020

To Our Shareholders:

Masahiro Sawada  
President and Representative Director  
**PARIS MIKI HOLDINGS Inc.**  
Head Office: 2-4-3 Nihonbashi-Muromachi, Chuo-ku, Tokyo  
Headquarters: 1-2-3 Kaigan, Minato-ku, Tokyo

## Notice of the 72nd Ordinary General Meeting of Shareholders

We are pleased to announce the 72nd Ordinary General Meeting of Shareholders of PARIS MIKI HOLDINGS Inc. (hereinafter referred to as the “Company”), which will be held on Tuesday, July 28, 2020, as described hereunder.

**Instead of attending the meeting in person, you may exercise your voting rights either in writing or via the Internet. Please exercise your voting rights by 6:30 p.m. on Monday, July 27, 2020 after reviewing the attached Reference Documents for the General Meeting of Shareholders.**

### Details

**1. Date and Time:**

Tuesday, July 28, 2020 at 3:00 p.m.

(The reception of the attendees to the meeting at the reception desk shall start at 2:00 p.m.)

(The Company has postponed the announcement of financial results due to the impact of the spread of novel coronavirus disease (COVID-19) on settlement operations, etc., and the Company also has decided to postpone of this General Meeting of Shareholders. Due to this reason, the date of holding this General Meeting of Shareholders has been significantly different from the anniversary date of the last General Meeting of Shareholders.)

**2. Place:**

1-26-1 Hamamatsu-cho, Minato-ku, Tokyo

4A, 4th floor, Mikakuto UHA Kan TKP Hamamatsu-cho Conference Center

(Please note that the venue this year differs from last year.)

**3. Objectives of the Meeting**

**Matters to be reported:**

- a. Business Report and Consolidated Financial Statements, as well as the audit reports of the Accounting Auditor and the Audit & Supervisory Board for Consolidated Financial Statements, for the 72nd fiscal term (from April 1, 2019 to March 31, 2020)
- b. Non-consolidated Financial Statements for the 72nd fiscal term (from April 1, 2019 to March 31, 2020)

**Matters to be resolved:**

- Proposal 1:** Election of Six (6) Directors  
**Proposal 2:** Election of Two (2) Audit & Supervisory Board Members  
**Proposal 3:** Revision of Amount of Stock-Option-Type Remuneration to Directors and Audit & Supervisory Board Members and Details Thereof  
**Proposal 4:** Issuance of Share Options as Stock Options to Executive Officers and Employees of the Company, and Directors, Audit & Supervisory Board Members, Executive Officers and Employees of the Company's Subsidiaries  
**Proposal 5:** Payment of Retirement Benefits to Retiring Director and Retiring Audit & Supervisory Board Member

**4. Notice Regarding Exercise of Voting Rights**

- a. If you do not indicate your approval or disapproval, or abstention of each proposal on the voting form, we will assume that you have voted in favor of the proposal.
- b. If you exercise your voting rights more than once via the Internet, the last exercise shall be deemed valid.
- c. If you exercise your voting rights both by voting form and via the Internet, the vote via the Internet shall be deemed valid.
- d. If you are a shareholder who has opted to receive convocation notices by electromagnetic means but you wish to receive the voting form, please contact the Securities Agent Department of Mizuho Trust & Banking Co., Ltd.
- e. If you exercise your voting rights by proxy, you may designate one other shareholder holding voting rights of the Company to attend the meeting. Please note, however, that it is necessary to submit a document proving the authority of proxy.

---

Notes:

- \* You are kindly requested to present the enclosed voting form to the receptionist when you attend the meeting in person. You are also requested to bring this convocation notice to the meeting.
- \* Of the documents required to be provided with this convocation notice, the following have been posted via the Internet on the Company's website pursuant to the provisions of laws and regulations and Article 14 of the Company's Articles of Incorporation.
- i) From the Business Report:  
"Share options," "System to ensure the properness of operations," and "Overview of the operational status of the system to ensure properness of operations."
  - ii) From the Consolidated Financial Statements:  
"Consolidated Statement of Changes in Equity" and "Notes to the Consolidated Financial Statements"
  - iii) From the Non-consolidated Financial Statements:  
"Non-consolidated Statement of Changes in Equity" and "Notes to the Non-consolidated Financial Statements"
- Note that these items were included in the Business Report, the Consolidated Financial Statements and the Financial Statements that were audited when the accounting auditor and the audit & supervisory board members prepared their audit reports.
- \* If any changes have been made to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements or Non-consolidated Financial Statements, such changes will be posted via the Internet on the Company's website.  
The Company's website: <https://www.paris-miki.com/>

## Reference Documents for the General Meeting of Shareholders

### Proposals and Reference Matters

#### **Proposal 1:** Election of Six (6) Directors

The term of office of all seven (7) directors will expire at the conclusion of this General Meeting of Shareholders.

At this juncture, the Company proposes the election of six (6) directors, including two (2) outside directors, a decrease of one (1) director to enable quicker and more flexible decision making in the Board of Directors.

Candidates for director are as follows.

Candidate No.	Name	Current position and responsibility in the Company	Attribute of candidate
1	Mikio Tane	Chairman and Representative Director	Re-election
2	Masahiro Sawada	President and Representative Director	Re-election
3	Fumihiko Nakao	Director	Re-election
4	Tetsuro Nakatsuka	Director, Manager, Finance	Re-election
5	Akiko Iwamoto	Outside Director	Re-election Outside Independent
6	Satoru Nino	Outside Director	Re-election Outside Independent

Candidate No.	Name (Date of birth)	Career summary, position, business in charge and important concurrent posts	Number of the Company's shares held
1	Mikio Tane (November 9, 1959) [Re-election]	<p>April 1984 Joined MIKI OPTICAL Inc.</p> <p>August 1986 Director, MIKI OPTICAL Inc.</p> <p>March 1988 Senior Executive Director, PARIS MIKI Inc.</p> <p>June 1988 President and Representative Director, PARIS MIKI Inc.</p> <p>February 1989 Representative Director, Lunettes Inc.</p> <p>May 1994 Representative Director, Executive Vice President, PARIS MIKI Inc.</p> <p>May 1997 Representative Director, Executive Vice President, Manager, Human Resources, PARIS MIKI Inc.</p> <p>February 1999 General Manager, PARIS MIKI (INTERNATIONAL) SA</p> <p>June 1999 Representative Director, Executive Vice President, Manager, Human Resources and Overseas Operations, PARIS MIKI Inc.</p> <p>December 2002 Director, Codomo Limited (current position)</p> <p>June 2003 Director, PARIS MIKI Inc.</p> <p>June 2005 Representative Director, PARIS MIKI Inc.</p> <p>June 2008 Director, PARIS MIKI Inc.</p> <p>June 2008 Senior Managing Director, Lunettes Inc.</p> <p>April 2009 Chief Director, Okuizumo Tane Museum of Natural History (Public Interest Incorporated Foundation) (current position)</p> <p>July 2009 Representative Director, PARIS MIKI Inc.</p> <p>June 2011 Director, PARIS MIKI HOLDINGS Inc.</p> <p>August 2013 President and Representative Director, Clover Asset Management Inc. (current position)</p> <p>September 2014 Director, PX Group SA (current position)</p> <p>June 2015 Representative Director, Executive Vice President, PARIS MIKI HOLDINGS Inc.</p> <p>June 2017 Director, PARIS MIKI HOLDINGS Inc.</p> <p>October 2017 President and Representative Director, Lunettes Inc. (current position)</p> <p>November 2017 Chairman and Representative Director, PARIS MIKI HOLDINGS Inc. (current position)</p> <p>March 2018 President, PARIS MIKI INTERNATIONAL GmbH (current position)</p>	3,162,650 shares
[Reasons for nomination as candidate for director]		The Company nominates Mr. Mikio Tane for another term as a candidate for director as he conducts important decision making as Chairman and Representative Director under the customer-first corporate philosophy from a medium- to long-term perspective. He also has extensive experience and insight needed for the Group's overall management.	

Candidate No.	Name (Date of birth)	Career summary, position, business in charge and important concurrent posts	Number of the Company's shares held
2	Masahiro Sawada (February 9, 1957) [Re-election]	<p>April 1980 Joined MIKI OPTICAL Inc. January 2001 Director, PARIS MIKI AUSTRALIA PTY. LTD. April 2004 Human Resources Chief, PARIS MIKI Inc. November 2004 Executive Officer, Human Resources Chief, PARIS MIKI Inc. September 2005 Merchandising division Chief, PARIS MIKI Inc. June 2015 Director, PARIS MIKI Inc. February 2016 President and Representative Director, PARIS MIKI Inc. (current position) June 2016 Director, PARIS MIKI HOLDINGS Inc. May 2017 Executive Vice President, Lunettes Inc. June 2017 President and Representative Director, PARIS MIKI HOLDINGS Inc. (current position)</p>	34,995 shares
[Reasons for nomination as candidate for director] The Company nominates Mr. Masahiro Sawada for another term as a candidate for director as he has shown strong leadership and is working hard to ensure customer satisfaction as President and Representative Director of the Company and the Group's major subsidiary, and because he has extensive experience and insight of business execution as the Manager of an overseas subsidiary, and as the person responsible for human resources and various business divisions such as Merchandising division.			
3	Fumihiko Nakao (March 21, 1961) [Re-election]	<p>April 1984 Joined MIKI OPTICAL Inc. November 1986 Manager, PARIS-MIKI OPTIQUE H.K. LTD. August 1991 Director, PARIS MIKI OPTICAL (THAILAND) LTD. September 1996 Director, OPTIQUE PARIS-MIKI (S) PTE. LTD. April 2004 Manager, Department Store Operations, PARIS MIKI Inc. November 2004 Executive Officer, Merchandising division Chief, PARIS MIKI Inc. June 2007 Director, PARIS MIKI Inc. January 2009 President, PARIS MIKI Inc. July 2009 President and Representative Director, PARIS MIKI Inc. February 2012 Director, PARIS MIKI HOLDINGS Inc. June 2015 Senior Managing Director, PARIS MIKI HOLDINGS Inc. June 2016 Executive Vice President, PARIS MIKI HOLDINGS Inc. May 2017 Senior Managing Director, Lunettes Inc. July 2017 President and Representative Director, Medishared Co., Ltd. (current position) June 2018 Director, PARIS MIKI HOLDINGS Inc. (current position)</p>	30,370 shares
[Reasons for nomination as candidate for director] The Company nominates Mr. Fumihiko Nakao for another term as a candidate for director as he has experience as a President and Representative Director of the Group's major subsidiary and because he has extensive experience and insight of business execution as the Manager and Director of multiple overseas subsidiaries and as the person responsible for various business divisions such as Merchandising division.			

Candidate No.	Name (Date of birth)	Career summary, position, business in charge and important concurrent posts	Number of the Company's shares held
4	Tetsuro Nakatsuka (May 20, 1955) [Re-election]	<p>April 1979 Joined MIKI OPTICAL Inc.</p> <p>October 1995 Manager, Accounting, PARIS MIKI Inc.</p> <p>August 1996 Manager, Finance, PARIS MIKI Inc.</p> <p>November 2004 Executive Officer, Manager, Finance, PARIS MIKI Inc.</p> <p>May 2007 Audit &amp; Supervisory Board Member, GREAT Inc.</p> <p>June 2007 Director, Lunettes Inc. (current position)</p> <p>April 2009 Finance Chief, PARIS MIKI HOLDINGS Inc.</p> <p>April 2009 Finance Chief, PARIS MIKI Inc.</p> <p>January 2010 Audit &amp; Supervisory Board Member, KIMPO-DO Co. Ltd.</p> <p>January 2011 Audit &amp; Supervisory Board Member, Create three Co., Ltd.</p> <p>June 2011 Director, Finance Chief, PARIS MIKI HOLDINGS Inc.</p> <p>June 2015 Managing Director, Manager, Finance, PARIS MIKI HOLDINGS Inc.</p> <p>June 2016 Managing Executive Officer, Manager, Finance, PARIS MIKI HOLDINGS Inc.</p> <p>June 2018 Director, GREAT Inc. (current position)</p> <p>June 2018 Director, Manager, Finance, PARIS MIKI HOLDINGS Inc. (current position)</p>	33,448 shares
		<p>[Reasons for nomination as candidate for director] The Company nominates Mr. Tetsuro Nakatsuka for another term as a candidate for director as he has served for a long time as the person responsible for the finance and accounting departments and has a deep knowledge of the entire Group's financial strategy, in addition to extensive experience and insight.</p>	

Candidate No.	Name (Date of birth)	Career summary, position, business in charge and important concurrent posts	Number of the Company's shares held
5	Akiko Iwamoto (May 27, 1968) [Re-election] [Outside] [Independent]	<p>April 1991 Joined First Chicago Corp. (now JPMorgan Chase Bank N.A.)</p> <p>April 2000 Vice President, Bank One Corp. (now JPMorgan Chase Bank N.A.)</p> <p>April 2002 Vice President, Royal Bank of Canada</p> <p>April 2004 Chief Dealer, Aozora Bank, Ltd.</p> <p>February 2009 Representative, OFFICE [W.I.S.H] (current position)</p> <p>April 2012 Visiting Professor, Faculty of Business Administration, Osaka University of Economics</p> <p>June 2015 Outside Audit &amp; Supervisory Board Member, PARIS MIKI HOLDINGS Inc.</p> <p>June 2016 Outside Director, PARIS MIKI HOLDINGS Inc. (current position)</p> <p>May 2017 Audit &amp; Supervisory Board Member, Lunettes Inc.</p> <p>May 2018 Director, Lunettes Inc.</p>	– shares
[Reasons for nomination as candidate for outside director] The Company nominates Ms. Akiko Iwamoto for another term as a candidate for outside director as she has professional and extensive insight related to international finance and international economics. Note that although she has no experience of involvement in the management of a company in any way other than as an outside officer, the Company judges that she is able to appropriately perform her duties as an outside director due to the aforementioned reasons.			
6	Satoru Nino (November 10, 1945) [Re-election] [Outside] [Independent]	<p>April 1984 Found ESMOD Tokyo, President (current position)</p> <p>September 1996 Executive Director, ESMOD Paris</p> <p>July 2000 President, French ESMOD International (current position)</p> <p>June 2006 Outside Audit &amp; Supervisory Board Member, PARIS MIKI Inc.</p> <p>June 2008 Outside Director, PARIS MIKI Inc.</p> <p>June 2019 Outside Director, PARIS MIKI HOLDINGS Inc. (current position)</p>	– shares
[Reasons for nomination as candidate for outside director] The Company nominates Mr. Satoru Nino for another term as a candidate for outside director as he is highly regarded in international fashion and the education sector and has extensive experience in school management. In addition, he has past experience as an Outside Audit & Supervisory Board Member of the Company for two (2) years from 2006 and as an Outside Director of the Company for six (6) years from 2008, and has a good understanding of the corporate philosophy and principle of the Company and the business.			

- Notes: 1. Mr. Mikio Tane is President and Representative Director of Lunettes Inc. The Company has a business relationship with Lunettes Inc. regarding non-life insurance and real estate leasing, and there is a loan guarantee on borrowing from a financial institution in place between the two companies.
2. There are no special interests between the other candidates for director and the Company.
3. Ms. Akiko Iwamoto and Mr. Satoru Nino are candidates for outside director.
4. The number of the Company's shares held by each candidate presented is the number of shares held as of May 31, 2020, and it includes his/her shareholding in PARIS MIKI's Officers Shareholding Association.
5. The current lengths of Ms. Akiko Iwamoto's service and Mr. Satoru Nino's service as outside directors of the Company will be four (4) years and one (1) month and one (1) year and one (1) month, respectively at the conclusion of this General Meeting of Shareholders.
6. The Company has entered into an agreement limiting liability with Ms. Akiko Iwamoto and Mr. Satoru Nino. If their re-election is approved, the Company intends to continue the

aforesaid agreement, which limits their liability for damages to the higher of 1 million yen or the minimum amount set forth in Paragraph 1, Article 425 of the Companies Act.

7. The Company has notified both Ms. Akiko Iwamoto and Mr. Satoru Nino as independent officers to the Tokyo Stock Exchange.

**Proposal 2:** Election of Two (2) Audit & Supervisory Board Members

Of the three (3) audit & supervisory board members, the term of office of Mr. Hideo Koshio and Mr. Yoshiaki Nishimura will expire at the conclusion of this General Meeting of Shareholders.

Accordingly, the Company proposes the election of two (2) audit & supervisory board members.

This proposal has obtained the consent of the Audit & Supervisory Board.

Candidates for audit & supervisory board member are as follows.

Candidate No.	Name (Date of birth)	Career summary, position and important concurrent posts	Number of the Company's shares held
1	Toshiro Nagata (March 7, 1959) [New election]	<p>April 1988 Joined Great Construction Inc. (now GREAT Inc.)</p> <p>April 1997 General Manager, Great Construction Inc.</p> <p>August 1999 Director, Great Construction Inc.</p> <p>June 2000 President and Representative Director, Great Construction Inc.</p> <p>July 2002 Director, Great Construction Inc.</p> <p>July 2008 President and Representative Director, Great Construction Inc.</p>	5,179 shares
<p>[Reasons for nomination as candidate for audit &amp; supervisory board member] The Company nominates Mr. Toshiro Nagata as a candidate for audit &amp; supervisory board member because he has long experience of corporate management as the president of the Company's subsidiary, and the Company judges that he, making use of such knowledge to perform proper supervision from an objective standpoint, can carry out his duties as an audit &amp; supervisory board member.</p>			
2	Yoshiaki Nishimura (December 29, 1966) [Re-election] [Outside] [Independent]	<p>September 1993 Joined Ota Showa Ernst &amp; Young (now Ernst &amp; Young Tax Co.)</p> <p>November 1996 Registered as Certified Tax Accountant (to the present)</p> <p>April 1997 Seconded to The Fuji Bank, Limited (now Mizuho Bank, Ltd.)</p> <p>April 2002 Senior Manager, KPMG Peat Marwick (now KPMG Tax Corporation)</p> <p>December 2003 Representative Director, United Partners Inc. (current position)</p> <p>December 2003 Director, Yoshiaki Nishimura Certified Public Tax Accountant Office (current position)</p> <p>July 2011 Audit &amp; Supervisory Board Member, Lunettes Inc.</p> <p>June 2016 Outside Audit &amp; Supervisory Board Member, PARIS MIKI HOLDINGS Inc. (current position)</p>	– shares
<p>[Reasons for nomination as candidate for outside audit &amp; supervisory board member] The Company nominates Mr. Yoshiaki Nishimura as a candidate for outside audit &amp; supervisory board member as he has specialist knowledge and experience as a tax accountant, and we wish for him to use this in the Company's audits.</p>			

- Notes: 1. There are no special interests between the candidates for audit & supervisory board member and the Company.
2. Mr. Yoshiaki Nishimura is a candidate for outside audit & supervisory board member.
3. The number of the Company's shares held by each candidate presented is the number of shares held as of May 31, 2020, and it includes his shareholding in PARIS MIKI's Officers Shareholding Association.
4. Mr. Yoshiaki Nishimura is currently an outside audit & supervisory board member of the Company. The length of his service as outside audit & supervisory board member will be four (4) years and one (1) month at the conclusion of this General Meeting of Shareholders.

5. The Company has entered into an agreement limiting liability with Mr. Yoshiaki Nishimura. If his re-election is approved, the Company intends to continue the aforesaid agreement, which limits his liability for damages to the higher of 1 million yen or the minimum amount set forth in Paragraph 1, Article 425 of the Companies Act. If the election of Mr. Toshiro Nagata is approved, the Company plans to enter into the same limited liability agreement with him.
6. The Company has notified Mr. Yoshiaki Nishimura as an independent officer to the Tokyo Stock Exchange.

**Proposal 3: Revision of Amount of Stock-Option-Type Remuneration to Directors and Audit & Supervisory Board Members and Details Thereof**

It was resolved at the 71st Ordinary General Meeting of Shareholders held on June 25, 2019 that an annual remuneration amount for directors shall be 300 million yen or less (including 30 million yen or less for outside directors; excluding, however, the employee salary portion of directors who concurrently serve as employees), and outside the framework of this, it was resolved at the 66th Ordinary General Meeting of Shareholders held on June 24, 2014 that share options shall be issued to directors and audit & supervisory board members as stock options worth of an annual amount of 50 million yen or less (including 5 million yen for outside directors) and an annual amount of 10 million yen or less (including 5 million yen for outside audit & supervisor board members), respectively, which has stood up until now. However, the Company proposes amending the annual remuneration amount as stock options for directors to 100 million yen or less (including 10 million yen for outside directors) and the annual remuneration amount as stock options for audit & supervisory board members to 20 million yen or less (including 10 million yen for outside audit & supervisory board members), respectively, considering changes in the economic condition to date and an increase in the remuneration linked to business performance and share prices. The amount of remuneration as stock options shall be an amount obtained by multiplying the fair value for one share option by the total number of share options to allocate.

At present there are seven (7) directors (including three (3) outside directors) and three (3) audit & supervisory board members, but if Proposal 1 and Proposal 2 are approved as originally proposed, there will be six (6) directors (including two (2) outside directors) and three (3) audit & supervisory board members.

1. Reason to Issue Share Options to Directors and Audit & Supervisory Board Members

The reason for issuing share options as stock options to directors and audit & supervisory board members is to provide compensation for the execution of duties as incentive to increase the corporate value and raise a management consciousness that seriously considers shareholder interests.

2. Details of Share Options

(1) Type and number of shares to be delivered upon exercise of share options

The Company will set 2,000,000 shares of the Company's common stock as the maximum number of shares that can be delivered upon exercise of the share options to be issued on days within one year from the day of the Ordinary General Meeting of Shareholders for each fiscal year.

In case the Company conducts a share split (including gratis allotment of shares) or share consolidation of the Company's common stock, the subject number of shares shall be adjusted by applying the following formula; provided however, that the applied adjustment is performed on the number of shares underlying the share options that are not exercised in the aforementioned period and fractions of less than one share resulting from the adjustment are disregarded.

Number of shares after adjustment = Number of shares before adjustment x Ratio of share split or share consolidation

Furthermore, in events separate to the above that may occur after the day of resolution, including a merger between the Company and another company, the Company undergoing a company split, the Company reducing its capital, or other event where it is necessary to adjust the number of shares, the Company shall make the necessary adjustment to the extent reasonable.

(2) Number of share options

The maximum total number of share options to be issued within one year from the day of the Ordinary General Meeting of Shareholders for each fiscal year shall be set at 20,000. The number of shares for each share options (hereinafter referred to as the "Number of Granted Shares") shall be 100 shares; provided, however, if a share number adjustment set forth in "(1) Type and number of shares to be delivered upon exercise of share options" above is conducted, similar adjustment shall be applied to the Number of Granted Shares.

(3) Payment amount for share options

Payment of money for share options shall not be required.

(4) Amount to be paid when share options are exercised

Amount to be paid when share options are exercised shall be the paid amount per share that can be delivered by exercising the share options (hereinafter referred to as the “Exercise Amount”), multiplied by the Number of Granted Shares concerning the relevant share options.

The Exercise Amount will be the average value of closing price in regular trading of the Company’s common stock on the Tokyo Stock Exchange (hereinafter referred to as the “Closing Price”) on each day of the previous month of the date when the share options are allocated (hereinafter referred to as the “Allotment Date”), multiplied by 1.05. Note that the date when the trade was not effective is not included. Fractions of less than 1 yen will be rounded up. However, in the case the amount is lower than the Closing Price of the Allotment Date (when no Closing Price is published on that day, Closing Price of the nearest previous date shall be applied; the same shall apply hereinafter), it will be the Closing Price on the Allotment Date.

After the Allotment Date, in an event of a share split or share consolidation of the Company’s common stock, or other event where it is necessary to adjust the Exercise Amount, it will be adjusted by the following formula, with fractions of less than 1 yen rounded up.

$$\text{Exercise Amount after adjustment} = \text{Exercise Amount before adjustment} \times \frac{1}{\text{Ratio of share split/share consolidation}}$$

In addition, after the Allotment Date of the share options, in an event where the Company issues new shares of common stock or disposes of treasury shares of common stock at a price lower than market price, the Exercise Amount will be adjusted by the following formula, with fractions of less than 1 yen rounded up.

$$\text{Exercise Amount after adjustment} = \text{Exercise Amount before adjustment} \times \frac{\text{Number of shares outstanding} + \frac{\text{Number of shares to be issued} \times \text{Subscription price per share to be issued}}{\text{Market price per share}}}{\text{Number of shares outstanding} + \text{Number of shares to be issued}}$$

In the above formula, the “number of shares outstanding” is the number of the Company’s outstanding shares of common stock, deducted by the number of shares of common stock in its treasury stock. In the case the treasury stock is disposed, the “number of shares to be issued” shall be treated as the “number of shares to be disposed.”

Furthermore, in the case the Company is merged with another company, executes a company split, the Company reducing its capital, or other event where it is necessary to adjust the Exercise Amount after the Allotment Date, the Exercise Amount shall be adjusted within a rational range, subject to a resolution of the Board of Directors.

(5) Exercise period of share options

The exercise period shall be determined at the same meeting of the Board of Directors that determines the subscription requirements of the share options and shall be within a range beginning from the day two years after the day of the aforesaid meeting of the Board of Directors and ending on the day ten years after the day of the aforesaid meeting.

(6) Limits of acquisition of share options by assignment

Acquisition of share options by assignment shall require approval of the Board of Directors.

(7) Fair value of share options

The Black-Scholes model, etc. shall be used to calculate the fair value of the share options based on various conditions including the share price of the Company’s shares and the Exercise Amount on the Allotment Date.

(8) Exercise conditions of share options

Holders of the share options are required to satisfy the condition of serving as a director, audit & supervisory board member or employee of the Company or its affiliated companies, even at the time of exercising the share options; providing that this requirement does not apply in the case of retirement of a director or audit & supervisory board member of the Company or its affiliated companies due to the expiry of term of office, or in the case of retirement at mandatory retirement age or other justifiable grounds.

(9) Other subscription requirements concerning share options may be decided by resolution at separately held meetings of the Board of Directors.

**Proposal 4:** Issuance of Share Options as Stock Options to Executive Officers and Employees of the Company, and Directors, Audit & Supervisory Board Members, Executive Officers and Employees of the Company's Subsidiaries

Pursuant to the provisions of Article 236, Article 238 and Article 239 of the Companies Act, the Company proposes your approval for delegating to the Board of Directors of the Company the authority to determine the terms of invitation to share options to be issued as stock options to the executive officers and employees of the Company, and the directors, audit & supervisory board members, executive officers and employees of the Company's subsidiaries so as to contribute to the improvement of the entire Group's corporate value by raising the motivation and morale to encourage them to improve business results and by attracting excellent human resources.

1. Reasons for the need to solicit subscribers for share options on particularly favorable terms

The Company intends to issue share options to the executive officers and employees of the Company, and the directors, audit & supervisory board members, executive officers and employees of the Company's subsidiaries so as to contribute to the improvement of the entire Group's corporate value by raising the motivation and morale to encourage them to improve business results and by attracting excellent human resources.

2. Persons to whom share options are to be allocated

Share options shall be allocated to the executive officers and employees of the Company, and the directors, audit & supervisory board members, executive officers and employees of the Company's subsidiaries.

3. Details and the maximum number of share options whose subscription requirements may be determined by the Company based on the decision made by this General Meeting of Shareholders

(1) Type and number of shares to be delivered upon exercise of share options

Up to 2,500,000 shares of common stock

In case the Company conducts a share split (including gratis allotment of shares) or share consolidation of the Company's common stock, the subject number of shares shall be adjusted by applying the following formula; provided however, that the applied adjustment is performed on the number of shares underlying the share options that are not exercised in the aforementioned period and fractions of less than one share resulting from the adjustment are disregarded.

Number of shares after adjustment = Number of shares before adjustment x Ratio of share split or share consolidation

Furthermore, in events separate to the above that may occur after the day of resolution, including a merger between the Company and another company, the Company undergoing a company split, the Company reducing its capital, or other event where it is necessary to adjust the number of shares, the Company shall make the necessary adjustment to the extent reasonable.

(2) Number of share options

The maximum total number of share options to be issued within one year from the day of this General Meeting of Shareholders shall be set at 25,000. The number of shares for each share options (hereinafter referred to as the "Number of Granted Shares") shall be 100 shares; provided, however, if a share number adjustment set forth in "(1) Type and number of shares to be delivered upon exercise of share options" above is conducted, similar adjustment shall be applied to the Number of Granted Shares.

(3) Payment amount for share options

Payment of money for share options shall not be required.

(4) Amount to be paid when share options are exercised

Amount to be paid when share options are exercised shall be the paid amount per share that can be delivered by exercising the share options (hereinafter referred to as the "Exercise Amount"), multiplied by the Number of Granted Shares concerning the relevant share options.

The Exercise Amount will be the average value of closing price in regular trading of the Company's common stock on the Tokyo Stock Exchange (hereinafter referred to as the "Closing Price") on each day of the previous month of the date when the share options are allocated (hereinafter referred to as the "Allotment Date"), multiplied by 1.05. Note that the date when the trade was not effective is not included. Fractions of less than 1 yen will be rounded up. However, in the case the amount is lower than the Closing Price of the Allotment Date (when no Closing Price is published on that day, Closing Price of the nearest previous date shall be applied; the same shall apply hereinafter), it will be the Closing Price on the Allotment Date.

After the Allotment Date, in an event of a share split or share consolidation of the Company's common stock, or other event where it is necessary to adjust the Exercise Amount, it will be adjusted by the following formula, with fractions of less than 1 yen rounded up.

$$\text{Exercise Amount after adjustment} = \text{Exercise Amount before adjustment} \times \frac{1}{\text{Ratio of share split/share consolidation}}$$

In addition, after the Allotment Date of the share options, in an event where the Company issues new shares of common stock or disposes of treasury shares of common stock at a price lower than market price, the Exercise Amount will be adjusted by the following formula, with fractions of less than 1 yen rounded up.

$$\text{Exercise Amount after adjustment} = \text{Exercise Amount before adjustment} \times \frac{\text{Number of shares outstanding} + \frac{\text{Number of shares to be issued} \times \text{Subscription price per share to be issued}}{\text{Market price per share}}}{\text{Number of shares outstanding} + \text{Number of shares to be issued}}$$

In the above formula, the "number of shares outstanding" is the number of the Company's outstanding shares of common stock, deducted by the number of shares of common stock in its treasury stock. In the case the treasury stock is disposed, the "number of shares to be issued" shall be treated as the "number of shares to be disposed."

Furthermore, in the case the Company is merged with another company, executes a company split, the Company reducing its capital, or other event where it is necessary to adjust the Exercise Amount after the Allotment Date, the Exercise Amount shall be adjusted within a rational range, subject to a resolution of the Board of Directors.

#### (5) Exercise period of share options

The exercise period shall be determined at the same meeting of the Board of Directors that determines the subscription requirements of the share options and shall be within a range beginning from the day two years after the day of the aforesaid meeting of the Board of Directors and ending on the day five years after the day of the aforesaid meeting.

#### (6) Limits of acquisition of share options by assignment

Acquisition of share options by assignment shall require approval of the Board of Directors.

#### (7) Fair value of share options

The Black-Scholes model, etc. shall be used to calculate the fair value of the share options based on various conditions including the share price of the Company's shares and the Exercise Amount on the Allotment Date.

#### (8) Exercise conditions of share options

Holders of the share options are required to satisfy the condition of serving as a director, audit & supervisory board member, executive officer or employee of the Company or its affiliated companies, even at the time of exercising the share options; providing that this requirement does not apply in cases where the Board of Directors finds a justifiable reason after taking various circumstances into account.

(9) Other subscription requirements concerning share options may be decided by resolution at separately held meetings of the Board of Directors.

**Proposal 5: Payment of Retirement Benefits to Retiring Director and Retiring Audit & Supervisory Board Member**

It is proposed that retirement benefits be granted to Mr. Pierre-Olivier Chave and Mr. Hideo Koshio, who will retire from the positions of director and audit & supervisory board member, respectively at the conclusion of this General Meeting of Shareholders due to the expiration of their terms of office, in appreciation of their services during their terms of office, for an amount of not more than 6 million yen to the retiring director, and for an amount of not more than 5 million yen to the retiring audit & supervisory board member, respectively, based upon certain standards stipulated by the Company.

It is also proposed that such matters as the actual amounts, the timing and method be determined by the Board of Directors for the retiring director and by the deliberation of the audit & supervisory board members for the retiring audit & supervisory board member.

Career summaries for retiring director and retiring audit & supervisory board member are as follows.

Name	Career Summary	
Pierre-Olivier Chave	June 2014	Outside Director, PARIS MIKI HOLDINGS Inc. (current position)
Hideo Koshio	June 2012	Audit & Supervisory Board Member, PARIS MIKI HOLDINGS Inc. (current position)

(Attached Documents)

## **Business Report**

(From April 1, 2019 to March 31, 2020)

### 1. Current status of the Group

#### (1) Corporate philosophy and principle of the Group

We are putting effort into all of our businesses, based on our corporate philosophy and principle.

##### Corporate philosophy

“Firstly for our customers and their future”

“Secondly for our employees and their future”

“Thirdly for our company and its future”

##### Principles

First principle

To provide the best customer service of all the companies in the world

Second principle

To respect individuals, and show genuine interest in nature and people

Third principle

To provide responsible and dignified service to the fullest of our capabilities

#### (2) Business operations during the fiscal year under review

##### i) Progress and results of business

In the fiscal year under review, the Japanese economy seems to have shown signs of stagnation due to deteriorated consumer confidence caused by natural disasters such as typhoons and the consumption tax hike. However, the Japanese economy was in a situation where its recovery was expected after January, 2020.

In this environment, the impact of spread of novel coronavirus disease (COVID-19) has begun to appear with rapid deterioration of business sentiment, and thus, there have remained grave concerns over future prospects.

The Group saw a reactionary decrease in sales after affected by the weather and the consumption tax hike, whilst in the domestic retail business, sales by existing stores have begun to exceed those of last year since December, 2019. Sales by the Company as a whole also increased year-on-year for January and February, 2020, and were steadily on the rise.

However, during a preparation period for the new school term, which was expected to attract more customers, the COVID-19 was spreading, and thus, we responded to this situation by implementing temporary closure of or shortening business hours of stores in areas where stay-at-home requests were made due to the widespread of the COVID-19. Of course, we have worked on preventing the spread of the COVID-19 by prioritizing the safety of our customers and employees, which, however, greatly caused a sales decline for March, 2020 due to curtailed business activities, and as a result, total sales for the fiscal year under review fell from the previous fiscal year's level.

PARIS MIKI Inc., which is the Company's major subsidiary in Japan, has continued to renovate stores and make capital investment in order to clarify the concept of each store to suit the region where the store operates, and also in order to introduce VLC (Visual Life Care), a detailed vision

measurement system to match vision to lifestyle, in all stores. It has made efforts to improve net sales per store and increase efficiency by moving stores to better locations, including integration of independent suburban style stores into log house type stores.

In regard to products, in addition to developing and proposing high value-added lenses for smart phones and driving as well as enhancing private brand frames by emphasizing the appeal of them being Japanese made as part of the Made in JAPAN project. Through business collaboration with Shamir Optical Industry Ltd., which constructed a new lens factory in Japan, PARIS MIKI Inc. released “24G” progressive multifocal lenses, which can be delivered within 24 hours compared with other progressive multifocal lenses which normally require about one week in delivery.

In regard to the senior citizens market, we have continued to enhance products in order to cater for potential needs through addressing specific concerns such as providing more affordable private brand hearing aid products and allowing customers to participate in a monitor trial before purchasing motorized wheelchairs, and the results have been satisfactory.

In addition, the Company is working on a medical-related operations support business that has secured a certain level of profit as a group subsidiary.

In regard to its overseas subsidiaries, the Chinese subsidiaries, which previously made large contributions to profits, have found it difficult to generate profits due to sudden market changes and increased costs such as personnel costs. Consequently, progress has been made in the reorganization of stores, and although still in the red, their deficits have been reduced. The Vietnamese and Philippine subsidiaries, which have business partnerships with medical institutions, have been steadily making profits, so the total operating loss of its overseas subsidiaries was reduced. Since many of the overseas subsidiaries end their fiscal year at the end of December each year, the spread of the COVID-19 did not significantly affect the consolidated financial results for the fiscal year under review.

As a result of the above, in the fiscal year under review, net sales were 48,307 million yen, down 2.8% year on year, operating profit was 476 million yen, up 225.1% year on year, ordinary profit was 446 million yen, up 91.5% year on year, and impairment loss of unprofitable stores of 771 million yen was recorded, and loss attributable to owners of parent was 730 million yen (loss attributable to owners of parent of 1,342 million yen in the previous fiscal year).

ii) Capital investment

Capital investment by the Group in the fiscal year under review was 2,105 million yen.

At the Group during the fiscal year under review, the number of stores opened, the number of main store renovations and the number of stores closed are as follows.

[Domestic retail business]

Region	Number of stores opened	Number of stores renovated	Number of stores closed
Hokkaido and Tohoku	1	–	3
Kanto	7	16	18
Chubu	3	12	10
Kinki	3	16	14 [3]
Chugoku	1	4	5 [1]
Shikoku	3	1	5 [1]
Kyushu and Okinawa	1	3	4
Total	19	52	59 [5]

(Note) Figures in square brackets [ ] indicate the numbers of franchise stores within the numbers outside the brackets.

[Overseas retail business]

Region	Number of stores opened	Number of stores renovated	Number of stores closed
Europe	–	–	–
Asia	8	6	26
Oceania	–	–	–
U.S.	–	–	–
Total	8	6	26

iii) Funding

With the purpose of ensuring flexibility and stability in its procurement of funds, the Group has entered into a global commitment line contract with one of the banks with which it does business. The total amount of funding commitment pertaining to the Company and its consolidated subsidiaries based on this contract is 6,100 million yen, and the used commitment as of the end of the fiscal year under review was 4,818 million yen.

iv) Restructuring actions such as business transfer, merger, etc.

Not applicable.

(3) Assets and operating results in and at the end of the fiscal year under review and three preceding fiscal years

i) Assets and operating results of the Group

Category	69th fiscal term ended March 31, 2017	70th fiscal term ended March 31, 2018	71st fiscal term ended March 31, 2019	72nd fiscal term ended March 31, 2020 (fiscal year under review)
Net sales (Millions of yen)	49,881	50,406	49,689	48,307
Ordinary profit (loss) (Millions of yen)	(616)	463	233	446
Loss attributable to owners of parent (Millions of yen)	(1,721)	(1,160)	(1,342)	(730)
Loss per share (Yen)	(33.45)	(22.70)	(26.35)	(14.34)
Total assets (Millions of yen)	47,926	45,977	42,945	40,770
Net assets (Millions of yen)	35,060	33,078	30,880	29,652
Net assets per share (Yen)	676.02	642.35	599.11	576.69

ii) Assets and operating results of the Company

Category	69th fiscal term ended March 31, 2017	70th fiscal term ended March 31, 2018	71st fiscal term ended March 31, 2019	72nd fiscal term ended March 31, 2020 (fiscal year under review)
Net sales (Millions of yen)	549	439	430	417
Operating revenue (Millions of yen)	1,280	1,170	1,218	1,462
Ordinary profit (loss) (Millions of yen)	12	(76)	29	(65)
Loss (Millions of yen)	(447)	(663)	(287)	(109)
Loss per share (Yen)	(8.69)	(12.99)	(5.65)	(2.15)
Total assets (Millions of yen)	38,296	36,644	35,057	34,354
Net assets (Millions of yen)	33,544	31,853	30,772	29,987
Net assets per share (Yen)	651.97	624.08	603.01	589.46

(Notes to i) and ii) above)

1. Loss per share is calculated using the average number of issued shares during the period (excluding the average number of treasury shares during the period).
2. Net assets per share is calculated using the number of issued shares at the end of the period (excluding the number of treasury shares at the end of the period).

(4) Important parent company and subsidiaries

i) Parent company

Not applicable.

ii) Important subsidiaries

Company name	Share capital	Voting rights held by the Company	Major business
PARIS MIKI Inc.	¥100 million	100.0%	Eyewear retail
KIMPO-DO Co. Ltd.	¥100 million	100.0%	Eyewear retail
GREAT Inc.	¥100 million	100.0%	General construction, interior finishing, store design and construction
Create three Co., Ltd.	¥100 million	100.0%	Eyewear frame manufacturing
O.P.T make FUKUI Co., Ltd. (Note 1)	¥20 million	100.0%	Eyewear frame repair business
Medishared Co., Ltd.	¥20 million	100.0%	Medical-related business
PARIS MIKI S.A.R.L.	€1,000 thousand	100.0%	Eyewear retail in France
OPTIQUE PARIS-MIKI(S) PTE. LTD.	S\$190 thousand	73.7%	Eyewear retail in Singapore
PARIS-MIKI INTERNATIONAL GmbH	€1,907 thousand	100.0%	Eyewear retail in Germany
PARIS-MIKI LONDON LTD.	£1,480 thousand	100.0%	Eyewear retail in the U.K.
PARIS MIKI AUSTRALIA PTY. LTD.	A\$27,786 thousand	100.0%	Eyewear retail in Australia
MIKI, INC.	US\$1,800 thousand	100.0%	Eyewear retail in the USA (Hawaii)
OPTIQUE PARIS MIKI (M) SDN BHD	M\$1,000 thousand	100.0%	Eyewear retail in Malaysia
Paris Miki Optical (China) Co., Ltd.	RMB 56,898 thousand	100.0%	Eyewear lens manufacturing and eyewear retail in China
PARIS MIKI OPTICAL TAIWAN CO., LTD.	NT\$29,800 thousand	100.0%	Eyewear retail in Taiwan
PARIS MIKI OPTICAL (THAILAND) CO., LTD.	B10,000 thousand	98.0%	Eyewear retail in Thailand
DIANE OPTICAL INC.	₩1,050 million	76.4%	Eyewear wholesale in South Korea
Shanghai Paris Miki Optical Co., Ltd.	RMB 520 thousand	(Note 2) 100.0%	Eyewear retail in China
HATTORI & DREAM PARTNERS LTD.	US\$1,000 thousand	(Note 3) 82.0%	Medical-related business in Vietnam

- (Notes) 1. O.P.T make FUKUI Co., Ltd. has been included as an important subsidiary in the fiscal year under review.  
2. The voting rights held by Paris Miki Optical (China) Co., Ltd., which is a subsidiary of the Company, are shown.  
3. The voting rights held by PARIS MIKI Inc., which is a subsidiary of the Company, are shown.  
4. The Company has 29 consolidated subsidiaries including the 19 shown above.

iii) Matters relating to specified wholly owned subsidiaries

Company name	Address	Total book value	Total assets of the Company
PARIS MIKI Inc.	2-4-3 Nihonbashi-Muromachi, Chuo-ku, Tokyo	¥25,832 million	¥34,354 million

iv) Important other affiliated company

Company name	Share capital	Voting rights in the Company held	Major business
Lunettes Inc.	¥100 million	41.97%	Beauty and health related business and non-life insurance agency

## (5) Issues to be addressed

We are happy to announce that in October, 2020, the Company will mark the 90th anniversary since its foundation. In order to become a corporate group that can offer proposals for true riches to customers from the perspective of customers and their future, at first, we will focus our management resources in the eyewear business, which is our core business, and also venture into new fields by making use of the principles and experience we have developed, where we will make efforts to create surprise and satisfaction for customers before celebrating the 100th anniversary in 10 years' time.

PARIS MIKI Inc., which is the Company's major subsidiary in Japan, intend to continue to reevaluate old-fashioned stores, proceed with consolidation, and strengthen its structure in order to establish deeper relationships between each of its stores and their customers. Furthermore, in order to accommodate different types of regions and customers, we intend to implement measures by store segments with different product lineups and sales methods, and to work on promoting store renovation.

With respect to new store openings, we expect to open 17 stores, mainly using vacant storefronts or properties with nothing remaining inside, in shopping centers and independent suburban style stores. With respect to store closure and consolidation, we also plan to close or merge 45 stores, mainly old-fashioned ones.

With respect to products, we have worked on enhancing and promoting eyewear frames through our made-in-JAPAN private brand offering outstanding functionality and design, while we have continued to develop and promote eyewear lenses with different functions for different purposes and superior consideration for eye health, and in this manner, we will do our best to meet new needs as well. With respect to hearing aids, which have not still penetrated the Japanese senior market fully despite the large number of people who have limited hearing capability, we have been working on boosting potential demand by offering hearing aid rental services or the like which customers can begin to use at ease as well as developing affordable products.

In the overseas business, we have been pushing ahead with the reorganization of existing stores and adjustments of unprofitable stores in regions where the business environment remains difficult, while expanding stores in regions where future growth is expected. With a view to medium- to long-term growth, we have been aggressively working on development into new markets, especially Southeast Asia, etc. through cooperation with the medical (ophthalmology) business, and are planning to turn overseas subsidiaries into a profitable structure as a whole in 3 years' time.

It is because of the uncertain future that the Group finds it important to further build trust from customers while responding to their concerns. In order to have stores with a cozy atmosphere and trusted staff which customers can visit with peace of mind, the Group will continue to work on making capital investment including store renovation and conducting employee training.

It is expected that the current worldwide spread of the COVID-19 cause various effects at home and abroad, including unanticipated events that have occurred up to now. Even in such an unprecedented state of emergency, we will always follow our management philosophy based on a motto "more proactively by assuming the worst possible scenario to handle." Accordingly, we will seriously consider what should be done, and deal with it with a strong belief.

We also believe that the post-COVID-19 era will be a new era different from the previous era as if time jumped ahead 3 to 5 years. We regard this difficult period as an opportunity to make a leap and turn the hardship into a driving force, and while making full use of a new innovation, we will create new markets to which we can provide "excitement" and "security."

We sincerely appreciate your continued support.

## (6) Major business (as of March 31, 2020)

The Group is composed of the Company and 29 consolidated subsidiaries, six non-consolidated

subsidiaries, two associates and one other affiliated company. The Group's major business is eyewear retail and it is engaged in business in Japan and overseas.

(7) Major offices (as of March 31, 2020)

[Head office] 2-4-3 Nihonbashi-Muromachi, Chuo-ku, Tokyo

[Headquarters] 1-2-3 Kaigan, Minato-ku, Tokyo

[Domestic retail business]

Region	Number of stores	Region	Number of stores
Hokkaido and Tohoku	49 [7]	Chugoku	85 [29]
Kanto	188 [18]	Shikoku	39 [8]
Chubu	97 [5]	Kyushu and Okinawa	49 [9]
Kinki	194 [25]	Total	701 [101]

- (Notes) 1. Figures in square brackets [ ] indicate the numbers of franchise stores within the numbers outside the brackets.  
 2. Numbers of stores include numbers of KIMPO-DO Co. Ltd. stores.  
 3. The number of Kinki stores includes one restaurant that serves light meals.  
 4. In addition to the above, there are three mobile stores operated with vehicles (Courier).

[Overseas retail business]

Region	Number of stores	Region	Number of stores
Europe	3	Oceania	5
Asia	103	U.S.	6
		Total	117

[Eyewear manufacturing/repair business]

Create three Co., Ltd. Headquarters and factory: Sabae-shi, Fukui

O.P.T make FUKUI Co., Ltd. Headquarters and factory: Sabae-shi, Fukui

(8) Employees (as of March 31, 2020)

i) Employees of the Group

Number of employees	Change from the end of the previous fiscal year
2,874	-7

- (Note) The number of employees includes 21 employees seconded to outside the Group.  
 The above does not include 1,202 contract workers (part-timers) (converted into eight hours a day) and others.

ii) Employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average age	Average service years
69	+3	48.0 years old	23.6 years

- (Note) The number of employees includes 28 employees seconded to outside the Company.  
 The above does not include ten contract workers (part-timers) (converted into eight hours a day) and others.

(9) Major lenders (as of March 31, 2020)

Lender	Borrowings outstanding
Sumitomo Mitsui Banking Corporation	¥5,069 million

(Note) With the purpose of ensuring flexibility and stability in its procurement of funds, the Group has entered into a global commitment line contract with the above bank. The total amount of funding commitment pertaining to the Company and its consolidated subsidiaries based on this contract is 6,100 million yen, and the used commitment as of the end of the fiscal year under review was 4,818 million yen.

(10) Other important matters concerning current status of the Group

There are no important matters to be reported.

2. Current status of the Company

(1) Shares of the Company (as of May 31, 2020)

- i) Total number of authorized shares 223,000,000 shares
- ii) Total number of issued shares 56,057,474 shares
- iii) Number of shareholders 12,081
- iv) Major shareholders (Top 10 shareholders)

Shareholder name	Interest in the Company	
	Number of shares held (Thousands of shares)	Percentage of shares held (%)
Lunettes Inc.	21,323	41.97
BNP PARIBAS SECURITIES SERVICES MILAN/JASDEC/LUXOTTICA GROUP SPA	4,075	8.02
Mikio Tane	3,162	6.22
PARIS MIKI Employee Shareholding Association	2,375	4.68
SMBC Trust Bank Ltd., Designated Securities Trust	1,121	2.21
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,097	2.16
Nobuhiko Tane	742	1.46
Japan Trustee Services Bank, Ltd. (Trust Account)	597	1.18
Japan Trustee Services Bank, Ltd. (Trust Account 5)	474	0.93
GOVERNMENT OF NORWAY	388	0.77

(Note) Percentages of shares held are calculated with treasury shares (5,250,800 shares) excluded.

## (2) Officers of the Company

### i) Directors and audit & supervisory board members (as of March 31, 2020)

Name	Position	Business in charge and important concurrent posts
Mikio Tane	Chairman and Representative Director	President and Representative Director, Lunettes Inc. President, PARIS MIKI INTERNATIONAL GmbH Director, Codomo Limited President and Representative Director, Clover Asset Management Inc. Chief Director, Okuizumo Tane Museum of Natural History (Public Interest Incorporated Foundation) Director, PX Group SA
Masahiro Sawada	President and Representative Director	President and Representative Director, PARIS MIKI Inc.
Fumihiko Nakao	Director	President and Representative Director, Medishared Co., Ltd.
Tetsuro Nakatsuka	Director	Manager of Finance Director, GREAT Inc. Director, Lunettes Inc.
Pierre-Olivier Chave	Director	President, PX Group SA President, PX Précinox SA President, SAV-IOL SA
Akiko Iwamoto	Director	
Satoru Nino	Director	President, French ESMOD International President, ESMOD Tokyo
Hideo Koshio	Standing Audit & Supervisory Board Member	
Yoshiaki Nishimura	Audit & Supervisory Board Member	Representative Director, United Partners Inc. Director, Yoshiaki Nishimura Certified Public Tax Accountant Office
Toshiki Sada	Audit & Supervisory Board Member	Outside Audit & Supervisory Board Member, Goodpatch Inc. External Audit & Supervisory Board Member, RENOVA, Inc. Outside Audit & Supervisory Board Member, Draft Inc. Outside Audit & Supervisory Board Member, Hobonichi Co., Ltd.

- (Notes)
1. Director Mikio Tane is President and Representative Director of Lunettes Inc. The Company has a business relationship with Lunettes Inc. regarding non-life insurance and real estate leasing, and there is a loan guarantee on borrowing from a financial institution in place between the two companies.
  2. Directors Pierre-Olivier Chave, Akiko Iwamoto, and Satoru Nino are outside directors.
  3. Audit & supervisory board members Yoshiaki Nishimura and Toshiki Sada are outside audit & supervisory board members.
  4. The Company has notified all of outside directors and outside audit & supervisory board members as independent officers to the Tokyo Stock Exchange.
  5. Standing audit & supervisory board member Hideo Koshio and audit & supervisory board member Yoshiaki Nishimura have considerable expertise in finance and accounting as described below:
    - Hideo Koshio has engaged for many years in financial reporting procedures and financial statement presentation as the responsible person of the Company's finance and accounting departments.
    - Yoshiaki Nishimura is a qualified certified tax accountant.

### ii) Directors and audit & supervisory board members retired during the fiscal year

Name	Date of retirement	Reason for retirement	Position, business in charge and important concurrent posts at the time of retirement
Kohtaro Yamamoto	June 25, 2019	Completion of term of office	Outside Audit & Supervisory Board Member Managing Partner, Yamamoto & Shibasaki Law Offices Outside Director, Keihin Corporation

### iii) Overview of agreements limiting liability

The Company has entered into agreements with each of outside directors and audit &

supervisory board members pursuant to the provisions of Paragraph 1, Article 427 of the Companies Act to limit their liability for damages as provided for in Paragraph 1, Article 423 of the Companies Act. The maximum amount of liability for damages under these agreements is either 1 million yen or the amount stipulated in laws and regulations, whichever is higher.

iv) Amount of remuneration, etc. for directors and audit & supervisory board members

Total amount of remuneration, etc. for the fiscal year under review

Category	Number of payees	Amount paid
Directors [of which, outside directors]	7 [3]	¥104 million [19]
Audit & Supervisory Board Members [of which, outside audit & supervisory board members]	4 [3]	¥24 million [13]
Total [of which, outside directors and outside audit & supervisory board members]	11 [6]	¥129 million [32]

- (Notes)
- At the end of the fiscal year under review, the number of directors is seven (including three outside directors) and the number of audit & supervisory board members is three (including two outside audit & supervisory board members).
  - It was resolved at the 71st Ordinary General Meeting of Shareholders held on June 25, 2019 that an annual remuneration amount for directors shall be 300 million yen or less (including 30 million yen for outside directors; excluding, however, the salary paid as the employee portion for director who concurrently serves as an employee. In addition, outside the framework of this remuneration, it was resolved at the 66th Ordinary General Meeting of Shareholders held on June 24, 2014 that an annual amount of remuneration as stock options for directors shall be 50 million yen or less (including 5 million yen for outside directors).
  - It was resolved at the 71st Ordinary General Meeting of Shareholders held on June 25, 2019 that an annual remuneration amount for audit & supervisory board members shall be 50 million yen or less. In addition, outside the framework of this remuneration, it was resolved at the 66th Ordinary General Meeting of Shareholders held on June 24, 2014 that an annual amount of remuneration as stock options for audit & supervisory board members shall be 10 million yen or less (including 5 million yen for outside audit & supervisory board members).
  - The above total amounts of remuneration, etc. include the following items:
    - Provision for retirement benefits for directors (and other officers) in the fiscal year under review
 

7 directors	¥8 million
[of which, 3 outside directors]	¥1 million]
3 audit & supervisory board members	¥1 million
[of which, 2 outside audit & supervisory board members]	¥0 million]
  - In addition to the above, payment of retirement benefits to retiring audit & supervisory board member to be put before the 72nd Ordinary General Meeting of Shareholders to be held on July 28, 2020 is as follows. Note that the amount includes the provision for retirement benefits for directors (and other officers) up until the fiscal year under review as stated in the business report, 5 million yen for the directors (including 5 million yen for outside directors) and 2 million yen for the audit & supervisory board members.
 

1 director	¥6 million
[of which, 1 outside director]	¥6 million]
1 audit & supervisory board member	¥5 million

v) Matters concerning outside officers

1) Concurrent positions at other corporations, etc. and relationships between the Company and the said other corporations, etc.

	Concurrent positions and others
Director Pierre-Olivier Chave	President, PX Group SA President, PX Précinox SA President, SAV-IOL SA
Director Akiko Iwamoto	
Director Satoru Nino	President, French ESMOD International President, ESMOD Japon Tokyo
Audit & Supervisory Board Member Yoshiaki Nishimura	Representative Director, United Partners Inc. Director, Yoshiaki Nishimura Certified Public Tax Accountant Office
Audit & Supervisory Board Member Toshiki Sada	Outside Audit & Supervisory Board Member, Goodpatch Inc. External Audit & Supervisory Board Member, RENOVA, Inc. Outside Audit & Supervisory Board Member, Draft Inc. Outside Audit & Supervisory Board Member, Hobonichi Co., Ltd.

(Note) PX Précinox SA and the Company's subsidiaries have purchase transactions of gold bullion, etc.

2) Major activities in the fiscal year under review

	Major activities
Director Pierre-Olivier Chave	Attended five of the seven meetings of the Board of Directors held during the fiscal year under review, and proactively made statements and provided opinions at the meetings from his global perspective and broad knowledge based on long-standing experience in international corporate management.
Director Akiko Iwamoto	Attended all seven meetings of the Board of Directors held during the fiscal year under review, and proactively provided opinions and made statements at the meetings mainly from her professional and broad knowledge related to international finance and international economics.
Director Satoru Nino	Attended three of the five meetings of the Board of Directors held during the fiscal year under review following his assumption of office on June 25, 2019, and proactively provided opinions and made statements at the meetings mainly from his high-level insight into international fashion and the education sector and extensive experience in school management.
Audit & Supervisory Board Member Yoshiaki Nishimura	Attended all seven meetings of the Board of Directors and all eight meetings of the Audit & Supervisory Board held during the fiscal year under review, and asked questions and made statements at the meetings mainly from his expert perspective as a certified tax accountant.
Audit & Supervisory Board Member Toshiki Sada	Attended all five meetings of the Board of Directors and all five meetings of the Audit & Supervisory Board held during the fiscal year under review following his assumption of office on June 25, 2019, and asked questions and made statements at the meetings mainly from his broad expert perspective on business audits.

(Note) In addition to the number of meetings of the Board of Directors shown above, there were six written resolutions that were deemed equivalent to resolutions of the Board of Directors pursuant to the provisions of Article 370 of the Companies Act and Article 23 of the Company's Articles of Incorporation.

### (3) Accounting auditor

i) Name

Ernst & Young ShinNihon LLC

ii) Amount of remuneration, etc.

	Amount paid
Amount of remuneration, etc. for the accounting auditor for the fiscal year under review	¥50 million
Total amount of monies or other economic benefits to be paid to the accounting auditor by the Company and its subsidiaries	¥50 million

- (Notes)
1. The audit agreement entered into by the Company and the accounting auditor does not clearly distinguish between the amount of remuneration, etc., for auditing based on the Companies Act and auditing based on the Financial Instruments and Exchange Act, and the two amounts cannot be practically distinguished from each other. Therefore, the amount of remuneration, etc. for the accounting auditor for the fiscal year under review presented is the total of these two kinds of amounts.
  2. The Audit & Supervisory Board has judged that the amount of remuneration, etc. for the accounting auditor is appropriate, having made the necessary verification of the audit plan contents of the accounting auditor, the status of execution of duties relating to the accounting audit, and the appropriateness of the grounds for calculation of the remuneration estimate.

iii) Policy on determination of dismissal or non-reappointment of the accounting auditor

The Audit & Supervisory Board will decide on details of proposals related to the dismissal or non-reappointment of the accounting auditor to be submitted to a general meeting of shareholders, if it deems it necessary to do so, such as in cases in which performance of duties by the accounting auditor is hindered.

Also, the Audit & Supervisory Board will dismiss the accounting auditor if it judges that any of the items stipulated in Paragraph 1, Article 340 of the Companies Act is applicable to the accounting auditor, based on the consent of all audit & supervisory board members. In this case, an audit & supervisory board member appointed by the Audit & Supervisory Board will report the fact of dismissal and the reasons thereof at the first general meeting of shareholders convened after the dismissal.

iv) Overview of agreement limiting liability

The Company has entered into an agreement with the accounting auditor Ernst & Young ShinNihon LLC pursuant to the provisions of Paragraph 1, Article 427 of the Companies Act to limit its liability for damages as provided for in Paragraph 1, Article 423 of the Companies Act. The maximum amount of liability for damages under this agreement is either 50 million yen or the amount stipulated in laws and regulations, whichever is higher.

#### (4) Policy on determination of dividends of surplus

Aiming for improved corporate value and sustainable growth, the Company's basic policy for capital management is to maintain the financial soundness while taking into account the status of internal reserves set aside for medium- to long-term business investment and cash flow.

The Company's dividend policy is to pay continuous and stable dividends so that shareholders keep the Company's stock over the long term and in a stable manner. The Company aims to realize a dividend policy based on performance at the point that the Company is able to create stable profit. The specific amounts for dividend payments are determined with the aim of a consolidated dividend on equity ratio of 2.0%, in light of the current business environment and performance, and after comprehensive consideration of global business expansion and capital management, as well as social conditions.

In addition, to execute flexible capital management adapted to changes in the business environment, the Company will consider carrying out the acquisition of treasury shares as necessary, from the perspective of medium- to long-term capital management.

For the fiscal year under review, it was resolved at a meeting of the Board of Directors held on May 29, 2020 to pay a year-end dividend of 5 yen per share, with payment commencing from June 24, 2020. As a result, the annual dividend for the fiscal year under review was 10 yen per share (an interim dividend of 5 yen and a year-end dividend of 5 yen).

Note that since we find it difficult to calculate the annual dividend forecast for the year ending March 31, 2021 due to many uncertain factors caused by the effects of the COVID-19 spread, the forecast is still pending, and will be announced promptly once it can be reasonably calculated.

## Consolidated Balance Sheet

(As of March 31, 2020)

(Millions of yen)

ASSETS		LIABILITIES	
<b>Current assets</b>	<b>28,940</b>	<b>Current liabilities</b>	10,126
Cash and deposits	15,487	Notes and accounts payable - trade	1,300
Notes and accounts receivable - trade	2,416	Short-term borrowings	5,107
Merchandise and finished goods	9,090	Lease obligations	7
Raw materials and supplies	977	Accounts payable - other	1,702
Other	1,096	Income taxes payable	215
Allowance for doubtful accounts	(127)	Accrued consumption taxes	256
<b>Non-current assets</b>	<b>11,829</b>	Provision for bonuses	65
<b>Property, plant and equipment</b>	<b>4,298</b>	Provision for loss on store closings	5
Buildings and structures	2,331	Other	1,465
Machinery and equipment	39	<b>Non-current liabilities</b>	991
Tools, furniture and fixtures	986	Long-term borrowings	24
Land	807	Lease obligations	13
Leased assets	19	Provision for retirement benefits for directors (and other officers)	61
Construction in progress	103	Retirement benefit liability	21
Other	10	Deferred tax liabilities	84
<b>Intangible assets</b>	<b>342</b>	Asset retirement obligations	531
Other	342	Other	254
<b>Investments and other assets</b>	<b>7,188</b>	<b>Total liabilities</b>	11,117
Investment securities	1,631	<b>NET ASSETS</b>	
Long-term loans receivable	276	<b>Shareholders' equity</b>	<b>28,701</b>
Leasehold and guarantee deposits	4,898	<b>Share capital</b>	<b>5,901</b>
Construction assistance fund receivables	119	<b>Capital surplus</b>	<b>6,829</b>
Deferred tax assets	35	<b>Retained earnings</b>	<b>24,663</b>
Other	411	<b>Treasury shares</b>	<b>(8,692)</b>
Allowance for doubtful accounts	(141)	<b>Accumulated other comprehensive income</b>	<b>598</b>
Allowance for loss on investments in subsidiaries and associates	(42)	<b>Valuation difference on available-for-sale securities</b>	<b>50</b>
		<b>Foreign currency translation adjustment</b>	<b>547</b>
		<b>Share acquisition rights</b>	<b>39</b>
		<b>Non-controlling interests</b>	<b>313</b>
		<b>Total net assets</b>	<b>29,652</b>
<b>Total assets</b>	<b>40,770</b>	<b>Total liabilities and net assets</b>	<b>40,770</b>

(Note) Amounts less than one million yen are rounded down.

## Consolidated Statement of Income

(From April 1, 2019 to March 31, 2020)

(Millions of yen)

Item	Amount	
Net sales		48,307
Cost of sales		15,564
<b>Gross profit</b>		<b>32,742</b>
Selling, general and administrative expenses		32,266
<b>Operating profit</b>		<b>476</b>
Non-operating income		
Interest and dividend income	58	
Rental income	49	
Commission income	9	
Compensation income	51	
Gain on sales of supplies	37	
Sponsorship money income	50	
Reversal of allowance for loss on investment in subsidiaries and associates	27	
Other	116	400
Non-operating expenses		
Interest expenses	28	
Foreign exchange losses	280	
Commission expenses	15	
Share of loss of entities accounted for using equity method	13	
Provision of allowance for doubtful accounts	34	
Other	56	429
<b>Ordinary profit</b>		<b>446</b>
Extraordinary income		
Gain on sales of non-current assets	48	
Gain on sales of investment securities	57	
Gain on sales of gold bullion	183	
Gain on change in equity	7	
Gain on bargain purchase	4	300
Extraordinary losses		
Loss on sales and retirement of non-current assets	102	
Impairment loss	771	
Loss on valuation of shares of subsidiaries and associates	8	
Loss on valuation of investment securities	0	
Loss on cancellation of store contracts	20	
Provision for loss on store closings	21	925
<b>Loss before income taxes</b>		<b>178</b>
Income taxes - current	396	
Income taxes - deferred	138	534
<b>Loss</b>		<b>712</b>
Profit attributable to non-controlling interests		17
<b>Loss attributable to owners of parent</b>		<b>730</b>

(Note) Amounts less than one million yen are rounded down.

## Non-consolidated Balance Sheet

(As of March 31, 2020)

(Millions of yen)

ASSETS		LIABILITIES	
<b>Current assets</b>	<b>4,781</b>	<b>Current liabilities</b>	<b>4,278</b>
Cash and deposits	4,399	Accounts payable - trade	3
Accounts receivable - trade	139	Short-term borrowings	3,500
Merchandise	122	Accounts payable - other	124
Prepaid expenses	38	Income taxes payable	21
Other	82	Other	629
<b>Non-current assets</b>	<b>29,572</b>	<b>Non-current liabilities</b>	<b>87</b>
<b>Property, plant and equipment</b>	<b>901</b>	Provision for retirement benefits for directors (and other officers)	38
Buildings	201	Deferred tax liabilities	31
Vehicles	0	Asset retirement obligations	14
Tools, furniture and fixtures	2	Other	3
Land	697		
<b>Intangible assets</b>	<b>146</b>	<b>Total liabilities</b>	<b>4,366</b>
Trademark right	1	<b>NET ASSETS</b>	
Software	72	<b>Shareholders' equity</b>	<b>29,868</b>
Other	71	<b>Share capital</b>	<b>5,901</b>
<b>Investments and other assets</b>	<b>28,524</b>	<b>Capital surplus</b>	<b>6,829</b>
Investment securities	1,274	Legal capital surplus	6,829
Shares of subsidiaries and associates	26,192	<b>Retained earnings</b>	<b>25,830</b>
Investments in capital of subsidiaries and associates	271	Legal retained earnings	582
Long-term loans receivable from subsidiaries and associates	2,176	Other retained earnings	25,247
Long-term prepaid expenses	34	Reserve for overseas investment	3,220
Other	185	General reserve	20,890
Allowance for doubtful accounts	(1,041)	Retained earnings brought forward	1,137
Allowance for loss on investments in subsidiaries and associates	(567)	<b>Treasury shares</b>	<b>(8,692)</b>
		<b>Valuation and translation adjustments</b>	<b>80</b>
		<b>Valuation difference on available-for-sale securities</b>	<b>80</b>
		<b>Share acquisition rights</b>	<b>39</b>
		<b>Total net assets</b>	<b>29,987</b>
<b>Total assets</b>	<b>34,354</b>	<b>Total liabilities and net assets</b>	<b>34,354</b>

(Note) Amounts less than one million yen are rounded down.

## Non-consolidated Statement of Income

(From April 1, 2019 to March 31, 2020)

(Millions of yen)

Item	Amount	
Net sales		
Net sales of goods		417
Operating revenue		
Consulting fee income	768	
System usage fee income	369	
Lease income	24	
Dividends from subsidiaries and associates	300	1,462
Cost of sales		125
Selling, general and administrative expenses		1,483
<b>Operating profit</b>		<b>270</b>
Non-operating income		
Interest and dividend income	17	
Rental income	7	
Other	2	26
Non-operating expenses		
Interest expenses	12	
Commission expenses	15	
Foreign exchange losses	255	
Provision of allowance for loss on investments in subsidiaries and associates	26	
Provision of allowance for doubtful accounts	52	
Other	0	362
<b>Ordinary loss</b>		<b>65</b>
Extraordinary income		
Gain on sales of non-current assets	41	
Gain on sales of investment securities	57	
Gain on sales of gold bullion	183	281
Extraordinary losses		
Loss on sales and retirement of non-current assets	11	
Impairment loss	94	
Loss on valuation of shares of subsidiaries and associates	8	
Loss on valuation of investments in capital of subsidiaries and associates	169	
Loss on valuation of investment securities	0	285
<b>Loss before income taxes</b>		<b>69</b>
Income taxes - current	40	
Income taxes - deferred	(0)	40
<b>Loss</b>		<b>109</b>

(Note) Amounts less than one million yen are rounded down.

**THE AUDIT REPORT OF INDEPENDENT AUDITORS**  
**CONCERNING THE CONSOLIDATED FINANCIAL STATEMENTS**

**Report of Independent Auditors**

June 23, 2020

The Board of Directors  
PARIS MIKI HOLDINGS Inc.

Ernst & Young ShinNihon LLC  
Tokyo Office

Atsutada Kato (Seal)  
Certified Public Accountant  
Designated and Engagement Partner

Hideki Horii (Seal)  
Certified Public Accountant  
Designated and Engagement Partner

*Opinion*

Pursuant to Paragraph 4, Article 444 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements of PARIS MIKI HOLDINGS Inc. (the “Company”) applicable to the fiscal year from April 1, 2019 through March 31, 2020.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2020 in conformity with accounting principles generally accepted in Japan.

*Basis for Opinion*

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

*Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements*

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

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group’s ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Audit & supervisory board members and the Audit & Supervisory Board and the Board of Corporate Auditors are responsible for overseeing the directors’ performance of duties within the maintenance and operation of the financial reporting process.

*Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements*

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that

includes our opinion on the consolidated financial statements based on our audit from an independent point of view.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly represent the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the audit & supervisory board members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the audit & supervisory board members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

#### *Conflicts of Interest*

We or engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed in accordance with the Certified Public Accountants Act.

**THE AUDIT REPORT OF INDEPENDENT AUDITORS**  
**CONCERNING THE NON-CONSOLIDATED FINANCIAL STATEMENTS**

**Report of Independent Auditors**

May 28, 2020

The Board of Directors  
PARIS MIKI HOLDINGS Inc.

Ernst & Young ShinNihon LLC  
Tokyo Office

Atsusada Kato (Seal)  
Certified Public Accountant  
Designated and Engagement Partner

Hideki Horii (Seal)  
Certified Public Accountant  
Designated and Engagement Partner

*Opinion*

Pursuant to Item 1, Paragraph 2, Article 436 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in equity, the notes to the financial statements and the related supplementary schedules of PARIS MIKI HOLDINGS Inc. (the “Company”) applicable to the 72nd fiscal year from April 1, 2019 through March 31, 2020.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Company applicable to the 72nd fiscal year ended March 31, 2020 in conformity with accounting principles generally accepted in Japan.

*Basis for Audit Opinion*

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

*Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-Consolidated Financial Statements*

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

In preparing the non-consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements with the assumption of the Group’s ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Audit & supervisory board members and the Audit & Supervisory Board are responsible for overseeing the directors’ performance of duties within the maintenance and operation of the financial reporting process.

*Auditor’s Responsibilities for the Audit of the Non-Consolidated Financial Statements*

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, etc. and to issue an auditor’s report that includes our opinion on the non-consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the non-

consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the non-consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements or, if the notes to the non-consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the related notes thereto, and whether the non-consolidated financial statements fairly represent the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the Company's financial information included in the non-consolidated financial statements to express an opinion on the non-consolidated financial statements. We are responsible for the direction, supervision and performance of the audit regarding the Company's financial information. We remain solely responsible for our audit opinion.

We communicate with the audit & supervisory board members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the audit & supervisory board members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

#### *Conflicts of Interest*

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

## **REPORT OF THE AUDIT & SUPERVISORY BOARD**

### **Audit Report**

The Audit & Supervisory Board has prepared this Audit Report upon deliberation based on the Audit Report created by each audit & supervisory board member regarding the performance of duties by the directors during the 72nd fiscal year from April 1, 2019 to March 31, 2020, and hereby reports as follows:

#### 1. Audit & Supervisory Board Members' and Audit & Supervisory Board's Auditing Methods and Contents

- (1) The Audit & Supervisory Board stipulated the auditing policies, share of assignment, etc., received reports from each audit & supervisory board member on the auditing status and the auditing results; received reports from directors, etc. and the accounting auditor regarding performance of their duties and requested explanations as necessary.
- (2) In accordance with the audit & supervisory board members' auditing standards, auditing policies, share of assignment, and other matters stipulated by the Audit & Supervisory Board, each audit & supervisory board member communicated with the directors, the internal auditing department and other employees, and strived to maintain an environment for information gathering and auditing. The audits were conducted by the following methods.
  - i) Audit & supervisory board members attended meetings of the Board of Directors and other important meetings; received reports from directors and employees regarding performance of their duties; requested explanations as necessary; inspected important authorized documents; and investigated the activities and status of assets at the headquarters and major offices. Moreover, as for the subsidiaries, we communicated and exchanged information with the directors, audit & supervisory board members, etc. of the subsidiaries and received reports on their business operations as necessary.
  - ii) Audit & supervisory board members verified the resolutions adopted by the Board of Directors regarding the maintenance of a system to assure that the performance of duties by the directors, as stated in the business report, complies with the laws and regulations and the Articles of Incorporation, and the maintenance of a system necessary to assure the appropriateness of other business activities of the corporate group formed by the corporation and its subsidiaries stipulated in Paragraphs 1 and 3, Article 100 of the Ordinance for Enforcement of the Companies Act. We also regularly received reports from directors and employees on the status of the establishment and operation of the system (internal control system) established in accordance with such resolutions adopted by the Board of Directors, requested explanations as necessary, and expressed our opinions.
  - iii) Audit & supervisory board members monitored and verified whether or not the accounting auditor had maintained their independent positions and had conducted appropriate audits and received reports from the accounting auditor regarding performance of their duties and requested explanations as necessary. Also, we received notice that the "system to assure that duty is executed appropriately" (the matters listed in the items of Article 131 of the Ordinance on Accounting of Companies) has been maintained in accordance with the "Quality Control Standards for Audits" (October 28, 2005, the Business Accounting Council) from the accounting auditor and requested explanations as necessary.

Based on the above methods, we examined the business reports, the related supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity and notes to the non-consolidated financial statements) and the related supplementary schedules as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and the notes to the consolidated financial statements) for the relevant fiscal year.

#### 2. Results of Audit

##### (1) Results of audit on the business report

- i) The business report and the related supplementary schedules are found to accurately present the status of the Company in conformity with the laws and regulations and the Articles of Incorporation.
- ii) In connection with the performance of duties by the directors, no dishonest act or significant fact of a violation of laws and regulations, or the Articles of Incorporation is found to exist.
- iii) The contents of the resolutions of the Board of Directors regarding the internal control systems are found to be proper. Also, the descriptions in the business report regarding the relevant internal control system and the performance of duties by the directors are found to accurately present the matters to be stated therein and have nothing to be pointed out.

(2) Results of audit on the non-consolidated financial statements and the related supplementary schedules

The methods and results of the audit made by the accounting auditor, Ernst & Young ShinNihon LLC, are found to be proper.

(3) Results of audit on the consolidated financial statements

The methods and results of the audit made by the accounting auditor, Ernst & Young ShinNihon LLC, are found to be proper.

June 24, 2020

Audit & Supervisory Board  
PARIS MIKI HOLDINGS Inc.

Hideo Koshio (Seal)  
Standing Audit & Supervisory Board Member

Yoshiaki Nishimura (Seal)  
Outside Audit & Supervisory Board Member

Toshiki Sada (Seal)  
Outside Audit & Supervisory Board Member