Securities Code: 3099
June 3, 2025
Start date of measures for electronic provision: May 23, 2025

To Shareholders with Voting Rights

Toshiyuki Hosoya
President and CEO
Isetan Mitsukoshi Holdings Ltd.
5-16-10, Shinjuku, Shinjuku-ku, Tokyo, Japan

NOTICE OF THE CONVOCATION OF THE 17TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Please be notified that the 17th Ordinary General Meeting of Shareholders of Isetan Mitsukoshi Holdings Ltd. (the "Company") will be held as described below.

In convening this General Meeting of Shareholders, the Company has taken measures for electronic provision. Matters subject to electronic provision are posted on the following website as "Notice of the Convocation of the 17th Ordinary General Meeting of Shareholders."

The Company's website:
https://www.imhds.co.jp/corporate/ir/stockholder/meeting/index.html

In addition to the above, matters subject to electronic provision are also posted on the Tokyo Stock Exchange (TSE) website. Please go to the TSE website (Listed Company Search) below, enter and search for the Company in either the "Issue name (company name)" bar or the "Code" bar, and then select "Basic information," followed by "Documents for public inspection/PR information" in order to view the information.

Tokyo Stock Exchange, Inc. website:
https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show

If you are unable to attend the meeting in person, you may exercise your voting rights via the Internet or in writing. We ask you to review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 6 p.m., Monday, June 23, 2025.

1. Date and Time: Tuesday, June 24, 2025, at 10:00 a.m. (Reception starts at 9:00 a.m.)

2. Place: Pegasus Grand Ballroom, 1F, Hilton Tokyo Odaiba
1-9-1, Daiba, Minato-ku, Tokyo, Japan

3. Agenda of the Meeting:

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 17th term (from April 1, 2024 to March 31, 2025) and the results of audits by the Accounting Auditor and the Audit Committee of the Consolidated Financial Statements
2. The Nonconsolidated Financial Statements for the 17th term (from April 1, 2024 to March 31, 2025)

Proposals to be resolved:

Proposal No. 1: Appropriation of Surplus
Proposal No. 2: Election of Nine Directors

* If you are attending the meeting on the day, we ask you to submit the Voting Rights Exercise Form at the meeting venue reception desk.

* In accordance with the provisions of laws and regulations and the Articles of Incorporation of the Company, the following matters are not described in the documents provided to shareholders who requested a paper copy. The Audit Committee and the Accounting Auditor have audited the documents subject to audit, including the following items.

1) Business Report

Matters related to the Group's status

Change in assets and earnings

Principal lines of business

Principal sales and business establishments

Employees

Matters related to the Company shares

Matters related to the stock acquisition rights issued by the Company

Matters concerning Directors and Auditors

Matters concerning External Directors and Outside Corporate Auditors

Outline of limited liability agreements

Outline of directors and officers liability insurance contract

Matters concerning the Independent Auditor

Matters concerning the system to ensure appropriate conduct of business

Policies on determination of surplus dividend

Measures regarding corporate governance

2) Consolidated Financial Statements

Consolidated Balance Sheet, Consolidated Statement of Income, Summary of Consolidated Statement of Cash Flow (For Reference), Consolidated Statement of Changes in Net Assets, Notes to Consolidated Financial Statements

3) Nonconsolidated Financial Statements

Nonconsolidated Balance Sheet, Nonconsolidated Statement of Income, Nonconsolidated Statement of Changes in Net Assets, Notes to Nonconsolidated Financial Statements

4) Audit Report

Accounting Auditor's Report Relating to Statutory Reports (Consolidated)

Accounting Auditor’s Report Relating to Statutory Reports

Audit Report by the Audit Committee

*In the event of any modification to the matters subject to electronic provision, it will be announced via each of the designated websites.

*Please refer to the information on the following pages on how to exercise your voting rights.

Guide to Exercising Voting Rights

Voting rights at general meetings of shareholders are important rights to be exercised by shareholders. Please review the Reference Documents for the General Meeting of Shareholders described in the matters subject to electronic provision and exercise your voting rights.

1) If you are attending the General Meeting of Shareholders, please submit the Voting Rights Exercise Form at the meeting venue reception desk.
2) If there is no indication of consent/dissent for a proposal on the Voting Rights Exercise Form, this will be deemed as a vote of consent.
3) Please bear in mind that non-shareholding proxies, persons accompanying you or anyone else who is not a shareholder will NOT be allowed to enter the venue (except for those accompanying any shareholders with disabilities).

When exercising Voting Rights by mail

Please indicate your consent/dissent concerning each proposal shown on the Voting Rights Exercise Form, and drop the form into a mailbox (postage not necessary).

Deadline: To arrive by no later than 6 p.m. Monday, June 23, 2025

When exercising Voting Rights via the Internet

Please access the website (https://evote.tr.mufg.jp/), and enter your consent/dissent concerning each proposal by following the guidance on the screen.

Refer to the next page for details of the “Guide to Exercising Voting Rights via the Internet.”

Deadline: Exercised by no later than 6 p.m. Monday, June 23, 2025

For Institutional Investors

Institutional investors may use “Voting Rights Exercise Platform” (so-called Tokyo Stock Exchange platform), as a means of exercising voting rights.

Guide to Exercising Voting Rights via the Internet

Exercise of voting rights via the Internet is only possible by accessing the website (https://evote.tr.mufg.jp/) designated by the Company exclusively for the purpose of exercising voting rights via a personal computer, smartphone or mobile phone.

Important Notes:

- Votes may be exercised via the Internet until 6 p.m. Monday, June 23, 2025.
- If we receive votes both by conventional mail and via the Internet, we will consider the Internet vote to be the valid vote.
- When exercising voting rights via the Internet multiple times, we will consider the last vote to be the valid vote.

For inquiries concerning systems, etc., please contact the Help Desk:

Mitsubishi UFJ Trust and Banking Corporation,
Securities Agent Department
0120-173-027 (Business hours: 9:00 a.m. - 9:00 p.m. toll free)

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To Our Shareholders

Isetan Mitsukoshi Holdings Ltd. will hold its 17th Ordinary General Meeting of Shareholders on June 24, 2025. In delivering this notice of convocation, I would like to extend a cordial greeting to shareholders.

This March marked the end of the three-year plan that we have been working toward since April 2022. As a result of working together as a Group to respond to environmental changes and various risks, significant growth was made with regard to each target set at the beginning of the plan. Furthermore, in fiscal 2024, we were able to greatly surpass the previous fiscal year and achieve record highs in both operating income and recurring income.

Under the three-year plan, we worked to transform our business model from a traditional mass-marketed department store to an “individual customer business” that understands and responds to the needs of individual customers. We will continue executing it so that we can connect on an “individual” basis with customers who visit our stores in Japan and abroad seeking high sensitivity, fine quality consumption, and provide products and services that meet their needs and desires.

Under the current Medium-Term Management Plan that began in April 2025, we will further transform our business model and promote intra-Group coordination utilizing the strengths of each business. In this way, we will promote new value creation throughout the Group aimed at achieving our long-term vision of being “a retail group centered on extraordinary department stores working toward improving the lives of our customers.”

We would appreciate our valued shareholders’ continued patronage and support.

Toshiyuki Hosoya
Director, President and CEO

Reference Documents for the General Meeting of Shareholders

Proposal and References

Proposal No. 1: Appropriation of Surplus

The Company aims to return profits to shareholders while endeavoring to increase corporate value in the long term.

With regard to dividends, the Company's basic policy is to maintain a stable level of dividends and to increase dividends over the medium- to long-term in line with profit growth, while comprehensively considering the management environment, business performance, and the soundness of the Group's financial position.

Regarding the year-end dividend for the 17th term, based on the fact that consolidated operating income and consolidated recurring income for the fiscal year ended March 31, 2025 exceeded the full-year plan, the Company proposes to pay a year-end dividend of ¥30 per share. Accordingly, with the interim dividend of ¥24, the annual dividend will be ¥54 per share, an increase of ¥20 from the previous fiscal year.

Matters related to the year-end dividend:

(1) Type of dividend property
Cash

(2) Matters related to distribution of dividend property to shareholders and the total amount
¥30 per common share of the Company
Total amount: ¥10,962,294,750

(3) Effective date of dividend of surplus
June 25, 2025

Proposal No. 2: Election of Nine Directors

The terms of office of all nine (9) incumbent Directors will expire at the conclusion of this General Meeting of Shareholders. The Company therefore proposes the election of nine (9) Directors. The Company nominates the following candidates:

Candidate No.	Name		Gender	Positions and responsibilities currently held at the Company
1	Toshiyuki Hosoya	[Renominated]	Male	Director, President and CEO
2	Yuki Ishizuka	[Renominated] [Non-executive]	Female	Director Chairperson of the Audit Committee
3	Yoshinori Makino	[Renominated]	Male	Director, Managing Operating Officer, Supervisor for Corporate Strategy and CFO
4	Tomoko Ando	[Renominated] [Non-executive] [External] [Independent]	Female	External Director Chairperson of the Compensation Committee Member of the Audit Committee
5	Hitoshi Ochi	[Renominated] [Non-executive] [External] [Independent]	Male	External Director Member of the Nominating Committee Member of the Audit Committee
6	Toshio Iwamoto	[Renominated] [Non-executive] [External] [Independent]	Male	External Director Chairperson of the Nominating Committee Member of the Compensation Committee
7	Kenji Sukeno	[Renominated] [Non-executive] [External] [Independent]	Male	External Director Member of the Nominating Committee Member of the Audit Committee
8	Chieko Matsuda	[Renominated] [Non-executive] [External] [Independent]	Female	External Director Member of the Nominating Committee Member of the Compensation Committee
9	Naosuke Fujita	[Newly nominated] [Non-executive] [External] [Independent]	Male	

Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
1	Toshiyuki Hosoya (Jul 1, 1964) [Renominated] Rate of attendance at meetings of the Board of Directors, etc. in the current fiscal year Meetings of the Board of Directors: 9 out of 9 Years in office as Director 4 years	Apr 1987 Joined Isetan Co., Ltd. Apr 2015 Operating Officer, Isetan Mitsukoshi Ltd. Apr 2017 Operating Officer, Isetan Mitsukoshi Holdings Ltd. Apr 2018 President and CEO, Iwataya Mitsukoshi Ltd. Apr 2021 President and CEO, Isetan Mitsukoshi Holdings Ltd. President and CEO, Isetan Mitsukoshi Ltd. (to the present) Jun 2021 Director, President and CEO, Isetan Mitsukoshi Holdings Ltd. (to the present) Sep 2021 Director, Shin Kong Mitsukoshi Department Store Co., Ltd. (to the present) Significant posts concurrently held President and CEO, Isetan Mitsukoshi Ltd. Director, Shin Kong Mitsukoshi Department Store Co., Ltd.	86,000
	Reasons for selecting the candidate for Director and outline of expected role The candidate has extensive business experience in the Group, including experience in sales sections such as ladies' fashion, jewelry, watches and medium- and small-store operations, and overseas postings, and also worked to formulate the Company's management strategy as General Manager of the Corporate Planning Division. In 2018, he served as President and CEO of Iwataya Mitsukoshi Ltd., where he made a great contribution to improving financial results. After being appointed President and CEO of the Company, he continued to show outstanding leadership, formulating a long-term vision and Medium-Term Management Plan and reorganizing the Group corporate philosophy. Through vigorously implementing such initiatives aimed at enhancing the corporate value, he realized in fiscal 2023 the highest ever operating income since the merger as the Group, and, in fiscal 2024, he realized operating income that even further exceeded that. The Nominating Committee has renominated him as a candidate for Director because it expects him to contribute to further enhancing the corporate value of the Group toward embodying the long-term plan with an eye to the future, in addition to continuing to display leadership in pursuing the implementation and achievement of the Medium-Term Management Plan.		

<table>
<tr><th>Candidate No.</th><th>Name
(Date of Birth)</th><th>Summary of career, positions, responsibilities and significant posts concurrently held</th><th>Number of Company shares owned</th></tr>
<tr><td rowspan="2">2</td><td>Yuki Ishizuka
(Jun 11, 1962)
[Renominated]
[Non-executive]

Rate of attendance at meetings of the Board of Directors, etc. in the current fiscal year

Meetings of the Board of Directors:
9 out of 9

Meetings of the Audit Committee:
15 out of 15

Years in office as Director
3 years</td><td>Apr 1985 Joined Isetan Co., Ltd.
Apr 2015 Operating Officer, Isetan Mitsukoshi Ltd.
Apr 2017 Operating Officer, Isetan Mitsukoshi Holdings Ltd.
President and Representative Director, Isetan Mitsukoshi Human Solutions Ltd.
Apr 2021 President and Representative Director, Sendai Mitsukoshi Ltd.
Jun 2022 Director, Isetan Mitsukoshi Holdings Ltd. (to the present)

Significant posts concurrently held
None</td><td>33,000</td></tr>
<tr><td colspan="3">Reasons for selecting the candidate for Director and outline of expected role
The candidate has experience in a broad range of product domains. After being appointed as Operating Officer of the Company, she has also served as President and Representative Director of Isetan Mitsukoshi Human Solutions Ltd., a subsidiary of the Company, and President and Representative Director of Sendai Mitsukoshi Ltd., where she effectively promoted management strategy and business restructuring, implemented a digital shift at these subsidiaries, and achieved the transformation of the existing business model. She has also contributed to the development of the Group, including by making every effort to support the development of internal human resources. After being appointed as Director of the Company in 2022, she has made every effort to establish an effective audit and monitoring system as Chairperson of the Audit Committee.
The Nominating Committee has renominated her as a candidate for Director because it expects her to contribute to strengthening the management supervisory function, as Chairperson of the Company’s Audit Committee, while appropriately performing her role in the Board of Directors as a Non-executive Director.</td></tr>
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<table>
<tr><th>Candidate No.</th><th>Name
(Date of Birth)</th><th>Summary of career, positions, responsibilities and significant posts concurrently held</th><th>Number of Company shares owned</th></tr>
<tr><td rowspan="2">3</td><td>Yoshinori Makino
(Dec 2, 1966)
[Renominated]

Rate of attendance at meetings of the Board of Directors, etc. in the current fiscal year

Meetings of the Board of Directors:
9 out of 9

Years in office as Director
2 years</td><td>Apr 1990 Joined Isetan Co., Ltd.
Apr 2016 Director, Operating Officer, Isetan Mitsukoshi Food Service Co., Ltd. (currently IM Food Style Ltd.)
Apr 2019 Director, Operating Officer, Isetan Mitsukoshi Ltd.
Apr 2020 Director, Managing Operating Officer, Isetan Mitsukoshi Ltd.
Apr 2021 Managing Operating Officer, CSDO and CHRO, Isetan Mitsukoshi Holdings Ltd.
Director, West Japan Railway Isetan Ltd. (to the present)
Aug 2021 Director, Shin Kong Mitsukoshi Department Store Co., Ltd. (to the present)
Apr 2022 Managing Operating Officer, CSDO and CFO, Isetan Mitsukoshi Holdings Ltd.
Jun 2023 Director, Managing Operating Officer, CSDO and CFO, Isetan Mitsukoshi Holdings Ltd.
Apr 2025 Director, Managing Operating Officer, Supervisor for Corporate Strategy and CFO, Isetan Mitsukoshi Holdings Ltd. (to the present)
Director, Isetan Mitsukoshi Ltd. (to the present)

Significant posts concurrently held
Director, West Japan Railway Isetan Ltd.
Director, Shin Kong Mitsukoshi Department Store Co., Ltd.
Director, Isetan Mitsukoshi Ltd.</td><td>48,500</td></tr>
<tr><td colspan="3">Reasons for selecting the candidate for Director and outline of expected role
In addition to gaining extensive experience as a head office staff member in human resources, labor, and corporate planning departments, the candidate has contributed to establishing the foundations of the Group’s management strategy and human resource strategy as a manager at IM Food Style Ltd. and in the General Affairs and Human Resources Department at Isetan Mitsukoshi Ltd. Serving as Managing Operating Officer, CSDO, CHRO and CFO of the Company since 2021, he has strived to promote the formulation of the Group’s long-term vision and Medium-Term Management Plan and to promote capital policy, such as the review of a shareholder return policy.
The Nominating Committee renominated him as a candidate for Director because it expects him to utilize his broad and extensive experience in the Group to contribute to enhancing the Group’s corporate value, by appropriately fulfilling his role in the Board of Directors as a Director concurrently serving as a top executive.</td></tr>
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<table>
<tr><th>Candidate No.</th><th>Name
(Date of Birth)</th><th>Summary of career, positions, responsibilities and significant posts concurrently held</th><th>Number of Company shares owned</th></tr>
<tr><td rowspan="2">4</td><td>Tomoko Ando
(Jul 18, 1959)
[Renominated]
[Non-executive]
[External Director]
[Independent Director]

Rate of attendance at meetings of the Board of Directors, etc. in the current fiscal year

Meetings of the Board of Directors:
9 out of 9

Meetings of the Compensation Committee:
9 out of 9

Meetings of the Audit Committee:
15 out of 15

Years in office as Director
3 years</td><td>Apr 1982 Joined Nissan Motor Co., Ltd.
Mar 1991 Joined Coca-Cola (Japan) Company, Limited
Jan 1993 Global Brand Marketing Brand Manager, Coca-Cola (Japan) Company, Limited
Dec 1996 Joined Master Foods Ltd. (currently Mars Japan Limited)
Jan 2006 People Pipeline Manager, Personnel & Organization, Master Foods Ltd.
Aug 2008 Joined NIHON L'ORÉAL K.K.
Senior HR Manager, Human Resources, NIHON L'ORÉAL K.K.
Mar 2011 Vice President, NIHON L'ORÉAL K.K.
Jun 2022 External Director, Isetan Mitsukoshi Holdings Ltd. (to the present)
Jan 2023 Representative Director, Open the Door Inc. (to the present)

Significant posts concurrently held
Representative Director, Open the Door Ltd.</td><td>2,300</td></tr>
<tr><td colspan="3">Reasons for selecting the candidate for External Director and outline of expected role
The candidate possesses extensive knowledge and experience concerning brand marketing, sales planning, and strategic human resources at top global companies from Japan, the United States and Europe, as well as a high level of insight and experience as a corporate manager. At the Company, she offers the Board of Directors valuable advice based on a range of perspectives. She has contributed to deliberations on the executive compensation system and the determination of individual compensation amounts as the Chairperson of the Compensation Committee. In addition, as a member of the Audit Committee, she has audited the execution of duties by Operating Officers and Directors from an independent standpoint, and contributed to a more enhanced audit system encompassing the entire Group.
The Nominating Committee has renominated her as a candidate for Director because it expects her to appropriately monitor the Company’s management from a fair and neutral standpoint, and to contribute to further enhancing the Group’s corporate value as Chairperson of the Compensation Committee and a member of the Audit Committee by actively providing comments from the perspective of an expert in corporate management, marketing, and management personnel development.</td></tr>
</table>

Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
5	Hitoshi Ochi (Oct 21, 1952) [Renominated] [Non-executive] [External Director] [Independent Director] Rate of attendance at meetings of the Board of Directors, etc. in the current fiscal year Meetings of the Board of Directors: 9 out of 9 Meetings of the Nominating Committee: 7 out of 7 Meetings of the Audit Committee: 15 out of 15 Years in office as Director 2 years	Apr 1977 Joined Mitsubishi Chemical Industries, Co., Ltd. (currently Mitsubishi Chemical Corporation) Jun 2010 Director, Managing Executive Officer, Mitsubishi Chemical Holdings Corporation (currently Mitsubishi Chemical Group Corporation) Apr 2012 President (Representative Director) and CEO, Mitsubishi Rayon Co., Ltd. (currently Mitsubishi Chemical Corporation) Apr 2015 Representative Director and President, Mitsubishi Chemical Holdings Corporation Jun 2015 Director, Representative Executive Officer and President, Mitsubishi Chemical Holdings Corporation Apr 2017 President & CEO, Mitsubishi Chemical Corporation (Representative Director) Apr 2021 Director, Mitsubishi Chemical Holdings Corporation Jun 2021 Special Advisor, Mitsubishi Chemical Holdings Corporation Jun 2023 External Director, Isetan Mitsukoshi Holdings Ltd. (to the present) Significant posts concurrently held None	1,300
	Reasons for selecting the candidate for External Director and outline of expected role The candidate has served in management at Mitsubishi Chemical Holdings Corporation, where he advocated sustainability management, transformed the company's business model, promoted DX (Digital Transformation), and contributed to bold business restructuring and strengthening of business foundations through M&A. In addition, he changed the organizational structure of the company to one with a nominating committee, etc., and has extensive experience in corporate management and deep insight into IT, DX, and governance, including through the creation of a flexible management system, while ensuring transparency and objectivity. The Nominating Committee has renominated him as a candidate for Director because it expects him to utilize his extensive experience and insight in corporate management in the supervision of the Company's management, and to contribute to revitalizing the Company's Board of Directors and further enhancing the Company's governance going forward as the Chairman of the Board of Directors.		

Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
6	Toshio Iwamoto (Jan 5, 1953) [Renominated] [Non-executive] [External Director] [Independent Director] Rate of attendance at meetings of the Board of Directors, etc. in the current fiscal year Meetings of the Board of Directors: 9 out of 9 Meetings of the Nominating Committee: 7 out of 7 Meetings of the Compensation Committee: 9 out of 9 Years in office as Director 2 years	Apr 1976 Joined Nippon Telegraph and Telephone Public Corporation Jun 2004 Director, NTT DATA Corporation (currently NTT DATA Group Corporation) Jun 2007 Executive Managing Director, NTT DATA Corporation Jun 2009 Senior Executive Vice President and Representative Director, NTT DATA Corporation Jun 2012 President and Chief Executive Officer, Representative Director, NTT DATA Corporation Jun 2018 Consultant, NTT DATA Corporation Jun 2020 Outside Director, Daiwa Securities Group Inc. (to the present) Jun 2022 Outside Director, East Japan Railway Company (to the present) Jun 2023 External Director, Isetan Mitsukoshi Holdings Ltd. (to the present) Mar 2024 Outside Director, Sumitomo Forestry Co., Ltd. (to the present) Significant posts concurrently held Outside Director, Daiwa Securities Group Inc. Outside Director, East Japan Railway Company Outside Director, Sumitomo Forestry Co., Ltd.	1,200
	Reasons for selecting the candidate for External Director and outline of expected role The candidate has served in management at NTT DATA Group Corporation for many years, and has extensive experience in corporate management, including systems development and the establishment of a global brand for the company, as well as deep insight into IT and digital, and global business. He also has deep insight into governance, with experience as Outside Director of one of the foremost listed companies in Japan. The Nominating Committee has renominated him as a candidate for Director because it expects him to utilize his extensive experience in corporate management and his knowledge and insight in the supervision of the Company's management, and to contribute to further enhancing the Company's governance as Chairperson of the Nominating Committee and a member of the Compensation Committee.		

Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
7	Kenji Sukeno (Oct 21, 1954) [Renominated] [Non-executive] [External Director] [Independent Director] Rate of attendance at meetings of the Board of Directors, etc. in the current fiscal year Meetings of the Board of Directors:* 8 out of 8 Meetings of the Nominating Committee:* 6 out of 6 Meetings of the Audit Committee:* 12 out of 12 Years in office as Director 1 year	Apr 1977 Joined Fuji Photo Film Co., Ltd. Jun 2012 Corporate Vice President, FUJIFILM Holdings Corporation Director and Corporate Vice President, FUJIFILM Corporation Jun 2013 Director and Corporate Vice President, FUJIFILM Holdings Corporation Jun 2016 President, Representative Director & Chief Operating Officer, FUJIFILM Holdings Corporation President, Representative Director & Chief Operating Officer, FUJIFILM Corporation Director, Fuji Xerox Co., Ltd. (currently, FUJIFILM Business Innovation Corp.) (to the present) Jun 2021 Chairman & Representative Director, FUJIFILM Holdings Corporation Chairman & Director, FUJIFILM Corporation (to the present) Jun 2023 Chairman and Director, FUJIFILM Holdings Corporation (to the present) Jun 2024 External Director, Isetan Mitsukoshi Holdings Ltd. (to the present) Mar 2025 Outside Director, Sumitomo Forestry Co., Ltd. (to the present) Significant posts concurrently held Chairman and Director, FUJIFILM Holdings Corporation Chairman & Director, FUJIFILM Corporation Director, FUJIFILM Business Innovation Corp. Outside Director, Sumitomo Forestry Co., Ltd. * Number of meetings and rate of attendance at meetings refers only to the period after assumption of office.	2,600
	Reasons for selecting the candidate for External Director and outline of expected role The candidate has engaged in accounting and corporate planning departments at FUJIFILM Group for many years, served as CFO at a U.S. subsidiary and has advanced insight into finance and accounting. After being appointed as President, he actively promoted M&A, accelerated globalization, practiced thoroughly efficient management, made maximum use of personnel resources and strengthened group governance, thereby pushing forward the enhancement of corporate value. As President, Chairman and Board Chairman of the said group, he has led the strengthening of the Board's function (business execution and supervision) and facilitated vigorous discussions, through which he gained extensive experience. The Nominating Committee has renominated him as a candidate for Director because it expects him to utilize his extensive experience in corporate management, knowledge and insight in the supervision of the Company's management, and to contribute to further enhancing the Company's governance as a member of the Nominating Committee and member of the Audit Committee.		

<table>
<tr><th>Candidate No.</th><th>Name
(Date of Birth)</th><th>Summary of career, positions, responsibilities and significant posts concurrently held</th><th>Number of Company shares owned</th></tr>
<tr><td rowspan="2">8</td><td>Chieko Matsuda
(Nov 18, 1964)
[Renominated]
[Non-executive]
[External Director]
[Independent Director]

Rate of attendance at meetings of the Board of Directors, etc. in the current fiscal year

Meetings of the Board of Directors:*
8 out of 8

Meetings of the Nominating Committee:*
6 out of 6

Meetings of the Compensation Committee:*
8 out of 8

Years in office as Director
1 year</td><td>Apr 1987 Joined The Long-Term Credit Bank of Japan, Limited
Oct 1998 Joined Moody’s Japan K.K.
Sep 2001 Partner, Corporate Directions, Inc.
Oct 2006 Vice President (Partner), Booz & Company, Inc.
Apr 2011 Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University (to the present)
Professor, Graduate School of Management, Tokyo Metropolitan University (to the present)
Jun 2020 Outside Director, IHI Corporation (to the present)
Jun 2023 Outside Director, Asahi Kasei Corporation (to the present)
Outside Member of the Board, Toyota Tsusho Corporation (to the present)
Jun 2024 External Director, Isetan Mitsukoshi Holdings Ltd. (to the present)

Significant posts concurrently held
Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University
Professor, Graduate School of Management, Tokyo Metropolitan University
Outside Director, IHI Corporation
Outside Director, Asahi Kasei Corporation
Outside Member of the Board, Toyota Tsusho Corporation

* Number of meetings and rate of attendance at meetings refers only to the period after assumption of office.</td><td>600</td></tr>
<tr><td colspan="3">Reasons for selecting the candidate for External Director and outline of expected role
The candidate has extensive experience and broad knowledge gained through financial and capital market operations and management consulting operations and an extremely high level of expertise as a business management researcher on finance and corporate governance. Leveraging her expertise in corporate strategies and financial strategies, etc. based on her career, she has served as an outside director, a chair of the nominating committee, and a chair of the audit committee at various companies, where she focused efforts on improvement of governance through supervision and monitoring and made numerous achievements.
While the candidate has not been directly involved in corporate management other than as an External Director, as the Company pursues sustainability management with an emphasis placed on its stakeholders, the Nominating Committee has renominated her as a candidate for Director because it expects her to utilize her expertise in the supervision of the Company’s management and to contribute to increase in corporate value through further enhancing the Company’s governance as a member of the Nominating Committee and member of the Compensation Committee.</td></tr>
</table>

Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
9	Naosuke Fujita (Nov 19, 1962) [Newly nominated] [Non-executive] [External Director] [Independent Director]	Apr 1987 Registered as an attorney-at-law and joined Anderson Mori & Rabinowitz (currently Anderson Mori & Tomotsune) Jan 1996 Partner, Anderson Mori (currently Anderson Mori & Tomotsune) Nov 1998 Vice President of Tokyo Branch, Goldman Sachs (Japan) Ltd. (currently Goldman Sachs Japan Co., Ltd.) Jan 2001 Deputy General Manager of Legal Affairs Division and Managing Director, Goldman Sachs (Japan) Ltd. (currently Goldman Sachs Japan Co., Ltd.) Jul 2003 Partner, Taiyo Law Offices (integrated with Paul, Hastings, Janofsky & Walker LLP) May 2005 Partner, O'Melveny & Myers gaikokuho kyodojigyo horitsujimusho Mar 2009 General Manager of Legal Affairs Division and Managing Director, Goldman Sachs Japan Co., Ltd. Jun 2017 Co-Representative Director, Lawyers for LGBTQ & Allies Network (to the present) Oct 2020 General Counsel, Government Pension Investment Fund Mar 2021 General Manager, Legal Department, Government Pension Investment Fund Apr 2023 Attorney-at-Law and Senior Fellow, SHUHEI TAKAHASHI LAW OFFICE (to the present) Significant posts concurrently held Attorney-at-Law and Senior Fellow, SHUHEI TAKAHASHI LAW OFFICE Co-Representative Director, Lawyers for LGBTQ & Allies Network	0
	Reasons for selecting the candidate for External Director and outline of expected role The candidate has engaged in a diverse range of financial areas and international projects facing companies, having served as an attorney-at-law at law offices for many years and as a legal affairs manager at an organization. In addition to transaction law for domestic and foreign companies, he has provided governance advice on matters such as the establishment and strengthening of legal function. Having served as an attorney at large-scale organizations active around the globe, he possesses a high level of specialized knowledge and experience in supporting the sustainable growth of companies. Furthermore, he is also engaged in resolving human rights issues both inside and outside of organizations, through means such as participation in an NPO. Although the candidate has not been directly involved in corporate management, the Nominating Committee has newly nominated him as a candidate for Director because it expects him to utilize his extensive corporate legal experience and his objective perspectives based on an understanding of corporate society as a whole, including laws and regulations, in the supervision of the Company's management, and to contribute to further enhancing the Company's governance as a member of the Nominating Committee and the Audit Committee.		

(Notes) 1. Ms. Yuki Ishizuka, who is a candidate for a Non-executive Director, and Ms. Tomoko Ando, Mr. Hitoshi Ochi, Mr. Toshio Iwamoto, Mr. Kenji Sukeno and Ms. Chieko Matsuda, who are candidates for External Directors, have concluded limited liability agreements with the Company based on the provisions of the Articles of Incorporation, which shall limit the maximum amount of liability they may bear to the Company to the amount stipulated by laws and regulations. If their reappointments are approved, the Company plans to continue to hold the agreements stipulating liability limits. Moreover, if the appointment of Mr. Naosuke Fujita, who is a candidate for External Director, is approved, the Company intends to conclude the same limited liability agreement with him.

2. The Company has concluded a directors and officers liability insurance contract with an insurance company, as set forth in Article 430-3, Paragraph 1 of the Companies Act, to cover litigation expenses and legal damages, should the insured parties be held accountable in the event of a shareholder representative lawsuit, corporate lawsuit or third-party lawsuit. The candidates, with the exception of Mr. Naosuke Fujita, are included among the insured parties under this contract. Mr. Naosuke Fujita will be newly included among the insured parties.
3. There are business transactions between each of FUJIFILM Holdings Corporation, FUJIFILM Corporation and FUJIFILM Business Innovation Corp., where Mr. Kenji Sukeno holds a concurrent position, and a subsidiary of the Company, but the amount of these transactions with the Company in the past three fiscal years is less than 1% of the consolidated net sales of these parties for each fiscal year. There are no particular relationships of interest with any of the other candidates, including Mr. Kenji Sukeno, and the Company.
4. IHI Corporation, where Mr. Toshio Iwamoto served as Outside Audit & Supervisory Board Member from June 2019 to June 2023, and where Ms. Chieko Matsuda was appointed as Outside Director in June 2020 and has served in the post until today, revealed that its consolidated subsidiary IHI Power Systems Co., Ltd. was found to have made improper alterations in the test operation records for marine engines and land-use engines manufactured by IHI Corporation, which was then announced in April 2024. A final report including recurrence prevention measures was published in October 2024. Furthermore, in March 2025, the Japan Fair Trade Commission deemed that a violation of antitrust laws had occurred within the mechanical parking system business of IHI Corporation's consolidated subsidiary IHI Transport Machinery Co., Ltd. Since IHI Corporation voluntarily reported violations to the Japan Fair Trade Commission through an application for the surcharge reduction system to be applied, which was approved, the company was not issued a cease and desist order or a surcharge payment order.

   Mr. Toshio Iwamoto had not been aware of the above two facts until they were discovered, but during his time in office, he offered opinions and suggestions from a perspective of legal and regulatory compliance and appropriately carried out his duties.

   Ms. Chieko Matsuda had not been aware of the above two facts until they were discovered, but she had regularly made suggestions regarding the importance of legal and regulatory compliance and internal control in a timely manner. After these facts were discovered, she gave instructions to conduct a thorough investigation and analysis to determine the cause, made suggestions regarding the formulation and implementation of recurrence prevention measures, monitored the progress of these measures, and otherwise fulfilled her duties.
5. The Company designates Ms. Tomoko Ando, Mr. Hitoshi Ochi, Mr. Toshio Iwamoto, Mr. Kenji Sukeno and Ms. Chieko Matsuda as Independent Directors according to the provisions of the Tokyo Stock Exchange, and has registered them with the exchange. Assuming approval of the reelection of Directors Ms. Tomoko Ando, Mr. Hitoshi Ochi and Mr. Toshio Iwamoto, Mr. Kenji Sukeno and Ms. Chieko Matsuda, the Company also plans to continuously designate them as Independent Directors and to notify the stock exchange thereof. Moreover, if the appointment of Mr. Naosuke Fujita is approved, the Company intends to newly designate him as an Independent Director, and register him with the Tokyo Stock Exchange.

Reference

Independence Standards for Independent External Directors and Independent Outside Auditors

In designating External Directors as independent officers, the Company has compiled its proprietary "Independence Standards for Independent Directors and Independent Auditors of Isetan Mitsukoshi Holdings Ltd.," for assessing their independence and outside officers who do not come under any of the following categories are nominated as independent officers.

1) Business executives of the Group
2) A person for whom the Group is a major business partner, or an executive director, executive or manager thereof
3) A major business partner of the Group, or an executive director, executive, manager or other employee thereof
4) An Operating Officer of a principal lender of the Group
5) A consultant or accounting or legal expert who has received financial or other economic benefits from the Group exceeding a certain sum, other than remuneration of Directors or Corporate Auditors
6) A shareholder or an Operating Officer thereof who holds at least 5% of the total issued shares of the Company
7) Any person who has come under categories 1) to 5) above in the last three years
8) Spouses or relatives within the second degree of kinship of anybody coming under categories 1) to 5) above

A "major business partner" in 2) and 3) above means "any business partner for whom the annual transaction amount with the Company, on a consolidated basis, exceeds 1% of the total annual transaction amount of either party, over the preceding three years, even if this occurs on only one occasion," a "principal lender" in 4) above means "any lender from whom the Group's balance of borrowings exceeds 2% of the consolidated total assets of the Company as of the end of the fiscal year," and a "certain sum" in 5) above means "a sum of at least 10 million yen in any of the preceding three fiscal years."

Reference

Skills Necessary for the Company's Board of Directors and Reasons for Selection of Such Skills

In addition to fulfilling a governance function for the Group as a whole, the Company's Board of Directors play a role in deciding important management matters. In addition to monitoring our management and execution as well as deciding important matters such as Group management policies and internal controls, we have identified skills that the Board of Directors must possess, considering that providing recommendations and acting as a support function for achieving the vision are important elements for the Board of Directors.

In order to transform our business model from a traditional department store business into an "individual customer business" in line with the Group's medium- to long-term vision, we place importance on the compositional balance and appropriate size of the Board of Directors so that it can incorporate diverse and wide-ranging opinions and expert knowledge. These requirements will be revised as appropriate based on changes in external circumstances and internal conditions.

Skills Necessary for the Company's Board of Directors

<table>
<tr><td colspan="2">Supervision and monitoring</td><td colspan="2">Executive decision-making, advice and support for business promotion</td></tr>
<tr><td colspan="4"></td></tr>
<tr><td colspan="2">Personnel affairs/
human resources management</td><td colspan="2">Global</td></tr>
<tr><td>Governance/
risk management</td><td>Corporate
management</td><td colspan="2">Distribution/
marketing</td></tr>
<tr><td colspan="2">Finance/accounting</td><td colspan="2">DX/IT security</td></tr>
</table>

In addition to the necessary skills established above, commitment to addressing social issues (from a sustainability perspective) and high ethical standards are positioned as requirements that all Directors of the Company must possess in order to fulfill their roles.

Reasons for Selection of Skills

Item	Reasons for selection and details
Corporate management	This was deemed a necessary experience when providing advice regarding the formulation of the Group's medium- and long-term business plan and conducting overall corporate supervision utilizing corporate management experience and knowledge, especially those gained as top management of a listed company
Global	Global experience and knowledge were set as important skills for when the Group expands its business into global markets in the future to reach beyond customers in Japan
Distribution/marketing	This area of knowledge and know-how was determined to be necessary and important in order for the Group to grow as an "individual customer business" with a view to business portfolio reform
DX/IT security	IT and digital know-how is an indispensable tool in ensuring that customers, business partners, and employees can have peace of mind when doing business with the Company, and it was set as a necessary area for supporting the Company's infrastructure
Finance/accounting	Specialized skills in finance and accounting were deemed necessary in order to maintain a healthy balance between growth investments and financial foundation and ensure sustainable growth
Governance/risk management	Knowledge and insight related to governance and risk management were set as necessary skills for business operation and supervision, in order to conduct sound and fair business activities
Personnel affairs/human resources management	This was set as an important skill because the Company positions "the power of people" as an important asset in achieving its mission, and believes that ensuring the development, safety, and peace of mind of human resources will lead to growth

Reference

Skills Matrix / Committees of which Scheduled to be a Member

The Company believes that, in addition to the skills required by the Board of Directors, all Directors must also possess high ethical standards and commitment to compliance, and have honest, fair, and impartial character.

When selecting candidates for Directors, care is taken to achieve a balance by categorizing skills into “experience,” “expertise,” and “knowledge/know-how,” to ensure that the Board of Directors as a whole achieves a balance between a broad range of perspectives and an appropriate size.

The below matrix is intended to show the fields/areas in which each individual is expected to play key roles based on his/her experience, etc. It does not represent every aspect of the person’s knowledge.

● Denotes expected skills (areas in which each Director has knowledge/experience/competencies)

☆ Denotes Committee Chairperson

Name			Nominating Committee	Compensation Committee	Audit Committee	Corporate management	Global	Distribution/ marketing	DX/IT security	Finance/ accounting	Governance/risk management	Personnel affairs/ human resources management
Toshiyuki Hosoya	[Renominated]					●	●	●				
Yuki Ishizuka	[Renominated]	[Non-executive]			☆			●			●	●
Yoshinori Makino	[Renominated]								●	●		●
Tomoko Ando	[Renominated]	[External] [Non-executive] [Independent]		☆	✓		●	●				●
Hitoshi Ochi	[Renominated]	[External] [Non-executive] [Independent]				●		●	●			
Toshio Iwamoto	[Renominated]	[External] [Non-executive] [Independent]	☆	✓		●	●		●			
Kenji Sukeno	[Renominated]	[External] [Non-executive] [Independent]	✓		✓	●	●			●		
Chieko Matsuda	[Renominated]	[External] [Non-executive] [Independent]	✓	✓						●	●	●
Naosuke Fujita	[Newly nominated]	[External] [Non-executive] [Independent]	✓		✓		●				●	●

Number of Committee Members	Internal Directors	0	0	1
	External Directors	4	3	3
	Total	4	3	4

Notes: 1. If the reappointment of Mr. Hitoshi Ochi is approved, the Company intends to select him as Chairman of the Board of Directors after the conclusion of this Ordinary General Meeting of Shareholders.

2. If this proposal is approved, the structures and chairpersons of each of the Nominating Committee, the Compensation Committee and the Audit Committee will be as described above.

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Business Report

(From April 1, 2024 to March 31, 2025)

1. Matters related to the Group's status

(1) Business developments and results

Business performance highlights

Net sales: ¥555.5 billion (103.6% year on year)
Operating income: ¥76.3 billion (140.4% year on year)
Recurring income: ¥88.1 billion (147.2% year on year)
Net income attributable to parent company shareholders: ¥52.8 billion (95.0% year on year)
(Reference) Total net sales: ¥1,303.6 billion (106.5% year on year)

Environment surrounding the Group

During fiscal 2024 (April 1, 2024 to March 31, 2025), the Japanese economy saw a recovery in personal consumption amid a growing trend of wage increases in response to rising prices and improvements in the employment and income environment. In addition, non-manufacturing sectors, including retail, remain relatively strong, and the increase in foreign visitors to Japan is underpinning this strength. Inbound consumption by foreign visitors to Japan has been increasing year by year, reaching a record high in fiscal 2024. In particular, revenue at department stores from foreigners visiting Japan significantly exceeded the previous year's level and reached a record high in 2024. This level of revenue exceeds that of 2019 before the COVID-19 pandemic and is a major factor in reviving vitality in the department store industry.

On the other hand, for the global economy, there were concerns about geopolitical risks in Europe and the Middle East, downside risk in response to on-going monetary tightening policies in various countries, and the impact of sudden exchange rate fluctuations. Furthermore, global inflation has caused energy prices and raw material costs to soar, and prices have risen faster than income growth in Japan, leading to some people becoming more cautious about spending. Polarization of consumption has worsened more than ever, and the outlook for the global economy remains uncertain.

Overview of consolidated business performance

It was in this environment that the Group set out the Isetan Mitsukoshi Group Corporate Philosophy, with "Touching people's hearts with human-driven experiences" as its core mission. In order to realize the vision of "We are a retail group centered on extraordinary department stores working toward improving the lives of our customers," the Group has been engaged in business activities based on its Medium-Term Management Plan (Fiscal 2022–Fiscal 2024).

In fiscal 2024, the final year of the Medium-Term Management Plan, we made a significant progress in the Phase 1 of revitalizing our department stores and strengthened our efforts to transform from a “store business,” a mass-market business model to attract customers to stores, to an “individual customer business” connecting with individual customers. In particular, owing to our shift from mass to personal marketing, the number of identified customers and identified customer gross sales increased, and as connections with individual customers deepen, the annual purchasing amount per person is steadily increasing. At the same time, in order to accelerate the transition into the phase for the next period, namely the urban community development preparation phase, we have been focusing our efforts on reforming the business structure of our regional department stores and affiliates, promoting cost controls through dissemination of the “scientific analysis of department stores*” to all Group companies, and working to strengthen our financial soundness by making significant improvements to management efficiency, headed primarily by our domestic department store business.

As a result of these efforts, consolidated net sale for the fiscal year amounted to ¥555.5 billion, operating income amounted to ¥76.3 billion, recurring income was ¥88.1 billion, and net income attributable to parent company shareholders was ¥52.8 billion.

* Scientific analysis of department stores: A guidance based on scientific perspective, through which we established standards and disciplines to control expenses and personnel.

* “Total net sales” stated as reference represent amounts prior to the application of “Accounting Standard for Revenue Recognition.”

(2) Change in assets and earnings

1) Change in assets and earnings of the Company and its subsidiaries (consolidated)

Item \ Fiscal term	14th Term Fiscal 2021 (From April 1, 2021 to March 31, 2022)	15th Term Fiscal 2022 (From April 1, 2022 to March 31, 2023)	16th Term Fiscal 2023 (From April 1, 2023 to March 31, 2024)	17th Term Fiscal 2024 (From April 1, 2024 to March 31, 2025) Consolidated fiscal year under review
Net sales (Million yen)	418,338	487,407	536,441	555,517
Operating income (Million yen)	5,940	29,606	54,369	76,313
Recurring income (Million yen)	9,520	30,017	59,877	88,123
Net income attributable to parent company shareholders (Million yen)	12,338	32,377	55,580	52,814
Net income per share (Yen)	32.36	84.82	145.79	142.42
Total assets (Million yen)	1,168,574	1,217,308	1,225,103	1,205,726
Net assets (Million yen)	517,660	552,519	600,824	602,878
Net assets per share (Yen)	1,341.41	1,430.07	1,582.36	1,646.23
Capital-to-asset ratio (%)	43.80	44.86	48.48	49.89

Note: Net income per share has been calculated based on the average number of outstanding shares during the period (excluding treasury stock).

(3) Overview by business segment

Department Store Business

In the domestic store business, the number of customers visiting our department stores greatly grew mainly at the Isetan Shinjuku Main Store and the Mitsukoshi Ginza store. In addition to significant growth in tax-free sales, sales also expanded owing to out-of-store-sales, MICARD members and other identified customers.

The Group is promoting its “Sophisticated and high-quality” strategy to meet the consumption needs of customers who seek high-quality and affluent lifestyles, and the contents and merchandise newly introduced through the remodeling of the Isetan Shinjuku Main Store and the Mitsukoshi Ginza store performed well. For regional department stores, to meet the needs of customers nationwide who are keen on high sensitivity, fine quality consumption, we continued our efforts to strengthen the “base network strategy” that works by collaborating with the Isetan Shinjuku Main Store and Mitsukoshi Nihombashi Main Store, which led to sales expansion.

As part of the “CRM strategy connecting with individual customers,” in addition to invitational events for valued customers at both main stores, such as the “Tanseikai” at the Isetan Shinjuku Main

Store and the “Ippinkai” at the Mitsukoshi Nihombashi Main Store, each store implemented its own hospitality plans for top-tier individual customers. As a result, sales significantly exceeded those of the previous year, not only at urban stores in the Tokyo metropolitan area but at regional department stores as well, with the gross sales at domestic department stores reaching a new record high. To further advance the strategy, we introduced an app “MITSUKOSHI ISETAN JAPAN” for overseas customers and an entry credit card “MICARD BASIC” with no annual fee in March 2025, stepping up efforts to identify individual customers.

At the same time, continued efforts to strengthen cost control led to a significant improvement in revenue.

At overseas stores, Mitsukoshi (USA) Inc., which remodeled and reopened its restaurants in August 2023, continued to experience strong sales, with a substantial increase over the previous year. In addition, Malaysia also experienced brisk sales, being driven overall by the food area of Isetan Kuala Lumpur KLCC store, which was early on remodeled and opened.

■Net sales by domestic department store

(By company and store)

Company & Store Name		Amount (Millions of yen)	Percentage of Total (%)	Year-on-year Comparison (%)
Isetan Mitsukoshi Ltd.	Mitsukoshi Nihombashi store	161,653	20.9	105.7
	Mitsukoshi Ginza store	124,186	16.0	118.5
	Isetan Shinjuku store	421,283	54.3	112.1
	Isetan Tachikawa store	31,859	4.1	98.8
	Isetan Urawa store	36,288	4.7	93.3
	Total	**775,271**	**100.0**	**110.0**
Sapporo Marui Mitsukoshi Ltd.		62,764	—	103.6
Hakodate Marui Imai Ltd.		5,740	—	93.5
Sendai Mitsukoshi Ltd.		26,347	—	95.4
Niigata Isetan Mitsukoshi Ltd.		33,995	—	94.6
Shizuoka Isetan Co., Ltd.		15,286	—	97.4
Nagoya Mitsukoshi Ltd.		63,200	—	102.5
Hiroshima Mitsukoshi Ltd.		9,415	—	85.4
Takamatsu Mitsukoshi Ltd.		22,458	—	100.3
Matsuyama Mitsukoshi Ltd.		4,554	—	91.4
Iwataya Mitsukoshi Ltd.		132,948	—	106.8
West Japan Railway Isetan Ltd.		71,820	—	103.3

(Notes) 1. The amount of sales by company and store represents total net sales prior to the application of the "Accounting Standard for Revenue Recognition" and other standards.
2. West Japan Railway Isetan Ltd. is an equity-method affiliate of the Company.

■Net sales by product of Isetan Mitsukoshi Ltd.

Product	Amount (Millions of yen)	Percentage of Total (%)	Year-on-year Comparison (%)
Apparel	251,490	32.4	111.0
Accessories	123,090	15.9	112.5
Sundry goods	221,690	28.6	117.3
Household goods	19,525	2.5	101.8
Foods	133,848	17.3	99.9
Others	25,625	3.3	96.2
Total	**775,271**	**100.0**	**110.0**

(Note) Net sales by product represent total net sales prior to the application of the "Accounting Standard for Revenue Recognition" and other standards.

Credit & Finance Business/Customer Organization Management Business

The credit & finance business/customer organization management business enjoyed a year-on-year increase in net sales as a result of the expansion of installment fees and income from the marketing business in addition to strong sales at the Group's department stores. Moreover, the success of promoting income and expenditure structure reform led to a reduction in selling, general and administrative expenses and resulted in increased profit in fiscal 2024 consecutively from the previous fiscal year. The product warranty service at the watch sales area of the Isetan Shinjuku Main Store, a new financial service, achieved its target subscription rate leading to new card memberships and contributed to promoting our strategy toward future business expansion. In March 2025, we introduced "MICARD BASIC" to expand our membership base and the number of new members acquired is considerably growing now. We will continue to enhance our lineup of financial services to meet the needs of all identified customers connected through our department store business, in areas related to their overall lifestyles.

Real Estate Business

In the real estate business, both revenue and profit increased due to higher lease revenue from properties owned by the Group in the Shinjuku area and increased orders resulting from stronger intra-Group coordination for the construction and interior business.
Isetan Mitsukoshi Property Design Ltd., whose strengths lie in high-quality interior and furniture production as well as its own factory's high quality and technical skills, saw sales expand mainly through construction work for the renovation of hotels, offices, and brand stores in large external development projects, and recorded an increase in revenue.

Other Businesses

IM Food Style Ltd., which operates a supermarket business, including QUEEN'S ISETAN, and OEM food manufacturing business, strengthened its efforts in the Group including expansion of sales channels for our private brands leveraging the strength of the Isetan Mitsukoshi Group, increase of OEM orders, and implementation of campaigns targeting MICARD members. In November 2024, we opened a new store, "QUEEN'S ISETAN Jujo store," in the redevelopment area of Jujo Station on the JR Saikyo Line, thereby expanding sales channels.
In the travel business, Mitsukoshi Isetan Nikko Travel, Ltd. conducted its annual charter cruise in Japan, and in international travel, increased the number of the company's original European river cruises, and also developed special travel plans for highly unusual trips, such as private tours of four major monuments in Italy. In addition, despite being buffeted by the trend of yen depreciation and the

impact of higher prices overseas, the company achieved a significant increase in both revenue and income through thorough cost management and control of expenses.

In the advertising and media business, Studio Alta Co., Ltd. experienced brisk sales in the department store advertising media sales business such as outdoor advertising and digital signage. In addition, the effect of integrating the Group's advertising production continued, and both revenue and income rose substantially.

(Millions of yen)

	Reporting segment				Other businesses (Note 1)	Total	Adjustments (Note 2)	Amount posted in Consolidated Financial Statements (Note 3)
	Department store	Credit & finance / customer organization management	Real estate	Total				
Net sales								
Outside customers	458,219	19,983	24,319	502,522	52,994	555,517	−	555,517
Inter-segment sales	2,917	14,449	5,220	22,587	43,099	65,687	(65,687)	−
Total	461,136	34,433	29,539	525,110	96,094	621,204	(65,687)	555,517
Segment profit	64,563	5,743	3,615	73,921	2,079	76,000	313	76,313
Segment assets	1,004,881	220,917	119,532	1,345,331	46,220	1,391,551	(185,825)	1,205,726
Others								
Depreciation	16,927	2,034	547	19,509	4,879	24,389	(175)	24,213
Impairment loss (Note 4)	2,381	−	−	2,381	8,962	11,343	−	11,343
Investment in equity method affiliates	120,035	−	−	120,035	−	120,035	−	120,035
Increase in tangible/intangible fixed assets	23,503	1,946	346	25,797	6,423	32,220	(134)	32,085

Notes: 1. The other businesses segment includes the services of other retailing, manufacturing, exporting, importing, wholesaling, distribution, temporary personnel service, data processing service and travel business that are not included in other reporting segments.

2. Adjustments are as follows:
   (1) The segment profit adjustment of ¥313 million is intersegment elimination and unrealized income.
   (2) The segment assets adjustment of negative ¥185,825 million is the intersegment elimination of receivables and payables, etc.
   (3) The adjustment of depreciation of negative ¥175 million is intersegment unrealized income.
   (4) The increase in tangible and intangible fixed assets adjustment of negative ¥134 million is intersegment elimination and intersegment unrealized income, etc.

3. Segment profit is adjusted to operating income.

4. In the Consolidated Statement of Income, of the above impairment loss, ¥114 million is included in "loss on closing of stores."

(4) Capital expenditures

Our capital expenditures during the consolidated fiscal year under review totaled ¥32.0 billion, which consisted principally of ¥16.9 billion for capital expenditures at Isetan Mitsukoshi Ltd.

(5) Financing

During the consolidated fiscal year under review, there are no material facts to report.

(6) Status of business transfer, etc.

During the consolidated fiscal year under review, there are no material facts to report.

(7) Issues that need to be addressed

In the environment surrounding the Group, the impact of price trends based on the monetary policies of various countries, trends in international financial capital markets, and geopolitical risks must be monitored closely on a continual basis. On the other hand, factors which can be expected to contribute to growth, such as an increase in world population and the domestic wealthy class, are also becoming apparent. In such a complex business environment, the Group will identify risks and opportunities surrounding the Group and stay ahead of changes in the social and business environment by strengthening investments in the Group's foundations and growth areas for the future.

Furthermore, the Group has formulated a new Medium-Term Management Plan for the six-year period from fiscal 2025 to fiscal 2030. The new Medium-Term Management Plan, which will begin in fiscal 2025, comprises two parts. The first half, which lasts for three years (fiscal 2025 to fiscal 2027), is designated as a period to transform into an "individual customer business" through "stronger intra-Group coordination" ("preparation for urban development phase I"), and the second half, which lasts for three years (fiscal 2028 to fiscal 2030), is designated as the period to evolve the process for becoming an "individual customer business" and begin urban planning in earnest ("preparation for urban development phase II"). During this six-year period, which is considered an important period for the future growth of the Group, we will aim to achieve the Group's vision, "We are a retail group centered on extraordinary department stores working toward improving the lives of our customers," by promoting the new Medium-Term Management Plan.

■ New Medium-Term Management Plan (Fiscal 2025 – Fiscal 2030)

(1) Company-wide strategy

1) Medium- and long-term steps

Now, 120 years after the Department Store Declaration, we will transform and evolve from a "store business" (mass-market business model) to an "individual customer business" through "stronger intra-Group coordination" and "urban development." In the "preparation for urban development phase," we will deepen cooperation between each business through "stronger intra-Group coordination" and aim to establish a world-class "individual customer business." In the fruition phase, we will attract customers from around the world through "urban development" and aim to evolve into the world's greatest "individual customer business."

2) Transformation and evolution into an "individual customer business"

We will attract and identify customers from around the world and propose diverse customer values to connected customers. In addition, by strengthening intra-Group coordination, we will increase revenue by acquiring new business opportunities.

(2) Business strategies

Main businesses	Strategy
Department Store Business	◆ Become an extraordinary department store at the core of urban development • We will aim to become an extraordinary department store that attracts customers from around the world through unmatched uniqueness as the core of urban development. • We will evolve our flagship stores through means such as establishing new subcategories and globalizing stores, converting them into high sensitivity, fine quality stores. In addition, we will conduct digital urban development by reforming digital points of contact, aiming to increase points of contact with customers. • We will introduce an app for overseas customers and MICARD BASIC, a card with no annual fee, to strengthen customer identification. • In addition to efforts for an intra-Group coordination network that provides Group content to customers of stores nationwide, we will work to convert ONE Group out-of-store sales into a membership club and deepen ties with customers from around the world through a foreign out-of-store sales function, aiming to increase customer use. • We will expand the department store Customer Programs to an overall Group program and work to develop lifelong customers. ◆ Convert our three flagship stores into “high sensitivity, fine quality stores” • Our flagship stores (the Isetan Shinjuku Main Store, the Mitsukoshi Nihombashi Main Store and the Mitsukoshi Ginza store) will hone their essence as Mitsukoshi Isetan stores and the uniqueness of their respective concepts to create “new value.” We will optimize our merchandising balance, achieve further development, and aim to create the world’s greatest department stores. ◆ Achieve a stable surplus at regional department stores • By evolving our regional department store model and further developing the “scientific analysis of department stores,” we will aim to be a one-of-a-kind presence that supports high sensitivity, fine quality consumption in regional areas. • We will promote three types of reform (organizational and key personnel reform, income and expenditure structure reform, and store structure reform) from a scientific perspective and further develop the “scientific analysis of department stores,” aiming to achieve an operating surplus for the business on a non-consolidated basis. • By promoting customer attraction and identification in various areas and increasing use through the base network, we will evolve the regional department store business model, aiming to achieve a stable surplus (an operating income margin of approximately 3%). • We will increase intra-Group coordination profit by encouraging identified customers to use Group infrastructure and content, aiming to further increase profits.
Real estate business	• In addition to establishing concrete real estate development plans aimed at achieving “urban development,” we will strengthen the unique points of the construction and interior business and logistics business. • To advance the real estate development plan, we will establish concrete plans for the hotel business in advance while exploring high sensitivity, fine quality content such as “hotels, restaurants, and entertainment.” • As major initiatives from fiscal 2025 to fiscal 2027, we will refine development plans in various areas and explore content, applications, and business opportunities. • From fiscal 2028 to fiscal 2030, we will begin work on preliminary projects and establish concrete content, use, and business opportunities.

	• In the construction and interior business, we will strengthen the acquisition of high-value-added projects such as office executive floors and residential fine quality renovations, aiming to dominate the high sensitivity, fine quality "construction and interior market." • In the logistics business, we will strengthen the external development of our services by utilizing the logistics know-how cultivated through department store logistics to implement efforts such as the outsourcing of hotels and offices aimed at urban development.
Financial business	• We will leverage goodwill value and the Group's customer base to establish a financial service business that offers added value unique to the Company. • In the card domain, we will strengthen conversion of Group customers into card members by reviewing the lineup. In addition, we will work to promote card usage inside and outside department stores and strengthen the use of financing by revising the credit limit and points system. • In the financial domain, we will provide new financial services unique to department stores to Isetan Mitsukoshi app customers as well as MICARD customers in order to expand revenue.
Domestic affiliated business	• By expanding B-to-B and B-to-C business, we will increase revenue and evolve the business models of each affiliated business. • We will utilize the unique points of each business to further promote in-house production within the Group. • We will aim to increase revenue by maximizing the use of Group assets such as identified customers, stores, and out-of-store sales in all Group companies while strengthening external sales through means such as participation in urban development business opportunities.

"Sustainability management" of the Isetan Mitsukoshi Group

The Company practices sustainability management under the "Isetan Mitsukoshi Group Corporate Philosophy," which is at the heart of all the Company's business activities. In light of the reorganizing of the Corporate Philosophy and the formulation of the new Medium-Term Management Plan, the priority initiatives (Materialities) were revised during fiscal 2024 and four new Materialities were identified. We will face various social issues and contribute to solving them through our business activities, aiming to achieve an enriched future and sustainable society through the enhancement of corporate value.

■ Isetan Mitsukoshi Group's Sustainability Priority Initiatives (Materialities)

Priority initiative 1: Connecting People and Local Communities	In order to enrich our customers' lifestyles, we are promoting initiatives that connect people with local communities. This includes such things as creating venues for people to encounter the thoughts and sensibilities of others, as well as introducing the local cultures, traditions, and specialties of each region.
Priority initiative 2: Connecting a Sustainable Environment and Society	We will build a corporate foundation that will ensure we can pass on a sustainable society to the next generation. We will achieve this through initiatives to address social issues related to the supply chain, including climate change and respect for human rights.
Priority initiative 3: Maximizing the Power of People	As presented in the Group's mission of "Touching people's hearts with human-driven experiences" established in the corporate philosophy, we believe that "maximizing the potential of employees" will lead to

	enhancing the Group's value. Based on this belief, we will continue to invest in human resources.
Priority initiative 4: Group Governance and Communication	Aiming to maximize our corporate value by establishing and strengthening a sound and highly transparent Group governance system, we are pursuing ongoing corporate governance reform, enhancing our internal control systems, and undertaking stakeholder engagement activities.

■ External Evaluation

The Group's past initiatives were evaluated and received the highest MSCI ESG rating of AAA, as well as high acclaim from outside the Company.

■ Specific Initiatives

1) Connecting People and Local Communities

◆ Promoting and passing on culture and tradition

Isetan Mitsukoshi Property Design has utilized its unique technologies cultivated for many years to repair historical buildings and furniture. In the Tekigai-sō Restoration and Maintenance Project (a project to restore the former residence of the former Japanese Prime Minister Fumimaro Konoe in Suginami-ku), we worked on the replication of furniture that exists only in records.

Through these activities, the Group continues striving to create a prosperous future for our customers by contributing to cultural and traditional businesses.

2) Connecting a Sustainable Environment and Society

◆ Addressing environmental issues

We are working to address climate change in response to a growing demand from society. Aiming to mitigate climate change, we committed to acquiring SBTi's short-term target certification. Specifically, we are promoting the introduction of renewable energy including solar power to our stores, and the main building of the Mitsukoshi Nihombashi Main Store is powered 100% by renewable energy. Through these initiatives, we will contribute to the achievement of a sustainable environment and society.

◆ Promoting supply chain management

The Group works to ensure human rights due diligence in order to achieve a sustainable supply chain. We created a Human Rights Risk Map based on questionnaire responses from business partners, and we include key risks as confirmation items in our dialogue with business partners, promoting discussion aimed at correction, prevention, and risk reduction.

Furthermore, we will establish an "External Help Desk for Human Rights Relief" and further improve its effectiveness.

3) Maximizing the Power of People

◆ Human resources management policy: "Basic concepts of people and organizations"

The Group regards the most important assets for continuing sustainable growth as "individual capabilities of each and every employee." In fiscal 2024, we established the "basic concepts of people and organizations" as the Group's human resources management policy. By clarifying the roles of employees, supervisors, and companies and having them all work together as one, we will encourage "changes in mindset and behavior" for all employees of the Group in order to transform into an "individual customer business."

(8) Status of significant subsidiaries (As of March 31, 2025)

1) Status of subsidiaries

Company Name	Paid-in Capital	Ownership Percentage by the Company (%)	Location of Main Store	Line of Business
Isetan Mitsukoshi Ltd.	¥10,000 mln.	100.0	Shinjuku-ku, Tokyo	Department store Real estate
Sapporo Marui Mitsukoshi Ltd.	¥100 mln.	100.0	Chuo-ku, Sapporo-shi, Hokkaido	Department store
Hakodate Marui Imai Ltd.	¥50 mln.	100.0	Hakodate-shi, Hokkaido	Department store
Sendai Mitsukoshi Ltd.	¥50 mln.	100.0	Aoba-ku, Sendai-shi, Miyagi	Department store
Niigata Isetan Mitsukoshi Ltd.	¥100 mln.	100.0	Chuo-ku, Niigata-shi, Niigata	Department store
Shizuoka Isetan Co., Ltd.	¥100 mln.	100.0	Aoi-ku Shizuoka-shi, Shizuoka	Department store
Nagoya Mitsukoshi Ltd.	¥50 mln.	100.0	Naka-ku, Nagoya-shi, Aichi	Department store
Hiroshima Mitsukoshi Ltd.	¥50 mln.	100.0	Naka-ku, Hiroshima-shi, Hiroshima	Department store
Takamatsu Mitsukoshi Ltd.	¥50 mln.	100.0	Takamatsu-shi, Kagawa	Department store
Matsuyama Mitsukoshi Ltd.	¥50 mln.	100.0	Matsuyama-shi, Ehime	Department store
Iwataya Mitsukoshi Ltd.	¥100 mln.	100.0	Chuo-ku, Fukuoka-shi, Fukuoka	Department store
Isetan (China) Investment Co., Ltd.	US$104,321 thou	100.0	Shanghai, China	Department store
Isetan (Singapore) Ltd.	S$91,710 thou	100.0	Singapore	Department store
Isetan of Japan Sdn. Bhd.	20,000 thou ringgit	100.0	Kuala Lumpur, Malaysia	Department store
Mitsukoshi (U.S.A.) Inc.	US$25,000 thou	100.0	Florida, U.S.A.	Department store
MICARD Co. Ltd.	¥1,100 mln.	100.0	Chuo-ku, Tokyo	Credit & finance

Notes: The Company has direct ownership in Isetan Mitsukoshi Ltd., Sapporo Marui Mitsukoshi Ltd., Hakodate Marui Imai Ltd., Sendai Mitsukoshi Ltd., Niigata Isetan Mitsukoshi Ltd., Shizuoka Isetan Co., Ltd., Nagoya Mitsukoshi Ltd., Hiroshima Mitsukoshi Ltd., Takamatsu Mitsukoshi Ltd., Matsuyama Mitsukoshi Ltd., Iwataya Mitsukoshi Ltd., and MICARD Co. Ltd., and indirect ownership in all other companies.

2) Status of affiliates accounted for by the equity method

Company Name	Paid-in Capital	Ownership Percentage by the Company (%)	Location of Main Store	Line of Business
West Japan Railway Isetan Ltd.	¥100 mln.	40.0	Shimogyo-ku, Kyoto-shi, Kyoto	Department store
Mitsukoshi Isetan Im Facilities Co., Ltd.	¥50 mln.	33.4	Chuo-ku, Tokyo	Real estate
Shin Kong Mitsukoshi Department Store Co., Ltd. (Taiwan)	12,459 mln. Taiwan dollars	43.4	Taipei, Taiwan	Department store
One Bangkok Tower 4 Company Limited	3,563 mln. Thai bahts	25.1	Bangkok, Thailand	Real estate

Note: The Company has direct ownership in West Japan Railway Isetan Ltd. and One Bangkok Tower 4 Company Limited, indirect ownership in Mitsukoshi Isetan Im Facilities Co., Ltd., and both direct and indirect ownership in Shin Kong Mitsukoshi Department Store Co., Ltd. (Taiwan).

3) Status of specific wholly-owned subsidiaries

Name	Address	Total amount of book value	Total assets of the Company
Isetan Mitsukoshi Ltd.	3-14-1, Shinjuku, Shinjuku-ku, Tokyo	¥431,756 mln.	¥640,487 mln.

(9) Principal lines of business (As of March 31, 2025)

The Isetan Mitsukoshi Group engages in four businesses—Department Store Business; Credit & finance / customer organization management; Real estate businesses; and Other businesses.

(10) Principal sales and business establishments (As of March 31, 2025)

1) Department store

<Domestic>

Company & Store Name		Location
Isetan Mitsukoshi Ltd.	Mitsukoshi Nihombashi store	Chuo-ku, Tokyo
	Mitsukoshi Ginza store	Chuo-ku, Tokyo
	Isetan Shinjuku store	Shinjuku-ku, Tokyo
	Isetan Tachikawa store	Tachikawa-shi, Tokyo
	Isetan Urawa store	Urawa-ku, Saitama-shi, Saitama
Sapporo Marui Mitsukoshi Ltd.	Sapporo Marui Imai main store	Chuo-ku, Sapporo-shi, Hokkaido
	Sapporo Mitsukoshi store	Chuo-ku, Sapporo-shi, Hokkaido
Hakodate Marui Imai Ltd.		Hakodate-shi, Hokkaido
Sendai Mitsukoshi Ltd.		Aoba-ku, Sendai-shi, Miyagi
Niigata Isetan Mitsukoshi Ltd.		Chuo-ku, Niigata-shi, Niigata
Shizuoka Isetan Co., Ltd.		Aoi-ku, Shizuoka-shi, Shizuoka
Nagoya Mitsukoshi Ltd.	Sakae store	Naka-ku, Nagoya-shi, Aichi
	Hoshigaoka store	Chikusa-ku, Nagoya-shi, Aichi
Hiroshima Mitsukoshi Ltd.		Naka-ku, Hiroshima-shi, Hiroshima
Takamatsu Mitsukoshi Ltd.		Takamatsu-shi, Kagawa
Matsuyama Mitsukoshi Ltd.		Matsuyama-shi, Ehime
Iwataya Mitsukoshi Ltd.	Iwataya main store	Chuo-ku, Fukuoka-shi, Fukuoka
	Iwataya Kurume store	Kurume-shi, Fukuoka
	Fukuoka Mitsukoshi store	Chuo-ku, Fukuoka-shi, Fukuoka
West Japan Railway Isetan Ltd.	JR Kyoto Isetan	Shimogyo-ku, Kyoto-shi, Kyoto

<Overseas>

Company Name	Location
Isetan (Singapore) Ltd.	Singapore
Isetan of Japan Sdn. Bhd.	Kuala Lumpur, Malaysia
Mitsukoshi (U.S.A.) Inc.	Florida, U.S.A.
Shin Kong Mitsukoshi Department Store Co., Ltd. (Taiwan)	Taipei, Taiwan
One Bangkok Tower 4 Company Limited	Bangkok, Thailand

2) Credit & finance / customer organization management

Company Name	Location
MICARD Co. Ltd.	Chuo-ku, Tokyo
MI TOMONOKAI Co., Ltd.	Chuo-ku, Tokyo

3) Real estate

Company Name	Location
Isetan Mitsukoshi Ltd.	Shinjuku-ku, Tokyo
Isetan Mitsukoshi Property Design Ltd.	Shinjuku-ku, Tokyo
ISETAN KAIKAN co., ltd	Shinjuku-ku, Tokyo

(11) Employees (As of March 31, 2025)

Employees of the Company and its subsidiaries

	Number of employees	Change from the end of the previous fiscal year
Department store	6,498	653 decrease
Credit & finance / customer organization management	570	36 decrease
Real estate	296	15 increase
Other businesses	1,557	128 increase
Total	**8,921**	**546 decrease**

Note: The figures do not include temporary or part-time staff.

(12) Principal lenders and borrowings (As of March 31, 2025)

Borrowing made by the Company and its subsidiaries

Lenders	Amounts borrowed (¥ million)
MUFG Bank, Ltd.	13,186
Sumitomo Mitsui Banking Corporation	13,186
Sumitomo Mitsui Trust Bank, Limited	5,000
Syndicated loan	25,000

Note: Borrowings include borrowings from overseas subsidiaries of lenders.

2. Matters related to the Company shares (As of March 31, 2025)

(1) Number of shares authorized: 1,500,000,000 shares

(2) Number of shares issued and outstanding

	Number of shares issued and outstanding
At the end of the fiscal year ended March 31, 2025	380,262,554
Change from the end of the previous fiscal year	- 17,002,500

Note: The above figures include 14,852,729 treasury stock.

(3) Number of shareholders

	Number of Shareholders
At the end of the fiscal year ended March 31, 2025	315,582
Change from the end of the previous fiscal year	+ 27,781

(4) Major shareholders

Name of Shareholders	Number of Shares Held	Voting Rights Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	61,080,600	16.72
Custody Bank of Japan, Ltd. (Trust account)	30,429,400	8.33
The Mitsukoshi Health and Welfare Foundation	13,204,832	3.61
JP MORGAN CHASE BANK 385864	9,794,700	2.68
Isetan Mitsukoshi Group's partner holding companies	7,247,378	1.98
SHIMIZU CORPORATION	6,200,000	1.70
Meiji Yasuda Life Insurance Company	5,697,279	1.56
STATE STREET BANK WEST CLIENT – TREATY 505234	4,154,300	1.14
Isetan Mitsukoshi Group Employees Shareholding Association	3,826,386	1.05
TAIJU LIFE INSURANCE COMPANY LIMITED	3,806,300	1.04

Note: Treasury stock (14,852,729 shares) is deducted from Voting Rights Percentage.

(5) Shares delivered during the fiscal year under review as consideration for execution of duties

Total shares delivered to Directors and other officers by position

	Number of Shares	Number of Recipients
Directors (excluding External Directors, including Executives)	12,900	3
Directors (External Directors)	3,800	6
Executives who are not Directors	6,800	2

Note: The shares above were delivered based on the company's stock compensation system.

(6) Other significant matters relating to shares

(Acquisition and cancellation of treasury stock)

In accordance with a resolution made at a meeting of the Board of Directors held on May 14, 2024, the Company acquired treasury stock as follows, based on the provisions of Article 156 of the Companies Act, as applied pursuant to the provisions of Article 165, Paragraph 3 of the Companies Act, subsequent to which all acquired treasury stock have been cancelled in accordance with the provisions of Article 178 of the Companies Act.

・Types of shares acquired and cancelled:	Common stock
・Total number of shares acquired and cancelled:	5,910,500 shares
・Total acquisition price of shares:	¥14,999,787,900
・Acquisition period:	May 15, 2024 to October 25, 2024
・Date of cancellation:	November 29, 2024

In addition, in accordance with a resolution made at a meeting of the Board of Directors held on November 13, 2024, the Company acquired treasury stock as follows, based on the provisions of Article 156 of the Companies Act, as applied pursuant to the provisions of Article 165, Paragraph 3 of the Companies Act, subsequent to which all acquired treasury stock have been cancelled in accordance with the provisions of Article 178 of the Companies Act.

・Types of shares acquired and cancelled :	Common stock
・Total number of shares acquired and cancelled :	4,223,700 shares
・Total acquisition price of shares:	¥9,999,850,400
・Acquisition period:	November 14, 2024 to March 14, 2025
・Date of cancellation:	March 31, 2025

3. Matters related to the stock acquisition rights issued by the Company (As of March 31, 2025)

Stock acquisition rights issued and outstanding held by the Company's Directors and Executives as of the end of the fiscal year under review

Classification	Name of stock acquisition rights	No. of stock acquisition rights issued	No. of holders
Directors (not including External Directors)	29th Stock Acquisition Rights	57	1
Directors (External Directors)	N/A		
Executives	33rd Stock Acquisition Rights	80	1

The outline of particulars of the stock acquisition rights issued by the Company is described below.

29th Stock Acquisition Rights (Issued on October 13, 2017)

Number of stock acquisition rights issued (as of the date issued)	1,683
Type and number of shares issuable upon exercise of the stock acquisition rights (as of the date issued)	168,300 common shares (100 shares per stock acquisition right)
Price payable for each stock acquisition right	¥121,400 per unit (¥1,214 per share)
Price payable for capitalization upon exercise of each stock acquisition right	¥100 per unit (¥1.00 per share)
Period for exercising the stock acquisition rights	November 1, 2018 through October 13, 2033
Main conditions for the exercise of the stock acquisition rights	Stock acquisition rights may be exercised while holding the position of director, executive, corporate auditor, Operating Officer, consultant, counselor or Group officer (as defined in the Regulations for Group Officers of the Company) at the Company or any of the Company's subsidiaries or within five years of the date when the person resigned from any of the relevant positions. However, this shall not extend beyond the "period for exercising the stock acquisition rights."

33rd Stock Acquisition Rights (Issued on July 2, 2019)

Number of stock acquisition rights issued (as of the date issued)	1,233
Type and number of shares issuable upon exercise of the stock acquisition rights (as of the date issued)	123,300 common shares (100 shares per stock acquisition right)
Price payable for each stock acquisition right	¥85,400 per unit (¥854 per share)
Price payable for capitalization upon exercise of each stock acquisition right	¥100 per unit (¥1.00 per share)
Period for exercising the stock acquisition rights	August 1, 2020 through July 2, 2035
Main conditions for the exercise of the stock acquisition rights	Stock acquisition rights may be exercised while holding the position of director, executive, corporate auditor, Operating Officer, consultant, counselor or Group officer (as defined in the Regulations for Group Officers of the Company) at the Company or any of the Company's subsidiaries or within five years of the date when the person resigned from any of the relevant positions. However, this shall not extend beyond the "period for exercising the stock acquisition rights."

4. Matters concerning Directors and Auditors (As of March 31, 2025)

(1) Names, etc. of Directors and Executives

1) Directors

Position	Name	Areas of responsibility	Representation at other companies, etc.
Director (President and CEO)	Toshiyuki Hosoya		President, Representative Director, Operating Officer, Isetan Mitsukoshi Ltd. Director, Shin Kong Mitsukoshi Department Store Co., Ltd.
Director	Yuki Ishizuka	Chairperson of the Audit Committee	
Director (Managing Operating Officer)	Yoshinori Makino		Director, West Japan Railway Isetan Ltd. Director, Shin Kong Mitsukoshi Department Store Co., Ltd.
Director (External)	Fukutaka Hashimoto	Chairman of the Board of Directors	Representative Partner Attorney and Director, Tokyo Hatchobori Law Office Independent Outside Director, KOKUYO Co., Ltd.
Director (External)	Tomoko Ando	Chairperson of the Compensation Committee, Audit Committee Member	Representative Director, Open the Door Inc.
Director (External)	Hitoshi Ochi	Nominating Committee Member, Audit Committee Member	
Director (External)	Toshio Iwamoto	Chairperson of the Nominating Committee, Compensation Committee Member	Outside Director, Daiwa Securities Group Inc. Outside Director, East Japan Railway Company Outside Director, Sumitomo Forestry Co., Ltd.
Director (External)	Kenji Sukeno	Nominating Committee Member, Audit Committee Member	Chairman and Director, FUJIFILM Holdings Corporation Chairman & Director, FUJIFILM Corporation Director, FUJIFILM Business Innovation Corp. Outside Director, Sumitomo Forestry Co., Ltd.
Director (External)	Chieko Matsuda	Nominating Committee Member, Compensation Committee Member	Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University Professor, Graduate School of Management, Tokyo Metropolitan University Outside Director, IHI Corporation

Position	Name	Areas of responsibility	Representation at other companies, etc.
			Outside Director, Asahi Kasei Corporation Outside Member of the Board, Toyota Tsusho Corporation

2) Executives

Position	Name	Areas of responsibility	Representation at other companies, etc.
President and CEO	Toshiyuki Hosoya	CEO	President, Representative Director, Operating Officer, Isetan Mitsukoshi Ltd. Director, Shin Kong Mitsukoshi Department Store Co., Ltd.
Managing Operating Officer	Yoshinori Makino	CFO and CSDO	Director, West Japan Railway Isetan Ltd. Director, Shin Kong Mitsukoshi Department Store Co., Ltd.
Managing Operating Officer	Akira Kimbara	CAO, CRO, and CHRO	
Managing Operating Officer	Takuya Yamashita	CMO	

Notes:

1. Directors Mr. Toshiyuki Hosoya and Mr. Yoshinori Makino serve concurrently as Executives.
2. The Company has designated External Directors Mr. Fukutaka Hashimoto, Ms. Tomoko Ando, Mr. Hitoshi Ochi, Mr. Toshio Iwamoto, Mr. Kenji Sukeno, and Ms. Chieko Matsuda as Independent Directors based on the provisions of the Tokyo Stock Exchange, and has notified the stock exchange thereof.
3. Audit Committee Member Mr. Kenji Sukeno has engaged in accounting and corporate planning departments for many years, served as CFO at a U.S. subsidiary and has advanced insight into finance and accounting.
4. Non-executive Director Ms. Yuki Ishizuka has been selected as a full-time Audit Committee Member. The Company appoints a full-time Audit Committee Member to increase the effectiveness of audit activities.
5. As of April 1, 2025, the Company has appointed the following Executives.

President and CEO	Toshiyuki Hosoya (CEO)
Managing Operating Officer	Yoshinori Makino (CFO)
Managing Operating Officer	Akira Kimbara (CAO and CRO)
Managing Operating Officer	Takuya Yamashita (CMO)

CFO	Chief Financial Officer
CAO	Chief Administrative Officer
CRO	Chief Risk Officer
CMO	Chief Merchandizing Officer

6. There are no special relationships between each External Director and his or her significant concurrent posts and the Company that would cause an issue in the execution of duties as an External Director. Although the following business relationship exists between an organization to which External Director belongs and the Company, we believe that there are no risks affecting the independence of the External Director.

   One subsidiary of the Company has a business relationship with FUJIFILM Holdings Corporation, FUJIFILM Corporation, and FUJIFILM Business Innovation Corp. where Mr. Kenji Sukeno holds concurrent posts, but the amount of transactions with the Company in the past three fiscal years is less than 1% of the consolidated net sales of both parties for each fiscal year.

(2) Changes in Directors during the fiscal year

During the fiscal year, changes occurred in the positions of Directors as at the conclusion of the Ordinary General Meeting of Shareholders held on June 24, 2024.

1) New appointments

As of June 24, 2024	
Director (External)	Kenji Sukeno
Director (External)	Chieko Matsuda

2) Resignation

As of June 24, 2024	
Director (External)	Miwako Doi
Director (External)	Hidetoshi Furukawa

(3) Outline of limited liability agreements

The Company has concluded agreements with Non-executive Director Yuki Ishizuka, and External Directors Fukutaka Hashimoto, Tomoko Ando, Hitoshi Ochi, Toshio Iwamoto, Kenji Sukeno, and Chieko Matsuda to limit their liabilities as provided for in the Company's Articles of Incorporation. The maximum amount of the liabilities in the agreements is set at the amount prescribed in the laws and regulations.

(4) Outline of directors and officers liability insurance contract

The Company has concluded a directors and officers liability insurance contract with an insurance company, as set forth in Article 430-3, Paragraph 1 of the Companies Act. The insurance covers Directors, Executives, Corporate Auditors and Operating Officers of the Company and Isetan Mitsukoshi Ltd. for litigation expenses and legal damages, should such persons be held accountable in the event of a stockholders' representative action, corporate action or third-party action. The company is fully responsible for paying all insurance premiums. The insurance contract contains exclusions related to coverage in the case of intentional actions or gross negligence by the insured parties.

(5) Total payments to Directors and Executives

Classification	Number of Payees	Total Payments (Millions of yen)	Total Amount of Payments by Type (Millions of yen)		
			(Fixed Compensation) Basic Compensation	(Performance-Linked Compensation) Bonuses	(Non-monetary Compensation) Share-Based Compensation
Directors (External Directors)	11 (8)	137 (97)	120 (84)	- (-)	17 (13)
Executives	4	337	146	126	64
Total	15	475	266	126	82

Notes:

1. The table above includes two (2) Directors who resigned at the conclusion of the 16th Ordinary General Meeting of Shareholders held on June 24, 2024.
2. Regarding compensation paid to Executives who concurrently serve as Directors, the amounts paid have been shown separated into their compensation as Directors, and compensation as Executives. They have been shown in both rows in the Number of Payees column.

3. The Company introduced a performance-linked calculation method for bonuses for Operating Officers, and uses the amount of company-wide operating income and company-wide ESG indicators as the evaluation indexes. The above bonus amount is for the period from April 2024 to March 2025, and the amount of unpaid bonus to be paid in July 2025 is stated.
4. The Company introduced a restricted stock compensation system. Non-monetary compensation in the table above represents the expenses recorded during fiscal 2024 associated with this restricted stock compensation. The status of shares delivered during the fiscal year under review as consideration for the execution of duties is presented in “Matters related to the Company shares.”

(6) Matters concerning the policy on determination of the details of compensation for individual Directors and Executives (hereinafter referred to as "Executives, etc.")

◆ Basic principles on officer's compensation

- The Company established "Basic principles on officer's compensation" as a policy relating to details of compensation for individual Executives, etc., an outline of which follows. We provide incentives that contribute to the demonstration of a sound entrepreneurial spirit based on the following four basic principles.

(1) Promotion of mutual sharing of interests of shareholders and officers
(2) Expansion of incentive effects to improve financial results and shareholder value
(3) Ensuring there is no shortfall in compensation level compared with the industry as a whole (when the target is achieved)
(4) Ensuring objectivity and transparency in methods of evaluation and determining compensation

- Based on the aforementioned "Basic principles on officers' compensation," the Compensation Committee, which consists solely of External Directors, determines the policy regarding compensation, and deliberates and determines the amounts of individual compensation.

  The Committee is continuing to consider making the executive compensation system even more functional as a sound incentive for the sustainable growth of the Company.

◆ Composition of compensation

(Executives) * Including Executives concurrently serving as Directors)

Basic Compensation x 12 months	Bonuses Basic Compensation x 5 months (when the payment rate is 1.00)	Share-Based Compensation Basic Compensation x 5 months

(Non-executive Directors) * Including External Directors

Basic Compensation x 12 months		←Share-based Compensation Basic compensation x 2 months

◆ Basic compensation

- Basic compensation for Executives, etc. is paid monthly in a fixed amount based on the compensation table deliberated by the Compensation Committee.
- Basic compensation is determined each fiscal year by resolution of the Compensation Committee, after the Committee deliberates on the appropriateness of a proposal for individual compensation prepared using duties analysis and evaluation methods provided by an external consulting company.

◆ Bonuses (Performance-linked compensation)

- The Company has introduced a performance-linked bonus system for Executives as shown below, to reflect its compensation principles and provide a strong motivation to achieve targets.

[1] Bonus payment calculation formula

Executives: Base amount of bonus (Monthly basic compensation (5 months) x corporate performance payment rate x Company-wide ESG indicators)

[2] Corporate performance payment rate

The payout ratio is set at 1.00 (100%) when the Company achieves its operating income goal, and is designed to vary within the range from a minimum of 0.00 (0%) to a maximum

of no upper limit, in proportion to the degree to which the goal is achieved. Operating income for the consolidated fiscal year under review was 76.3 billion yen, approximately 250% of the goal. As a result, the corporate performance payment rate was 2.03.

[3] Company-wide ESG indicators

From fiscal 2023, ESG indicators have been incorporated in the evaluation of officers' bonuses as a motivation to achieve the Company's mid- to long-term goal of promoting sustainability. The KPIs shall be determined for each fiscal year and are designed to reflect the individual's degree of achievement within a ±5% range of the base amount of bonus x corporate performance payment rate.

◆ Share-based compensation (Non-monetary compensation)

- The Company has been granting its own shares with transfer restrictions covering a certain period of time, and has introduced a restricted stock compensation system to align the interests of shareholders and officers in order to increase awareness of enhancing shareholder value.

(Restricted stock compensation system)

Monetary compensation claims	Executives/Operating Officers (including Executives concurrently serving as Directors): 5 months' monthly basic compensation Non-executive Directors: 2 months' monthly basic compensation
Calculation of the number of allotted shares	Individual monetary compensation receivables ÷ base share price [*1] (rounded down to the nearest 100 shares)
Transfer restriction period	30 years [*2]

[*1] The closing price of the Company's shares on the Tokyo Stock Exchange on the trading day before the allotment resolution date (or the prior trading day if there no share price is allocated on that day)

[*2] Transfer restrictions shall be lifted if the term of office expires or if the recipient retires during the transfer restriction period due to reasons deemed justified by the Board of Directors of the Company.

◆ Reason why the details of individual compensation for Executives, etc. for the fiscal year under review are deemed appropriate by the Compensation Committee in view of the "Basic principles on officer's compensation"

- Details of individual compensation, etc. determined by the Compensation Committee
  (1) Basic compensation to be calculated as monetary compensation for each individual in accordance with positions and responsibilities
  (2) Bonuses to be monetary compensation linked to corporate performance goals and results
  (3) It was confirmed during deliberations by the committee that share-based compensation is incentive compensation that aligns with the interests of shareholders. Based on this, the Compensation Committee has determined that the details of compensation for individual Executives, etc. for the fiscal year under review are deemed to be in accordance with the "Basic principles on officer's compensation."
- In addition, levels of compensation are benchmarked against the industry as a whole (companies listed on the Prime Market), based on "3. Ensuring there is no shortfall in compensation level compared with the industry as a whole" in the aforementioned basic principles. Following this, the Company then participates in a compensation survey each fiscal year, together with numerous other listed companies, and the levels of total annual compensation have been validated by the Compensation Committee to be average on a yearly basis, provided the corporate performance target amounts are met.

- At the meeting of the Compensation Committee held on May 13, 2025, a revision was made to the stock compensation system linked with performance in the Medium-Term Management Plan for the Company's Executives, etc. in order to further increase motivation to achieve the Group's Medium-Term Management Plan.
  The content of the timely disclosure regarding this revision to the stock compensation system is available on the Company's website ("Notice Concerning Revision of Compensation System for Executive Officers, etc."). Please visit the following page for details:
  https://pdf.irpocket.com/C3099/vAfC/i7G9/IhVd.pdf

(7) Matters concerning External Directors and Outside Corporate Auditors

Major activities in the fiscal year

Position	Name	Attendance at meetings of the Board of Directors, etc.	Outline of comments made and duties carried out related to roles expected to be fulfilled by External Director
Director	Fukutaka Hashimoto	Meetings of the Board of Directors: 8 out of 9 Meetings of the Nominating Committee: 1 out of 1	He is expected to use his specialist knowledge in corporate legal affairs and deep insight into auditing to contribute to the supervision of the Company's management from these perspectives. At meetings of the Board of Directors, he made necessary comments on management discussion items and deliberation items as appropriate based on this perspective. In addition, as Chairman of the Board of Directors, he demonstrated leadership in strengthening the monitoring of management.
Director	Tomoko Ando	Meetings of the Board of Directors: 9 out of 9 Meetings of the Compensation Committee: 9 out of 9 Meetings of the Audit Committee: 15 out of 15	She is expected to use her extensive knowledge and experience in marketing, personnel affairs, and human resources management areas to contribute to the supervision of the Company's management. At meetings of the Board of Directors, she made necessary comments on discussion items and deliberation items as appropriate based on this perspective. In addition, at the meetings of the Compensation Committee, she endeavored to manage meetings objectively and transparently as Chairperson when determining the policy for the compensation system for officers including Directors. Moreover, at the meetings of the Audit Committee, she received reports from Executives regarding issues deemed necessary to be monitored by the Audit Committee, and audited the execution of duties by Directors and Executives.

Position	Name	Attendance at meetings of the Board of Directors, etc.	Outline of comments made and duties carried out related to roles expected to be fulfilled by External Director
Director	Hitoshi Ochi	Meetings of the Board of Directors: 9 out of 9 Meetings of the Nominating Committee: 7 out of 7 Meetings of the Audit Committee: 15 out of 15	He is expected to use his extensive experience in corporate management and deep insight into IT, DX, and governance to contribute to the supervision of the Company's management. At meetings of the Board of Directors, he made necessary comments on management discussion items and deliberation items as appropriate based on this perspective. In addition, at the meetings of the Nominating Committee, he deliberated on matters including a succession plan for the President and CEO, personnel change of officers including Executives, and the determination of proposals for reappointment of Directors to be submitted to the General Meeting of Shareholders, etc. Moreover, at the meetings of the Audit Committee, he received reports from Executives regarding issues deemed necessary to be monitored by the Audit Committee, and audited the execution of duties by Directors and Executives.
Director	Toshio Iwamoto	Meetings of the Board of Directors: 9 out of 9 Meetings of the Nominating Committee: 7 out of 7 Meetings of the Compensation Committee: 9 out of 9	He is expected to use his extensive experience in corporate management and deep insight into IT and digital, and global business to contribute to supervision of the Company's management. At meetings of the Board of Directors, he made necessary comments on management discussion items and deliberation items as appropriate based on this perspective. In addition, at the meetings of the Nominating Committee, he deliberated on matters including a succession plan for the President and CEO, personnel change of officers including Executives, and the determination of proposals for reappointment of Directors to be submitted to the General Meeting of Shareholders, etc. As Chairperson of the Nominating Committee, he endeavored to manage meetings objectively and transparently. Moreover, at the meetings of the Compensation Committee, he deliberated on the determination of policy for the compensation system for officers including Directors and the determination of individual compensation amounts, etc. for the Company's officers.

Position	Name	Attendance at meetings of the Board of Directors, etc.	Outline of comments made and duties carried out related to roles expected to be fulfilled by External Director
Director	Kenji Sukeno	Meetings of the Board of Directors: 8 out of 8 Meetings of the Nominating Committee: 6 out of 6 Meetings of the Audit Committee: 12 out of 12	He is expected to use his extensive experience in corporate management, his financial and accounting knowledge, and his governance insight to contribute to supervision of the Company's management. At meetings of the Board of Directors, he made necessary comments on management discussion items and deliberation items as appropriate based on this perspective. In addition, at the meetings of the Nominating Committee, he deliberated on matters including a succession plan for the President and CEO, personnel change of officers including Executives, and the determination of proposals for reappointment of Directors to be submitted to the General Meeting of Shareholders, etc. Moreover, at the meetings of the Audit Committee, he received reports from Executives regarding issues deemed necessary to be monitored by the Audit Committee, and audited the execution of duties by Directors and Executives.
Director	Chieko Matsuda	Meetings of the Board of Directors: 8 out of 8 Meetings of the Nominating Committee: 6 out of 6 Meetings of the Compensaion Committee: 8 out of 8	She is expected to use her extensive experience in financial and capital market operations as well as her expertise in finance and corporate governance gained as a corporate management researcher to contribute to improving governance through supervision and monitoring of the Company's management. At meetings of the Board of Directors, she made necessary comments on management discussion items and deliberation items as appropriate based on this perspective. In addition, at the meetings of the Nominating Committee, she deliberated on matters including a succession plan for the President and CEO, personnel change of officers including Executives, and the determination of proposals for reappointment of Directors to be submitted to the General Meeting of Shareholders, etc. Moreover, at the meetings of the Compensation Committee, she deliberated on the determination of policy for the compensation system for officers including Directors and the determination of individual compensation amounts, etc. for the Company's officers.

(Note 1) Mr. Fukutaka Hashimoto resigned as Chairperson of the Nominating Committee at the meeting of the Board of Directors after the 16th Ordinary General Meeting of Shareholders held on June 24, 2024, and his attendance until before the General Meeting of Shareholders has been shown.

(Note 2) Mr. Kenji Sukeno and Ms. Chieko Matsuda assumed office as Director at the 16th Ordinary General Meeting of Shareholders held on June 24, 2024, and their attendance at meetings of the Board of Directors, etc. after the assumption of office has been shown.

5. Matters concerning the independent auditor

(1) Name of the independent auditor

Ernst & Young ShinNihon LLC

(2) The amount of compensation to the independent auditor and other fees

Classification	Amount
1) Amount of compensation, etc. to be paid by the Company as accounting auditor	¥117 million
2) Total monetary and other financial benefits payable by the Company and its subsidiaries	¥240 million

Notes:

1. After considering matters such as whether or not the basis for the content of the audit plans of the independent auditor, the status of progress in duties of the independent auditor, and the basis for calculating compensation estimates are appropriate, the Audit Committee has agreed upon the compensation for the independent auditor as stated in Article 399, Paragraph 1 and Paragraph 4 of the Companies Act.
2. The audit engagement agreements between the Company and the independent auditor do not distinguish between compensation and other fees for audits performed pursuant to the Companies Act and compensation and other fees for audits performed pursuant to the Financial Instruments and Exchange Act, and since it is virtually impossible to make such a distinction, the above amount stated under classification 1) is the total figure for both audits.
3. Of the Company's principal subsidiaries, Isetan (China) Investment Co., Ltd., Isetan (Singapore) Ltd., and Isetan of Japan Sdn. Bhd. are audited by another auditor with regard to the statutory audit of Accounting Documents.

(3) Policies on determination of dismissal or non-reappointment of the independent auditor

The Audit Committee shall determine the content of a proposal to be submitted to the General Meeting of Shareholders concerning the dismissal or non-reappointment of the independent auditor if it judges that necessary due to any problems that would affect the execution of duties of the independent auditor or other reasons.

In the event that the independent auditor falls under any of the items of Article 340, Paragraph 1 and Paragraph 6 of the Companies Act, the Audit Committee shall discharge the independent auditor upon a unanimous resolution by the Audit Committee.

6. Matters concerning the system to ensure appropriate conduct of business

Basic policies for internal control systems

Isetan Mitsukoshi Holdings Ltd. (the "Company") shall establish a system to ensure appropriate conduct of business (the "internal control"), and aim for healthy and highly transparent Group management as well as maximizing corporate value.

1. Corporate Governance and Group Management System

"Systems to ensure that the performance of duties by the Executives and employees of the Company conform with laws, regulations, and the Articles of Incorporation" (Article 416, Paragraph 1, Item 1 (e) of the Companies Act and Article 112, Paragraph 2, Item 4 of the Regulation for Enforcement of the Companies Act)

"Systems to ensure the proper conduct of the business of the Corporate Group that comprises of the Company and its subsidiaries" (Article 112, Paragraph 2, Item 5 of the Regulation for Enforcement of the Companies Act)

(1) With regard to systems to ensure proper company business activities (internal control systems), the Company and its subsidiaries (hereinafter collectively, the "Group") shall establish and enforce internal regulations, establish a section in charge, formulate plans and policies, and establish other systems in accordance with the provisions of the Companies Act, etc., in order to establish a sound and strong management structure.

(2) The Board of Directors shall hold regular and extraordinary meetings in accordance with the "Regulation of the Board of Directors," where they shall resolve mainly the matters required by laws and regulations to be discussed at the Board of Directors meetings (hereinafter referred to as the "statutory matters to be discussed") and oversee the performance of duties by Executives, preventing violation of laws, regulations, and the Articles of Incorporation.

(3) The Company shall establish a section and designate a person in charge of compliance oversight in the General Affairs Department to maintain and improve internal control systems and legal compliance.

(4) The Board of Directors shall resolve mainly statutory matters to be discussed and delegate authority for decision-making on other significant matters to Executives in principle. The Board of Executives, primarily consisting of Executives, shall deliberate, resolve, and decide on such important matters.

(5) The Company shall optimize its business operations by respecting the independence of its subsidiaries and establishing a section in charge of said subsidiaries, while also managing their managerial affairs and providing advice and guidance, as well as by dispatching Directors and Corporate Auditors as necessary to understand the state of their management.

2. Compliance System

"Systems to ensure that the performance of duties by the Executives and employees of the Company conform with laws, regulations, and the Articles of Incorporation" (Article 416, Paragraph 1, Item 1 (e) of the Companies Act and Article 112, Paragraph 2, Item 4 of the Regulation for Enforcement of the Companies Act)

"Systems to ensure that the performance of duties by the Directors and employees of a subsidiary of the Company conform with laws, regulations, and the Articles of Incorporation" (Article 112, Paragraph 2, Item 5 (d) of the Regulation for Enforcement of the Companies Act)

(1) In order to ensure that the performance of duties by all officers and employees of the Group (Directors, Executives, Operating Officers, and employees) conform with laws, regulations, and the Articles of Incorporation, the "Isetan Mitsukoshi Group Code of Conduct" shall be established, disseminated, and enforced throughout the Group. Furthermore, training on compliance with laws and regulations shall be conducted as necessary in order to foster an awareness of compliance and a sense of ethics.

(2) The Company shall designate an officer in charge of compliance oversight and shall establish a section and designate a person in charge of compliance oversight to maintain and improve the systems for internal control and legal compliance.

(3) With regard to important compliance challenges related to management of the Group, the Company shall establish a Compliance Committee chaired by the CAO to conduct comprehensive verification and investigate cross-departmental measures.

(4) In the case that the Company or the Group commits an illegal act, the Company shall promptly confirm the nature of the situation and establish the "Isetan Mitsukoshi Group Hotline" as a point of contact for internal reports from officers and employees for self-betterment.

3. Risk Management System

"Regulations and other systems concerning the management of risks of loss to the Company" (Article 112, Paragraph 2, Item 2 of the Regulation for Enforcement of the Companies Act)

"Regulations and other systems concerning the management of risks of loss to subsidiaries of the Company (Article 112, Paragraph 2, Item 5 (b) of the Regulation for Enforcement of the Companies Act)

(1) Regarding risk management for the Group, requisite items shall be established in the "Basic Regulations on Risk Management," and the Company shall establish an officer in charge of risk management oversight as well as a section and person in charge of risk management oversight to manage and control risk management for the Group. Said section shall work with companies in the Group as it promotes risk management.

(2) In order to realize comprehensive risk management across the entire Group, a Risk Management Promotion Committee chaired by the CRO shall be established.

(3) The Company shall identify, assess, and analyze risks involved in the Group's business, determine the risks that need to be addressed with high priority based on the analyses and assessment, and prevent the risk events before they materialize.

(4) The Company shall establish a cross-departmental, enterprise risk management system that will swiftly initiate the establishment of a countermeasures headquarters and information management in the event that the risks materialize, aiming to prevent the spread of damages and secondary damages, as well as to prevent the recurrence of the risk events.

(5) The Company shall establish relevant regulations from the standpoint of recognition, assessment, and response to risks, and ensure acknowledgment and observance throughout the Group.

(6) Risks faced by the Company's subsidiaries when executing their duties shall also be appropriately managed and controlled as a Group by promoting the establishment of necessary risk management systems based on business content and size.

4. Systems to Ensure the Appropriateness of Financial Reporting

"Systems to ensure appropriateness of the financial reporting" (Article 24-4-4 of the Financial Instruments and Exchange Act)

(1) The Company shall specify company-wide policies and procedures to ensure adequate financial reporting within the Group, as well as maintain and implement them appropriately.

(2) The Company shall appropriately evaluate and address the risks of misstatement of material items in financial reporting and shall appropriately maintain and implement the structures to mitigate these risks.

(3) The Company shall maintain and implement mechanism to ensure identification, capturing and processing of true and fair information, and to ensure timely communication of the information to appropriate person.

(4) The Company shall maintain and implement a monitoring system regarding financial reporting.

(5) The Company shall maintain a system to ensure timely and appropriate reporting of weaknesses (deficiencies) of the internal control identified through the monitoring.

(6) The Company shall handle IT (information infrastructure) concerning internal control over financial reporting appropriately, including preventing information leaks and unauthorized access.

5. Data Retention and Management System

"Systems for retention and management of information relating to performance of duties by Executives of the Company" (Article 112, Paragraph 2, Item 1 of the Regulation for Enforcement of the Companies Act)

(1) Documents related to performance of duties by Executives and Directors shall be recorded, retained, and managed with related materials for prescribed periods in accordance with "Document Retention Policies."

(2) The Document Retention Policies shall establish a document retention supervisor to spread awareness of how to manage important documents, enforce the policies, and ensure their appropriate implementation.

(3) The Company shall establish regulations and rules such as "Information Retention Policies" regarding protection and management of such information as management information, trade secrets and personal information of customers and others that need to be managed as confidential information in accordance with laws and regulations such as the Companies Act, the Financial Instruments and Exchange Act, etc. The related Directors, Executives, and employees shall observe these rules and regulations to secure this information.

6. Framework for efficient execution of duties

"Systems to ensure the efficient performance of duties by Executives of the Company" (Article 112, Paragraph 2, Item 3 of the Regulation for Enforcement of the Companies Act)

"Systems to ensure the efficient execution of business duties by Directors, etc. of subsidiaries of the Company" (Article 112, Paragraph 2, Item 5 (c) of the Regulation for Enforcement of the Companies Act)

"Systems relating to reports to the Company on items relating to the execution of business duties by the Directors of the Company's subsidiaries" (Article 112, Paragraph 2, Item 5 (a) of the Regulation for Enforcement of the Companies Act)

(1) The segregation of duties and chain of command among Executives shall be appropriately determined by the Board of Directors.

(2) The Company shall adopt a Chief Officer system, and the Chief Officers, who have been delegated important responsible fields from the President and CEO, shall promote control of issues of the entire Group, which covers multiple departments.

(3) Each Group company shall establish management targets, formulate a management plan, and manage operations in accordance with an appropriate method.

(4) For other execution of duties, the Company shall define details of duties, responsibilities and procedures in "Regulations of Decision-Making Process for the Group," "Regulations of Duties and Authority," "Regulations of Signature Authority," etc.

(5) The Company shall establish basic policies for management of the Group's operations etc., formulate regulations related thereto, and execute management agreements, etc. with each subsidiary of the Company. The Company shall also pursue group-wide efficiencies by establishing rules under which Group companies shall report important matters to, or consult with the Company in accordance with the "Regulations of Decision-Making Process for the Group" and the "Regulations on Group Company Management."

(6) The Group shall seek to centralize its management of operations through implementation of integrated accounting systems and expansion of its coverage, manage Group companies through the internal system that requires each Group company to obtain approval from the Company in its decision-making and to report to the Company, and perform monitoring of Group companies as necessary.

7. Framework for internal audits

"Systems to ensure that the performance of duties by the Executives and employees of the Company conform with laws, regulations, and the Articles of Incorporation" (Article 416, Paragraph 1, Item 1 (e) of the Companies Act and Article 112, Paragraph 2, Item 4 of the Regulation for Enforcement of the Companies Act)

"Systems to ensure that the performance of duties by the Directors and employees of a subsidiary of the Company conform with laws, regulations, and the Articles of Incorporation" (Article 112, Paragraph 2, Item 5 (d) of the Regulation for Enforcement of the Companies Act)

(1) The Company shall establish the Internal Audit Division as the independent section that specializes in internal audit. The internal audit should be in accordance with the "Regulations of Internal Audits" and performed by the Internal Audit Division in corporation with each section, to audit the legal compliance, appropriateness, etc. of executed business duties.

(2) The Internal Audit Division shall conduct internal audits of the Group companies, to audit the legal compliance, appropriateness, etc. of executed business duties.

(3) Risks to the Company and its subsidiaries will be discovered at an early stage and resolved through the audits of the Internal Audit Division.

(4) The Internal Audit Division shall establish a cooperative relationship between the Audit Committee (or Corporate Auditors in the case of subsidiaries of the Company) and the Accounting Auditor with a view to conducting efficient internal audits.

8. Matters concerning Audit Committee staff

"Matters relating to Directors and employees who assist the Company's Audit Committee in the performance of their duties, the independence of those Directors and employees from Executives, and the ensured efficacy of the Audit Committee's instructions to these Directors and employees" (Article 112, Paragraph 1, Items 1-3 of the Regulation for Enforcement of the Companies Act)

(1) The Company shall establish a dedicated organization that assists the Audit Committee with their duties and appoint the staff (hereinafter referred to as "Audit Committee staff"). The Audit Committee may give instructions to the staff regarding items necessary for auditing duties.

(2) Audit Committee staff shall provide reports on the items requested by the Audit Committee and have authority to collect information required for such reporting.

(3) Audit Committee staff shall be independent of executive operational systems and carry out their duties as dedicated resources under the instruction of the Audit Committee. Personnel changes, evaluation, discipline, and other such treatment pertaining to the staff shall require the consent of the Audit Committee.

(4) To enhance the audit system of the entire Group, the Company shall dispatch Audit Committee staff to subsidiaries of the Company as part-time Corporate Auditors.

9. Framework for reporting to the Audit Committee

(1) "Systems for Directors (excluding Directors who are Audit Committee Members), Executives, and employees of the Company to report to the Company's Audit Committee, as well as systems relating to other reports to the Audit Committee" (Article 112, Paragraph 1, Item 4 (a) of the Regulation for Enforcement of the Companies Act)

"Systems for Directors, Corporate Auditors, etc. and employee of the Company's subsidiaries or those who are informed from them to report to the Company's Audit Committee" (Article 112, Paragraph 1, Item 4 (b) of the Regulation for Enforcement of the Companies Act)

1) The Board of Directors shall establish the "Audit Committee Standards" to stipulate items that Directors, Executives, and employees of the Group should report to the Audit Committee as per its request or without delay when an incident occurs. Accordingly, the Directors, Executives, and employees shall make necessary reports. Additionally, the Audit Committee may request reports from the Directors, Executives, and employees as necessary even when the previous conditions do not apply.

2) Directors, Corporate Auditors, etc. and employees of the Company's subsidiaries or those who are informed from them may report significant matters that will affect the subsidiary's business or performance to the Company's Audit Committee.

3) The Company shall ensure the proper operations of the Group-wide internal hotline system, the Isetan Mitsukoshi Group Hotline, and periodically report the operational status, the contents informed through the system and the investigation results to the Audit Committee.

(2) "Systems to ensure that individuals who give applicable reports under item 1) are not subject to unfavorable treatment because of such reporting" (Article 112, Paragraph 1, Item 5 of the Regulation for Enforcement of the Companies Act)

It shall be forbidden to treat those who give reports to the Audit Committee in an unfavorable manner because of the applicable reports.

10. Policy for Processing Auditing Fees

"Items related to policies concerning the procedure for advance payment or reimbursement of expenses resulting from the execution of duties by the Company's Audit Committee Members or policies involved in any other processing of expenses or obligations resulting from the exercise of applicable duties" (Article 112, Paragraph 1, Item 6 of the Regulation for Enforcement of the Companies Act)

When the Audit Committee Members ask for advance payment of expenses, etc. under Article 404, Paragraph 4 of the Companies Act for the execution of their duties, expenses or obligations related to those billings must be processed unless they are deemed unnecessary for the exercise of the Audit Committee Members' duties.

11. Framework for ensuring the effectiveness of the audit by the Audit Committee

"Other systems to ensure the effective performance of audits by the Company's Audit Committee" (Article 112, Paragraph 1, Item 7 of the Regulation for Enforcement of the Companies Act)

(1) Aiming to share information and issue recognition, the Audit Committee shall hold regular meetings to exchange opinions with the Representative Executives, the Chairman of the Board of Directors, Directors who are not Audit Committee Members, and the Accounting Auditor, respectively.

(2) The Audit Committee Members appointed by the Committee, in addition to the Board of Directors meetings, may attend important meetings in order to understand the decision-making process for important matters as well as the state of executed duties.

(3) The Internal Audit Division shall report the Group-wide internal auditing plans, audit findings, and audit status to the Audit Committee and work to cooperate through means such as exchanging information. The Audit Committee may request the Internal Audit Division to carry out an investigation or give any other specific instruction to them if deemed necessary. Personnel changes and discipline pertaining to the head of the Internal Audit Division shall require the consent of the Audit Committee.

Operational status of the system to ensure appropriate conduct of business (Fiscal 2024)

The Company is engaged in the development of internal control systems and appropriate operation thereof based on the "Basic policies for internal control systems." The operational status of this system during the fiscal year under review was as follows.

1. Corporate governance and group management system

(1) The operational status was confirmed in line with the "Basic policies for internal control systems," and was reconfirmed in fiscal 2024 on the Executive side and reported to the Audit Committee and the Board of Directors. Similar efforts were also begun at all domestic operating companies in fiscal 2024.

(2) Restrictions were placed on the resolution scope of the Board of Directors, and other decision-making authority was delegated to the Board of Executives, a decision-making organ composed of Executives entrusted with business execution by the Board of Directors.

(3) The Executive Committee conducts decision-making procedures based on the importance of each agenda item in line with discussion standards, and appropriately ensures the validity of the decision-making process through means such as regularly reporting to the Board of Directors and sharing Executive Committee materials and minutes with Directors.

2. Compliance system

(1) The Company establishes a section and designates a person in charge of internal control and compliance in the General Affairs Department to maintain and improve internal control systems, legal compliance, and social ethics, and to work on overall control.

(2) We implemented a "Reading Declaration" of the "Isetan Mitsukoshi Group Code of Conduct," which reorganized and covered the ethical standards that must be followed by all officers and employees of the Isetan Mitsukoshi Group, to indicate that they have fully understood the Code of Conduct. Going forward, we will promote awareness and thorough implementation of the Code of Conduct by implementing a Reading Declaration at the beginning of every year.

(3) The Company holds meetings of the "Compliance Promotion Committee" for the management of each Group company to provide a lecture on compliance-related management challenges given by an attorney-at-law, promote understanding of the latest laws and regulations and administrative trends, etc., and link the learning to their practical implementation. At the "Isetan Mitsukoshi Compliance Promotion Subcommittee" for management at the frontlines of business, the compliance cycle is established to share the basic knowledge and case studies and enable education and instruction within each operating company.

(4) In accordance with the Regulation of the Board of Directors, 9 meetings of the Board of Directors were held during the fiscal year ended March 31, 2025. Directors conducted deliberations, resolutions, and reports on business execution, regarding matters mainly relating

to matters to be determined by the Board of Directors stipulated in the Companies Act, as well as matters stipulated in the Articles of Incorporation, Regulation of the Board of Directors, and Regulations of Decision-Making Process for the Group.

(5) The Company establishes the “Internal Audit Office” as an independent organization under the direct control of the President and CEO. The Internal Audit Office formulates an annual audit plan and conducts audit activities based on the “Regulations of Internal Audits,” and reports important audit results, etc. to the President and CEO, the Board of Directors and the Audit Committee as necessary.

(6) The “Isetan Mitsukoshi Group Hotline,” which is a point of contact for internal reports for the Group as a whole, establishes points of contact both inside and outside the Company, and sets up a system for receiving reports, conducting investigations, and taking corrective measures.

3. Risk management system

(1) The Company established the “Risk Management Office” as an independent department and has it organize, manage and control risks facing the entire Group.

(2) Using a “risk list” that comprehensively organizes the risks facing the Group as a whole, the Company centrally manages risks, while evaluating the status of response to individual risks on a monthly basis and regularly reporting it to the Board of Executives, etc. Sharing the management status of risks within the Group widely, we seek to raise the sensitivity to risks across the entire Group.

(3) The “Risk Management Promotion Committee” identifies priority risks and takes effective measures to prevent the occurrence of them. In addition, in fiscal 2024, we newly established the “Risk Management Committee” as an advisory organ to the Board of Executives to strengthen our response to priority management risks that may affect the promotion of management strategies or our management base.

(4) To raise the awareness of disaster prevention of each employee, we regularly post contents themed on disaster preparedness (for earthquakes, tsunami, floods, etc.) on our in-house intranet website.

4. Systems to ensure the appropriateness of financial reporting

(1) In order to realize adequate financial reporting, under the direction of General Manager of the Corporate Finance and Accounting Department who is responsible for such reporting, the Company maintains and operates a system to ensure reliability, such as the development of an information infrastructure relating to internal control over financial reporting, and technical measures to prevent unauthorized access, based on the Financial Instruments and Exchange Act and other applicable laws and regulations, as well as internal regulations, including

"Accounting Regulations" and "Accounting Implementation Guidelines" that stipulate rules on accounting treatment.

(2) In addition, the Company receives audit reports from an audit firm and conducts information exchange on a quarterly basis.

(3) As part of the internal control reporting system (J-SOX) under the Financial Instruments and Exchange Act, the Internal Audit Office evaluates internal control over financial reporting based on the implementation standards of the Financial Services Agency's Business Accounting Council.

(4) As countermeasures against external threats such as unauthorized access, the Company implements technical measures to detect and eliminate unauthorized access. As countermeasures against internal threats such as information leaks, the Company maintains a record of computer logins to enable follow-up investigations.

5. Data retention and management system

(1) In "Information Retention Policies," the Company appoints a CAO as a chief confidential information officer to establish a company-wide system for managing confidential information.

(2) In fiscal 2024, we revised the "Information Retention Policies" to make them more effective and easier to understand. In addition, based on "Document Retention Policies," important documents such as the minutes of decision-making bodies, including the General Meeting of Shareholders, the Board of Directors, and the Board of Executives, are appropriately recorded, retained, and managed by each responsible department.

(3) Important policies and regulations relating to information management are defined, and are organized following deliberations by the Board of Directors and the Board of Executives, etc., and disclosed to the Group to ensure thorough communication with all relevant parties.

6. Framework for efficient execution of duties

(1) The Company has adopted the organizational structure of a company with a nominating committee, etc. To propel both axes of speeding up management decision-making and strengthening management oversight mechanisms, the roles of the Board of Directors and the Board of Executives are stipulated in relevant regulations. Such a framework enables operations based on the clear separation of "business execution" and "supervision" roles.

(2) Executives selected and appointed by the Board of Directors decide on and execute business operations based on the division of duties and relationships of direction and order determined by the Board of Directors. While determining the scope of duties as Executives, important matters are resolved or deliberated through consensus by the Board of Executives based on the

"Regulations of Decision-Making Process for the Group," and determined by the President and CEO.

(3) Executives make regular reports to the Board of Directors on the status of execution of their areas of responsibility.

7. Framework for internal audits

(1) The Company has established the Internal Audit Division as the section that specializes in internal audit. Internal audits are conducted in accordance with the "Regulations of Internal Audits" and performed by the Internal Audit Division in corporation with each section, to audit the legal compliance, appropriateness, etc. of executed business duties.

(2) Risks to the Company and its subsidiaries are discovered at an early stage and resolved through the audits of the Internal Audit Division.

8. Matters concerning Audit Committee staff

The Company has set up the Audit Committee Administration Department as the organization that assists the Audit Committee with its duties, under the Office of Board of Directors that was newly established, and appointed dedicated staff. Also, part-time Corporate Auditors were dispatched from the Audit Committee Administration Department to Group companies in Japan to enhance the audit system of the Group.

9. Framework for reporting to the Audit Committee

(1) In accordance with the provisions of the "Audit Committee Standards" and requests of the Audit Committee, the Audit Committee receives reports from the Executives and employees of the Internal Audit Division, etc. on the status of execution of duties, the financial and accounting status, and the status of the internal control systems of the Group as a whole on a regular or timely basis. In addition, the Audit Committee receives reports on the status of each company from the Corporate Auditors of each Group company.

(2) The Full-time Audit Committee Member receives reports as appropriate on matters necessary for auditing and reports their content to the Audit Committee. The Audit Committee receives regular reports on the operational status of the "Isetan Mitsukoshi Group Hotline," the contents informed through the system, and the investigation results.

10. Policy for processing auditing fees

The Company stipulates in "Audit Committee Standards" and the "Auditing Standards of the Audit Committee" that the Audit Committee may claim necessary expenses, etc., for the execution of their duties, and the Company pays these expenses, etc. accordingly.

11. Framework for ensuring the effectiveness of the audit by the Audit Committee

(1) The Audit Committee exchanges opinions with Representative Executives and each of the other Executives. In addition, information is shared and opinions are exchanged through meetings between the Chairman of the Board of Directors and all External Directors who are not Audit Committee Members.

(2) The Full-time Audit Committee Members participate in important internal meetings such as the meetings of the Board of Executives to understand the processes of making important decisions and the state of executed duties by Executives, etc.

(3) The Audit Committee adequately works with the internal audit departments and the Accounting Auditor including the exchange of information and opinions on auditing plans, audit findings, and audit status to improve the effectiveness of audits.

7. Policies on determination of surplus dividend

The Company aims to return profits to shareholders while endeavoring to increase corporate value in the long term.

Under Phase I of the Medium-Term Management Plan (fiscal 2025 to fiscal 2027), our policy is to provide total returns in combination with dividends and the acquisition of treasury stock at a total payout ratio of 70% or higher (cumulative total for Phase I) while comprehensively considering the management environment, business performance, and the soundness of the financial position.

We will implement progressive dividends with the annual dividends for fiscal 2024 (54 yen per share) as the lower limit. We will adopt a flexible approach when deciding on and implementing the acquisition of treasury stock, including the amount and timing.

(Reference) Policy on cross-shareholdings

1) Policy regarding cross-shareholdings by the Company

The basic policy of the Group is not to acquire or hold cross-shareholdings in principle, except when it is deemed to contribute to sustainable growth and enhancement of the corporate value of the Group over the medium- to long-term. With regard to the cross-shareholdings the Company currently holds, every year at the Board of Directors, the Company comprehensively verifies the rationality of continued holding from quantitative and qualitative aspects including the purpose of holding, transaction status, and dividend earnings. Regardless, the Company will proceed with phased sales in consideration of factors such as the market environment and status of shares held with the aim of reducing cross-shareholdings.

2) Standards for exercising voting rights in relation to cross-shareholdings

Regarding the exercise of voting rights for cross-shareholdings, an overall judgment is made as to whether or not an exercise of such rights would spur sustainable corporate value of the said

company or contribute to sustainable growth and enhancement of the corporate value of the Group over the mid- to long-term. Such voting rights are duly exercised for each agenda item.

3) Policy in the case that cross-shareholders indicate their intention to sell shares

When shareholders who hold the Company's shares for the purpose of cross-shareholding (cross-shareholders) indicate their intention to sell their shares, the Company will not hinder the sale of the shares by, for instance, implying a possible reduction of business transactions.

8. Measures regarding corporate governance

(1) Basic views

The Group is overhauling its corporate governance structure by continuing to take a range of ongoing measures including ensuring the transparency of our business activities, speeding up management decision-making, strengthening management oversight mechanisms and enhancing internal control systems. In addition, the Company has adopted the organizational structure of a company with a nominating committee, etc.

In order to build excellent relationships with customers, business partners, shareholders, investors, employees, local communities and other communities – our stakeholders – the Company examines its approach to corporate governance and makes necessary improvements as appropriate.

In addition, the Group established a "Corporate Governance Policy" that stipulates its basic stance on corporate governance and a framework and operational policies thereof.

(2) Structure and status of activities of the Board of Directors and the three statutory committees

<table>
<tr><td rowspan="4">Board of Directors</td><td colspan="5">Role: Determination of the Group's direction from a broad perspective and the supervision and monitoring of the execution of business</td></tr>
<tr><td colspan="5">Status of activities in fiscal 2024</td></tr>
<tr><td>■ Chairman</td><td>■ No. of members and structure</td><td colspan="2">■ No. of meetings held and rate of attendance</td><td rowspan="2">■ Main agenda
• Resolutions and reports required under the Companies Act, Articles of Incorporation, etc.
• Discussion from a long-term perspective with an eye to the next Medium-Term Management Plan
• Monitoring of current Medium-Term Management Plan and important business execution
• Monitoring of the internal control system</td></tr>
<tr><td>Director
Hashimoto</td><td>9
[External Directors: 6 (66.6%)]</td><td>9</td><td>98.8%</td></tr>
</table>

Nominating Committee	Role: Deliberations and decision-making regarding the nomination of officers				
	Status of activities in fiscal 2024				
	■ Chairperson	■ No. of members and structure	■ No. of meetings held and rate of attendance		■ Main agenda • Deliberations on the reappointment and succession plan of the President and CEO • Determination of candidates for Directors • Deliberations on resolutions regarding the appointment of committee members and officers, including Executives
	Director Iwamoto	4 [All External Directors (100%)]	7	100%	

Compensation Committee	Role: Decision-making regarding compensation for officers				
	Status of activities in fiscal 2024				
	■ Chairperson	■ No. of members and structure	■ No. of meetings held and rate of attendance		■ Main agenda • Deliberations and decisions on the compensation system for officers • Decisions on individual compensation amounts for Directors and Executives
	Director Ando	3 [All External Directors (100%)]	9	100%	

Audit Committee	Role: Auditing of Executives' and Directors' fulfillment of their duties, establishment of internal control systems and auditing of the operational status thereof, and evaluations related to the appointment and dismissal of the independent auditor				
	Status of activities in fiscal 2024				
	■ Chairperson	■ No. of members and structure	■ No. of meetings held and rate of attendance		■ Main agenda • Formulation of audit policies and audit plans • Reports from internal control departments • Reports from the Internal Audit Office • Reports from the Independent Auditor • Interviews with executive departments on the status of business execution
	Director Ishizuka	4 [External Directors: 3 (75%)]	15	100%	

(3) Activities other than those of the Board of Directors and the three statutory committees

As part of measures to improve the effectiveness of the Board of Directors, the Company held meetings attended mainly by External Directors for a total of eleven times in fiscal 2024. Specifically, we held "regular meetings for External Directors" (five times), "meetings for Non-executive Directors," (three times), "opportunities for the exchange of opinions between External Directors and the President and CEO" (two times), and "discussion with key division heads regarding the formulation of the next Medium-Term Management Plan" (one time). At these meetings, extensive discussions are held on the annual review for the Group, management challenges, their vision for the future, and succession plan.

In addition, the Company provides Directors and Executives with continuous training aimed at furnishing them with knowledge according to their expected roles and responsibilities and

increasing their skills. To External Directors in particular, we provide, prior to their assumption of office, explanations on the contents of discussions held to date by the Board of Directors and statutory committees to which they will belong, in addition to the Company's overview and strategies, in order to foster their understanding of the Company's current status and issues. To keep them updated on necessary information continuously after their assumption of office, we ensure opportunities for them to visit our important business bases. At the same time, to enable them to exercise correct decisions according to their creed at meetings of the Board of Directors and other Committees, we regularly offer opportunities for sharing knowledge they might need, in accordance with the environment surrounding the Group or strategies and plans promoted by the Group.

(4) Business execution mechanisms

Executives, who are elected and selected by the Board of Directors, have the role of Chief Officers, whose authority is delegated based on the division of duties and relationships of direction and order determined by the Board of Directors. They decide on the execution of business operations, and execute business operations. The Company has established a Board of Executives as a decision-making and deliberative organ for Executives. It deliberates and decides on important issues for the Group, including matters over which authority has been transferred from the Board of Directors.

(5) Effectiveness evaluation of the Board of Directors and the three statutory committees

The Company continuously analyzes an evaluates the effectiveness of the Board of Directors and the three statutory committees through self-assessment questionnaires, interviews, and other means for Directors including External Directors, also taking into account the perspective of third-party organizations. Based on the results of these analyses and evaluations, the Company works to further improve the effectiveness of the Board of Directors, etc. through multiple discussions among officers and the formulation and execution of action plans.

The process for the Company's effectiveness evaluation is designed under the leadership of the Chairman of the Board of Directors served by an independent External Director. Whether to utilize a third party for the effectiveness evaluation, which has been done in the past, is subject to an annual discussion by the Board of Directors. For fiscal 2024, given that it was the final year of the Medium-Term Management Plan (2022 to 2024) and that the following year would be the first year of the new Medium-Term Management Plan that will transform and evolve the strategy with a view to becoming an "individual customer business," it was decided to obtain the support of a third-party organization to improve the effectiveness of the Board of Directors.

■ Effectiveness evaluation efforts by the Board of Directors and the three statutory committees in fiscal 2024

(1) Implementation processes

Through August	September	November
• Discuss the concept design for the current year's effectiveness evaluation	• Confirm how to proceed in the current fiscal year and confirm key points • Discuss whether or not to use a third-party organization • Share the schedule	• Interim progress report • Discuss issues for the next fiscal year and monitoring points • Share questionnaire overview
December	**January**	**February**
• Distribute questionnaires	• Interview Non-executive Directors	• Hold a meeting of Non-executive Directors
February		
• Interview Executives	• Hold a meeting of Executives	• Evaluation results report • Discuss the Board of Directors policy and next fiscal year's proposed action plan items
March		
• Share proposed issues and schedule of the plan for the following fiscal year for the Board of Directors		

(2) Evaluation method (questionnaire surveys and individual interviews)

- Individual questionnaire surveys to all Directors and Executives (8 items, for a total of 66 questions)

Evaluation items				
	1) Roles and responsibilities of the Board of Directors	2) Scale and composition of the Board of Directors	3) Operation and discussions by the Board of Directors	4) Agenda setting for the Board of Directors
	5) Efforts with stakeholders in mind	6) Meetings for External Directors	7) Support system for External Directors	8) Nominating, Compensation, and Audit Committees

●Individual interviews after the questionnaire surveys (*Approx. 1 hour per person)

⇒General Manager of Board of Directors Office who is well-versed in the in-house situation conducts interviews on an individual basis to grasp the details of issues

(3) Evaluation results

- The results showed that more than a certain percentage responded with either "appropriate" or "generally appropriate" to many of the questions, and the average score for all questions improved from the previous fiscal year. The Company confirmed that the effectiveness of the Board of Directors and the three statutory committees is sufficiently ensured.
- In particular, there were improvements in "operation and discussions by the Board of Directors," "support system for External Directors," and "Nominating, Compensation, and Audit Committees," and a certain degree of affirmation was obtained with business execution in line with the strategy for the final year of the current Medium-Term Management Plan, appropriate operation and discussions by the Board of Directors for formulation of the new Medium-Term Management Plan, and related support and information sharing.

- However, issues were identified with insufficient discussion on the assumptions and risks of the plan, insufficient consideration of business and strategic issues, monitoring of key strategies and fundamental strategies, the nature of off-site meetings including meetings for External Directors, and dialogue with stakeholders. These results were considered to indicate the expectation for an appropriate Monitoring Board and the need for further improvement.

(4) Policy and action plan

Based on the results of the evaluation, the Company established a policy and action plan for the next fiscal year as follows, upon a total of three discussions "among internal Directors," and "among External Directors, Executives," and "the Board of Directors."

■Board of Directors policy

In order to appropriately support the transformation to an "individual customer business" (*1), the Board of Directors will hold free and constructive discussions (*2) so that it can continue to meet stakeholder expectations (*3).

*1 By increasing the resolution of "individual customer business" through discussions on aligning perspectives on macroeconomics and future prospects, we will support appropriate risk-taking for each strategy.

*2 In addition to progress reports, by identifying risks and issues, we will establish a relationship between the supervision and executive sides that enables substantive discussions based on duties.

*3 We will strengthen our strategies from multifaceted perspectives and strive for a shared understanding of "individual customer business" so that all Directors can fulfill their accountability to stakeholders.

■Action plan

- By holding broad and multifaceted discussions aimed at transforming into an "individual customer business," we strive for a shared understanding of our vision for the future.
- We will gain an understanding of the current status of individual businesses and conduct monitoring with a focus on the "fundamental strategies" that underpin each business and strategy and the "key strategies" that enhance synergistic effects, in order to increase the likelihood of becoming an "individual customer business."
- We will work to strengthen the governance of Group companies.

Consolidated Balance Sheet

(As of March 31, 2025)

(Millions of yen)

Account item	Amount	Account item	Amount
Assets	**1,205,726**	**Liabilities**	**602,847**
Current assets	**254,916**	**Current liabilities**	**379,344**
Cash and deposits	38,795	Notes and accounts payable	114,661
Notes and accounts receivable, and contract assets	155,277	Short-term borrowings	41,329
Marketable securities	915	Income taxes payable	9,150
Inventories	24,483	Contract liabilities	99,115
Other	39,136	Gift certificates	26,100
Allowance for doubtful accounts	(3,692)	Accrued bonuses	11,751
Fixed assets	**950,779**	Allowance for customer-discount points	2,019
Tangible fixed assets	**709,305**	Allowance for redemption of gift certificates	12,177
Buildings and structures	141,389	Other	63,040
Land	534,742	**Long-term liabilities**	**223,502**
Construction in progress	14,289	Corporate bonds	20,000
Right-of-use assets	3,753	Long-term debt	25,000
Other	15,130	Deferred tax liabilities	131,677
Intangible fixed assets	**40,757**	Net defined benefit liability	27,859
Software	17,223	Other	18,966
Other	23,533	**Net assets**	**602,878**
Investments and other assets	**200,716**	**Shareholders' equity**	**553,382**
Investment securities	148,975	Common stock	51,546
Long-term loans receivable	4,035	Capital surplus	284,022
Guarantee deposits	34,880	Retained earnings	246,332
Net defined benefit asset	3,525	Treasury stock	(28,519)
Deferred tax assets	4,908	**Accumulated other comprehensive income**	**48,165**
Other	4,535	Unrealized gain on other securities	13,479
Allowance for doubtful accounts	(146)	Deferred gains/losses on hedge	0
Deferred assets	**30**	Foreign currency translation adjustments	31,063
Corporate bond issuance cost	30	Remeasurements of defined benefit plans	3,622
		Stock acquisition rights	**346**
		Non-controlling interests	**983**
Total assets	**1,205,726**	**Total liabilities, net assets and non-controlling interests**	**1,205,726**

Note: Amounts less than one million yen have been omitted.

Consolidated Statement of Income

(From April 1, 2024 to March 31, 2025)

(Millions of yen)

Account item	Amount	
Net sales		555,517
Cost of sales		217,841
Gross profit		337,675
Selling, general and administrative expenses		261,362
Operating income		76,313
Nonoperating income		
Interest and dividend income	1,486	
Share of profit of entities accounted for using equity method	12,260	
Other	3,313	17,060
Nonoperating expenses		
Interest expenses	704	
Loss on retirement of fixed assets	1,631	
Transfer from allowance for loss on collected gift certificates	219	
Other	2,695	5,250
Recurring income		88,123
Extraordinary gain		
Gain on sales of investment securities	4,993	4,993
Extraordinary loss		
Impairment loss	11,229	
Loss on closing of stores	1,013	12,242
Income before income taxes		80,874
Corporate taxes	13,076	
Deferred taxes	15,025	28,101
Net income		52,773
Loss attributable to non-controlling interests		41
Net income attributable to parent company shareholders		52,814

Note: Amounts less than one million yen have been omitted.

Summary of Consolidated Statement of Cash Flow [For Reference]

(From April 1, 2024 to March 31, 2025)

(Millions of yen)

Account item	Amount
Cash flow from operating activities	**89,564**
Cash flow from investment activities	**(25,955)**
Cash flow from financing activities	**(94,909)**
Translation adjustments related to cash and cash equivalents	**744**
Changes in cash and cash equivalents	**(30,555)**
Beginning balance of cash and cash equivalents	**72,390**
Ending balance of cash and cash equivalents	**41,834**

Note: Amounts less than one million yen have been omitted.

Consolidated Statement of Changes in Net Assets

(From April 1, 2024 to March 31, 2025)

(Millions of yen)

Account item	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2024	**51,470**	**323,857**	**210,679**	**(32,990)**	**553,017**
Changes during current period					
Issuance of new shares	75	75	–	–	151
Dividends from surplus	–	–	(17,161)	–	(17,161)
Net income attributable to parent company shareholders	–	–	52,814	–	52,814
Acquisition of treasury stock	–	–	–	(25,015)	(25,015)
Disposal of treasury stock	–	144	–	129	273
Cancellation of treasury stock	–	(29,357)	–	29,357	–
Change in ownership interest of parent due to transactions with non-controlling interests	–	(10,697)	–	–	(10,697)
Net changes other than shareholders' equity during current period	–	–	–	–	–
Total change during current period	**75**	**(39,834)**	**35,652**	**4,471**	**365**
Balance as of March 31, 2025	**51,546**	**284,022**	**246,332**	**(28,519)**	**553,382**

(Millions of yen)

Account item	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gains on other securities	Deferred gains/losses on hedge	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance as of April 1, 2024	**11,329**	**0**	**27,652**	**1,919**	**40,901**	**499**	**6,405**	**600,824**
Changes during current period								
Issuance of new shares	–	–	–	–	–	–	–	151
Dividends from surplus	–	–	–	–	–	–	–	(17,161)
Net income attributable to parent company shareholders	–	–	–	–	–	–	–	52,814
Acquisition of treasury stock	–	–	–	–	–	–	–	(25,015)
Disposal of treasury stock	–	–	–	–	–	–	–	273
Cancellation of treasury stock	–	–	–	–	–	–	–	–
Change in ownership interest of parent due to transactions with non-controlling interests	–	–	–	–	–	–	–	(10,697)
Net changes other than shareholders' equity during current period	2,150	0	3,410	1,703	7,264	(152)	(5,421)	1,689
Total change during current period	**2,150**	**0**	**3,410**	**1,703**	**7,264**	**(152)**	**(5,421)**	**2,054**
Balance as of March 31, 2025	**13,479**	**0**	**31,063**	**3,622**	**48,165**	**346**	**983**	**602,878**

Note: Amounts less than one million yen have been omitted.

Notes to Consolidated Financial Statements

[Basis for Preparation of Consolidated Statutory Reports]

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 37

(2) Name of principal consolidated subsidiaries:
Isetan Mitsukoshi Ltd., Sapporo Marui Mitsukoshi Ltd., Hakodate Marui Imai Ltd., Sendai Mitsukoshi Ltd., Nagoya Mitsukoshi, Ltd., Shizuoka Isetan Co., Ltd., Niigata Isetan Mitsukoshi Ltd., Hiroshima Mitsukoshi, Ltd., Takamatsu Mitsukoshi, Ltd., Matsuyama Mitsukoshi, Ltd., Iwataya Mitsukoshi Ltd., Isetan (China) Investment Co., Ltd., Shanghai Mei Long Zhen Isetan Department Store Co., Ltd., Tianjin Isetan Co., Ltd., Tianjin Binhai New Area Isetan Co., Ltd., Isetan (Singapore) Ltd., Isetan of Japan Sdn. Bhd., Mitsukoshi (U.S.A.) Inc., MICARD Co. Ltd.

In the fiscal year under review, Chengdu Isetan Co., Ltd. was excluded from the scope of consolidation as liquidation was completed.

(3) Name of principal nonconsolidated subsidiaries
Leotex Co., Ltd., Isetan Soleil Co., Ltd., Aiu Co., Ltd., LEO MART Ltd.

(4) Reason for exclusion of the above companies from scope of consolidation
These nonconsolidated subsidiaries are of small scale and none of the sum of their total assets, the sum of their net sales, the sum of their net income and losses (calculated according to our equity interest) and the sum of their retained earnings (calculated according to our equity interest) have any material impact on the consolidated statutory reports.

2. Application of equity method

(1) Number of affiliates accounted for by the equity method: 7

Shin Kong Mitsukoshi Department Store Co., Ltd. (Taiwan), West Japan Railway Isetan Ltd., ITM Clover Co., Ltd., Shinjuku Subnade Co., Ltd., Mitsukoshi Isetan Im Facilities Co., Ltd., NOMURA FUDOSAN MITSUKOSHI ISETAN KAIHATSU GODO KAISYA, and One Bangkok Tower 4 Company Limited

In the fiscal year under review, One Bangkok Tower 4 Company Limited was included in the application of the equity method as it was newly established and funded during this fiscal year.

(2) Name of subsidiaries and affiliates not accounted for by the equity method and reason for not applying the equity method

Subsidiaries and affiliates not accounted for by the equity method (Sakaechikamachi Co., Ltd., etc.) have a minimal impact on the consolidated statutory reports and are of little significance as viewed from the overall group business, judging from their respective net income (calculated according to our equity interest) and retained earnings (calculated according to our equity interest). Therefore, the equity method has not been applied to these companies.

(3) Handling of companies accounted for by the equity method but whose closing dates are different from that of the parent company

With regard to companies accounted for by the equity method but whose closing dates are different from that of the parent company, financial documents that have been prepared based on the business years of the respective companies are used. At the same time, necessary adjustments for the application of the equity method were carried out with respect to material transactions that occurred during the period between the respective closing dates and the consolidated closing date.

3. Closing date of consolidated subsidiaries

The fiscal year ends on December 31 for the following consolidated subsidiaries: Isetan (China) Investment Co., Ltd., Shanghai Mei Long Zhen Isetan Department Store Co., Ltd., Tianjin Isetan Co., Ltd., Tianjin Binhai New Area Isetan Co., Ltd., Isetan (Singapore) Ltd., Isetan (Thailand) Co., Ltd., Isetan of Japan Sdn. Bhd., Mitsukoshi (U.S.A.) Inc., Mitsukoshi Italia S.r.l., Isetan Mitsukoshi (Italia) S.r.l., and MITSUKOSHI FEDERAL RETAIL, INC. Financial documents as of the closing date of the respective companies were used in preparing the consolidated statutory reports.

At the same time, necessary adjustments for consolidation were carried out with respect to material transactions that occurred during the period between the respective closing dates and the consolidated closing date.

4. Accounting policies

(1) Standards and methods for evaluation of significant assets

Securities

Bonds held to maturity	Amortized cost method
Available-for-sale securities	
Securities other than those without market prices	Market value method based on the market price as of the closing date (Differences in valuation are included directly in net assets and the costs of securities sold are calculated primarily using the moving-average method)
Securities without market prices	Basically stated at cost using the moving-average method Investments in investment limited partnerships and similar associations (investments deemed to be securities pursuant to Article 2, Paragraph 2, of the Financial Instruments and Exchange Act) are stated at the net value of the equities based on the most recent financial statements available prepared according to the financial reporting dates specified in the respective partnership agreements.

Inventories

Commercial products	Basically stated at cost using the retail inventory method (method used to write down the book values in response to decreased profitability)
Other	Basically stated at cost using the first-in first-out method (method used to write down the book values in response to decreased profitability)

(2) Depreciation methods for significant depreciable assets

Tangible fixed assets (except Lease assets and right-of-use assets)

Basically the straight-line method

Intangible fixed assets (except Lease assets and right-of-use assets)

Straight-line method
As for software for in-house use the straight-line method is used with a useful life of 5 years.

Lease assets

Lease assets relating to finance lease without transfer of ownership

The straight-line method is used with a useful life of the lease period and with a residue value of zero.

Right-of-use assets

The straight-line method is used with a useful life of the lease period and with a residue value of zero.

(3) Accounting standards for significant allowances and accruals

Allowance for doubtful accounts

In order to prepare for possible losses on uncollectible receivables held as of the end of the current consolidated financial year, estimated amounts are provided with regard to general receivables according to the historical percentage of uncollectibles and with regard to doubtful receivables considering the probability of collection of respective receivables.

Accrued bonuses

In order to prepare for bonus payments to Operating Officers and employees, provision is made based on the estimated bonus payments, which are attributable to the current consolidated fiscal year.

Allowance for customer-discount points

Provision is made for the estimated amount of future use based on the outstanding point amount of points issued via the point system with the aim of promoting sales according to the historical rate of usage.

Allowance for redemption of gift certificates

In order to prepare for possible losses relating to the all-Japan department store gift certificates issued by the Japan Department Stores Association that can be used at other companies collected after the cancellation of inclusion in liabilities, provision is made for estimated redemption amount according to the historical percentage of collection of such gift certificates.

Provision for loss on business of subsidiaries and affiliates

In order to prepare for possible losses relating to the business of subsidiaries and affiliates, the provision of an amount regarded necessary is made upon considering the fiscal position, etc., of the relevant subsidiaries and affiliates.

(4) Accounting policies for significant revenue and expenses

The Company recognizes revenue based on the five-step approach below:

Step 1: Identify the contract with customers

Step 2: Identify the separate performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to each of the separate performance obligations in the contract.

Step 5: Recognize revenue when (or as) each performance obligation is satisfied.

Under the holding company structure, the Group operates businesses centering on the Department store business, as well as the Credit & finance / customer organization management business and the Real estate business. The accounting standards for revenue by segment are as follows.

(Department store)

(1) Revenue recognition for sale of merchandise

In the department store business, the Company sells clothing, sundries, household goods, and food products, and recognizes revenue from the sale of such merchandise at the time the products are delivered. In addition, with regard to the sale of products through the e-commerce site, etc., the Company considers that control of the product is transferred to the customer at the time the products are delivered. However, since the period from the time of shipment to the time of delivery is the normal period, the Company applies alternative treatment relating to materiality, etc., and recognizes revenue at the time of shipment. Of sales of merchandise, revenue on consignment buying is recognized at the net amount of the gross consideration received from the customer less the amount paid to the consignor.

(2) Revenue recognition for the Company's own point system (customer loyalty program)

In the department store business, the Company offers a customer loyalty program through MICARD, which awards points to members according to their spending amounts and provides goods or services based on the number of points redeemed. The Company identifies points awarded as performance obligations, allocates the transaction price based on the stand-alone selling price calculated in consideration of estimated future expiration and other factors, and recognizes revenue at the time the points are redeemed.

(3) Revenue recognition for gift certificates

In the department store business, gift certificates issued by the Company are recognized as performance obligations, and recognizes related revenue when they are used. Revenue from unused gift certificates is recognized when the customers become highly unlikely to exercise the right.

(Credit & finance/customer organization management)

In the Credit & finance/customer organization management business, the Company issues and operates credit cards, and recognizes revenue mainly from annual membership fees from members and commissions from the department stores and outside franchisees of the credit card operation. The revenue from the membership fees is recognized over the period the fees cover. The Company recognizes revenues from commissions based as the credit cards are used in accordance with the rates and other terms set forth in the agreements.

(Real estate)

In the real estate business, the Company conducts the construction and design business and recognizes revenue over time as the Company satisfies its performance obligations under construction contracts. If the contract has a very short effective period from the commencement date to the expected full satisfaction of the performance obligation, the Company recognizes revenue at the time when the performance obligation is fully satisfied, instead of over time. The Company recognizes the revenue from the rental of real estate over the period in which the revenue is incurred in accordance with the Accounting Standard for Lease Transactions.

(5) Other significant matters relating to the preparation of consolidated statutory reports

1) Accounting for deferred assets

Bond issue costs

Bond issue costs are amortized by the straight-line method over the period until bond redemption.

2) Significant methods of hedge accounting

Method of hedge accounting

Deferred hedge accounting is employed. However, with regard to foreign currency receivables/payables with forward exchange contracts, designated hedge accounting ("*furiate-shori*") is employed and with regard to interest rate swaps that meet the requirements for exceptional accounting ("*tokurei-shori*"), exceptional accounting is employed.

Means of hedging and hedged items

Hedging instruments: Forward exchange transactions, swaps and options to hedge foreign exchange-rate fluctuation risk and interest-rate fluctuation risk

Hedged items: Interest payable on foreign currency–denominated trade payables and borrowings

Hedging policy

The purpose of hedging activities is to reduce exchange-rate fluctuation risk and interest-rate fluctuation risk in accordance with the risk management policy of the Group.

Assessment of hedge effectiveness

Hedge effectiveness is assessed for each specific transaction at the end of the consolidated fiscal year under review. However, hedge effectiveness is not assessed if the substantial terms and conditions such as principal, interest rates and contract period of the hedging instruments and the hedged assets or liabilities are the same.

3) Accounting for employees' retirement benefits

Method for attributing the estimated employees' retirement benefits to periods

For the calculation of retirement benefit obligations, we principally use the benefit formula method for attributing the estimated retirement benefits to the periods up to the end of the fiscal year under review.

Amortization of actuarial difference and prior service costs

Prior service costs are recognized on an accrual basis by the straight-line method over various periods (mainly 7 to 10 years) that are not more than the average remaining service period of employees at the time of the accrual.

The actuarial differences that resulted are mainly recognized in the following fiscal year by the straight-line method over various periods (7 to 10 years) that are not more than the average remaining service period of employees at the time of the accrual of a difference.

4) Method and period for amortization of goodwill

Amortization of goodwill uses the straight-line method over 13 years.

5) Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System

The Company and its domestic consolidated subsidiaries have adopted the group tax sharing system. Accounting treatment of corporate taxes and local corporation tax, or accounting treatment and disclosure of tax effect accounting related thereto, are in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021).

[Notes on Changes to Accounting Policy]

(Application of Accounting Standard for Current Income Taxes)

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 28, October 28, 2022 Revision) (hereinafter referred to as the “2022 Revised Accounting Standard”) has been applied from the beginning of the fiscal year under review.

With regard to corporate tax, corporate inhabitant tax, and business tax on income (hereinafter referred to as “corporate taxes”) in the past, the amount calculated in accordance with laws and regulations was included in profit and loss. However, corporate taxes on income were included in profit or loss, shareholders' equity, and other comprehensive income depending on the taxed transaction, etc. Moreover, for corporate taxes included in accumulated other comprehensive income, the corresponding amount of tax was included in profit and loss at the time that the transaction, etc. on which the corporate taxes were imposed was included in profit or loss. As for the taxed transaction, etc., in addition to profit or loss, if it is related to shareholder’s equity or other comprehensive income, and if it is difficult to calculate the amount of corporate taxes imposed on shareholders' equity or other comprehensive income, the said amount of tax is included in profit or loss.

Revisions related to the classification of corporate taxes (taxes imposed on shareholders' equity or other comprehensive income) are made in accordance with the provisional handling methods established in the proviso of Article 20-3 of the 2022 Revised Accounting Standard and the proviso of Article 65-2(2) of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022 Revision) (hereinafter referred to as the “2022 Revised Implementation Guidance”). The said revisions to the accounting policy have no impact on the consolidated financial statements.

Furthermore, with regard to revisions related to the amendment of handling in the consolidated financial statements when deferring tax gains or losses arising from the sale of shares of subsidiaries between consolidated companies, we have applied the 2022 Revised Implementation Guidance from the beginning of the consolidated fiscal year under review. The said revisions to the accounting policy have been applied retroactively. The said revisions to the accounting policy have no impact on the consolidated financial statements for the previous consolidated fiscal year.

[Notes on Accounting Estimates]

1. Impairment loss on fixed assets in the department store business in Japan

(1) Amounts recorded in the consolidated financial statements for the fiscal year under review

Impairment loss: 524 million yen Fixed assets: 600,815 million yen

(2) Other information contributing to understanding the details of accounting estimates

1) Calculation method

The Group engages in the department store business as its primary business and views each store as the basic unit representing the minimum unit responsible for generating cash flow.

For the stores that show a sign of impairment losses to be incurred, the Group compares the book value to recoverable value. If the Group determines an impairment loss should be recognized, the Group writes the book value down to recoverable value and records the decreased amount as an impairment loss. A recoverable amount is estimated based on its net realizable value or its value in use.

If a recoverable amount is its value in use, the Group will continue to make the best estimate of undiscounted future cash flows based on the budget for the following fiscal year, even under the current economic climate with high uncertainty of the future, including fluctuations in exchange rates and soaring prices of energy and commodities.

If a recoverable amount is its net realizable value, the Company has measured the amount for the asset group with a high level of significance based on appraisal value provided by an external real estate appraiser in accordance with the Real Estate Appraisal Standards of Japan.

2) Key assumptions

Key assumptions used to calculate undiscounted future cash flows include the sales growth rate based on the prospect for consumer spending trends in Japan, and the outlook for demand from inbound visitors.

For the sales growth rate based on the prospect for consumer spending trends in Japan, the Group determines the sales growth rate for the following fiscal year based on forecasts provided by more than one outside research institute.

Calculation of the outlook for demand from inbound visitors takes into account international transportation forecasts from outside industry organizations as well as current consumer trends.

3) Impact on the consolidated financial statements for the following fiscal year

The Group assesses that key assumptions used to calculate undiscounted future cash flows are deemed the best estimates based on available data, including external information. However, if these key assumptions need to be reviewed, estimates of undiscounted future cash flows may be affected. Consequently, an impairment loss may incur in the next fiscal year.

In addition, appraisal value provided by a real estate appraiser based on the Real Estate Appraisal Standards may be affected by future trends in the real estate market. As a result, if the net realizable value decreases, an impairment loss may incur in the following fiscal year.

2. Recoverability of a deferred tax asset

(1) Amounts recorded in the consolidated financial statements for the fiscal year under review

Deferred tax assets (before offsetting deferred tax liabilities): 43,826 million yen

The amount is recorded mainly by companies and consolidated subsidiaries that apply the group tax sharing system (hereinafter collectively, the "group tax sharing companies").

(2) Other information contributing to understanding the details of accounting estimates

1) Calculation method

The recoverability of a deferred tax asset is determined over the estimation period of five years for deductible temporary differences and unused tax losses based on the projections of future taxable profits from the group tax sharing companies.

Estimates of future taxable profits for group tax sharing companies are based on the budget for the following fiscal year, making the best estimates even in the current economic environment of high future uncertainty, including fluctuations in exchange rates and soaring prices of energy and commodities.

2) Key assumptions

Key assumptions used to project future taxable profits of the group tax sharing companies include the sales growth rate based on the prospect for consumer spending trends in Japan, and the outlook for demand from inbound visitors.

For the sales growth rate based on the prospect for consumer spending trends in Japan, the Group determines the sales growth rate for the following fiscal year based on forecasts provided by more than one outside research institute.

Calculation of the outlook for demand from inbound visitors takes into account international transportation forecasts from outside industry organizations as well as current consumer trends.

3) Impact on the consolidated financial statements for the following fiscal year

For the projection of future taxable profits from group tax sharing companies, the Group uses available data, including external information, and makes estimates over the estimation period of five years. On the other hand, if key assumptions need to be reviewed, there may be a material impact on the amount of deferred tax assets recorded in the following fiscal year.

3. Evaluation of goodwill related to IM Food Style Ltd.

(1) Amounts recorded in the consolidated financial statements for the fiscal year under review

Impairment loss: 8,645 million yen

(2) Other information contributing to understanding the details of accounting estimates

1) Calculation method

With regard to IM Food Style Ltd., a comparative analysis was conducted between the business plan at the time of acquisition and the actual results in the individual financial statements, and the future business plan was considered, including the outlook for the next fiscal year. Thereupon, there was determined to be significant decline in the real value of stocks due to impairment of excess earning power, which was anticipated at the time of acquisition of shares. Therefore, it was processed as impairment. In the consolidated financial statements, the amount of goodwill amortization was recorded in relation to the total balance of unamortized goodwill for IM Food Style Ltd., including impairment loss, in accordance with the provisions of Article 32 of the "Practical Guidelines for Capital Consolidation Procedures in Consolidated Financial Statements" (Transfer Guidelines of the Financial Accounting Standards Foundation, 4th Edition, July 1, 2024).

2) Key assumptions

The key assumptions used in the future business plan are improvement in gross profit by strengthening private brand products, retention of sales at existing stores, and a growth strategy through new store openings.

With regard to improvement in gross profit by strengthening private brand products, the Company assumes that gross profit will improve due to the sales expansion of private brand products leveraging said company's customer base, which is one of its strengths, and its highly unique product development capabilities.

With regard to retention of sales at existing stores, the Company assumes that the same level of sales will be maintained, upon considering the past sales results achieved through sales strategies and continual sales promotion activities fit for the customer base, which is one of the strengths of IM Food Style Ltd., as well as trends in the supermarket industry.

With regard to the growth strategy through new store openings, the Company plans to continue opening new supermarkets under our future business plan, and we assume that sales in the supermarket business will expand and grow by achieving new store openings.

3) Impact on the consolidated financial statements for the following fiscal year

The Group assesses that key assumptions used in the future business plan are deemed the best estimates based on available data. Since goodwill amortization for the fiscal year under review was calculated in relation to the total goodwill unamortized balance for IM Food Style Ltd., there is no impact on the following consolidated fiscal year.

[Notes to Consolidated Balance Sheet]

1. Accumulated depreciation of tangible fixed assets	399,456 million yen

2. Contingent liability

Guarantee liabilities	
Loan guarantees for housing loans of employees	16 million yen
Debt guarantees for bank loans of subsidiaries and affiliates	
West Japan Railway Isetan Ltd.	6,960 million yen
Total of guarantee liabilities	6,976 million yen

3. Details of inventories

Finished goods	23,215 million yen
Semifinished goods	379 million yen
Work in process	347 million yen
Raw materials and supplies	540 million yen
Total	24,483 million yen

[Notes to Consolidated Statement of Income]

Impairment losses

For the consolidated financial year under review, consolidated subsidiaries posted impairment losses under the following asset groups:

(1) Description of asset groups for which impairment losses were recognized

Usage	Item	Impairment losses (Million yen)	Location
Store	Buildings and structures Right-of-use assets Other	10 1,604 139	Isetan Singapore (Singapore)
Store	Buildings and structures Other	374 33	Isetan Tachikawa store (Tachikawa-shi, Tokyo)
Store	Buildings and structures Guarantee deposits Other	227 6 82	QUEEN'S ISETAN (Katsushika-ku, Tokyo and other)
Store	Buildings and structures Other	103 8	Hiroshima Mitsukoshi store (Hiroshima-shi, Hiroshima)
Store	Buildings and structures	102	Shanghai Mei Long Zhen Isetan (Shanghai, China) and other
Store	Buildings and structures Other	3 0	Small and middle size stores (Niigata-shi, Niigata and other)
Other	Goodwill	8,645	IM Food Style (Shinjuku-ku, Tokyo)
	Total	11,343	

(Note 1) Of impairment losses recorded in the consolidated income statement, 114 million yen is included in "loss on closing of stores."

(Note 2) With regard to IM Food Style Ltd., a comparative analysis was conducted between the business plan at the time of acquisition and the actual results in the individual financial statements, and the future business plan was considered, including the outlook for the next fiscal year. Thereupon, there was determined to be significant decline in the real value of stocks due to impairment of excess earning power, which was anticipated at the time of acquisition of shares. Therefore, it was processed as impairment. In the consolidated financial statements, the amount of goodwill amortization was recorded in relation to the total balance of unamortized goodwill for IM Food Style Ltd., including impairment loss, in accordance with the provisions of Article 32 of the "Practical Guidelines for Capital Consolidation Procedures in Consolidated Financial Statements" (Transfer Guidelines of the Financial Accounting Standards Foundation, 4th Edition, July 1, 2024).

(2) Circumstances leading to recognition of impairment losses

With regard to the asset group in which earnings generated by operating activities were continually negative, the Company conducted write-downs to recoverable value and recorded the amount of decrease as an impairment loss.

(3) Methods of asset grouping

Assets have been grouped primarily with stores as the basic unit representing the minimum unit responsible for generating cash flow.

(4) Method of calculating recoverable amounts

Recoverable amounts for asset groups are estimated based on their net realizable value or use value. If recoverable amounts are based on their net realizable value, estimates for asset groups with a

high level of significance are conducted using valuation amounts issued by a real estate appraiser in accordance with the Real Estate Appraisal Standards of Japan. Additionally, if the recoverable amount is the use value, calculations are made by discounting the future cash flows by approximately 8 to 9%.

[Notes to Consolidated Statement of Changes in Net Assets]

1. Total number of issued and outstanding shares as of the end of the fiscal year under review

Common stock 380,262,554 shares

2. Matters concerning dividends of surplus

(1) Amount of dividend payment

Resolution	Types of stock	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders June 24, 2024	Common stock	8,257	22.00	March 31, 2024	June 25, 2024
Board of Directors Meeting November 13, 2024	Common stock	8,904	24.00	September 30, 2024	December 10, 2024

(2) Dividends for which the record date falls in the fiscal year under review, but the effective date comes after the last day of the fiscal year under review.

The following items regarding dividends on common stock are being proposed as a proposal for the Ordinary General Meeting of Shareholders scheduled for June 24, 2025.

Resolution	Types of stock	Resource for dividend	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders June 24, 2025	Common stock	Retained earnings	10,962	30.00	March 31, 2025	June 25, 2025

3. The number of shares subject to stock acquisition rights (excluding those for which the first days of exercise periods have not yet arrived) as of the last day of the fiscal year under review.

Common stock 312,000 shares

[Notes to Financial Instruments]

1. Status of financial instruments

(1) Policy on handling of financial instruments

When managing surplus funds, the Group limits its disposition of such funds to financial assets that exhibit a high degree of stability, such as bank deposits and highly-rated bonds. Additionally, the Group has a policy of procuring funds through bank borrowings and short-term corporate bonds (commercial paper) and similar means. Derivatives are used to avoid exchange-rate fluctuation risk present in trade payables and interest-rate fluctuation risk present in borrowings and other means of fund raising, and are not used to conduct speculative transactions.

(2) Description of financial instruments and associated risk and risk management system

Notes and accounts receivable, which represent trade receivables, are exposed to client-based credit risk. In regard to this risk, the Group, in compliance with the credit management provisions under each Group company, keeps track of the due dates and balances associated with each business partner and promptly identifies and alleviates collection-based concerns arising from deterioration in financial conditions and other factors. Investment securities are primarily the shares of companies with which the Company maintains a business relationship, and are therefore subject to the risk of market price fluctuations. With regard to such risk, the Group regularly ascertains the market value of these shares, the financial conditions of these business partners, and other factors, and continually reviews its holding position while according to consideration to the relationship with these business partners.

Notes and accounts payable, which represent trade payables, are almost entirely payable within the span of one year. A portion of these are foreign currency-denominated items related to payment for product imports, which are subject to exchange-rate fluctuation risk. In order to counter such risks, forward exchange contracts are concluded for a portion of the payment amounts.

Among borrowings, short-term borrowings and commercial paper largely represent a form of fund raising associated with operational transactions, and long-term debt and corporate bonds largely represent fund raising associated with capital expenditure. Borrowings bearing variable interest rates are exposed to interest-rate fluctuation risk. Out of these borrowings, for a portion of long-term debt, derivative transactions (interest rate swap transactions) are used as a means of hedging each individual contract in order to avoid the risk associated with fluctuations in interest expenses and to work towards achieving fixed interest expenses. Assessment of hedge effectiveness has been omitted in line with the determination that conditions under exceptional accounting treatment for interest rate swaps have been met.

The execution and management of derivative transactions are conducted in accordance with internal provisions stipulating transaction authority. When utilizing derivatives, the Group engages only high-rated financial institutions in order to reduce credit risk.

Additionally, although trade payables and borrowings are exposed to liquidity risk, in addition to managing that risk through methods that include having each Group company prepare cash flow plans on a monthly basis, the Group has secured sufficient liquidity on hand by establishing commitment line agreements and overdraft agreements with its principal transacting banks.

2. Market value, etc. of financial instruments

Amounts posted on the consolidated balance sheet as of March 31, 2025, market values, and the corresponding differences between the two are as follows.

(Millions of yen)

Items	Amounts posted on the consolidated balance sheet	Market values	Differences
(1) Marketable securities and investment securities			
a. Bonds held to maturity	2,703	2,733	30
b. Available-for-sale securities	24,690	24,690	–
(2) Guarantee deposits	34,880	31,850	(3,030)
Total assets	62,274	59,274	(3,000)
(1) Corporate bonds	20,000	19,530	(470)
(2) Long-term debt	58,300	57,482	(817)
Total liabilities	78,300	77,012	(1,287)
Derivative transactions	0	0	–

(Note 1) Cash and deposits, notes and accounts receivable and contract assets, notes and accounts payable, and short-term borrowings are omitted as such accounts comprise cash and their book value approximates fair value due to their short maturities.

(Note 2) The above table excludes securities without market prices, etc. The amount of such financial instruments in the consolidated balance sheet is 122,223 million yen.

(Note 3) The above table excludes the fair value of investment in limited partnerships and similar associations that is recorded at the net amount equivalent to equity in the consolidated balance sheets. The amount of investment in limited partnerships in the consolidated balance sheet is 274 million yen.

3. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments measured at fair value

Category	Fair value (Million yen)			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities				
Other securities				
Stock	24,690	–	–	24,690
Derivative transactions	–	0	–	0
Total assets	24,690	0	–	24,691

(2) Financial instruments other than those measured at fair value

Category	Fair value (Million yen)			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities				
Bonds held to maturity	–	2,733	–	2,733
Guarantee deposits	–	–	31,850	31,850
Total assets	–	2,733	31,850	34,583
Corporate bonds	–	19,530	–	19,530
Long-term debt	–	57,482	–	57,482
Total liabilities	–	77,012	–	77,012

Note: A description of the valuation techniques and inputs used in the fair value measurements

Marketable securities and investment securities

Listed stocks are valued using market prices. As listed stocks are traded in active markets, their fair value is classified as Level 1. However, the Company has classified bonds issued by companies and municipalities held by its group companies as Level 2 because the bonds are traded infrequently in the market and then are not considered quoted prices in an active market.

Derivative transactions

Fair values of forward exchange contracts are determined using the discounted cash flow method with observable inputs such as exchange rates. The Company has classified such fair values as Level 2.

Corporate bonds

Fair values of corporate bonds issued by the Company are determined based on quoted market prices. The Company has classified fair values of the bonds as Level 2 because such corporate bonds have market prices but not from transactions in an active market.

Guarantee deposits

Fair values of guarantee deposits are determined based on the present value of future cash flows reflecting collectability discounted by the yield of government bonds of Japan, etc. corresponding to the remaining period. The Company classifies the fair value of guarantee deposits as Level 3 because such fair values are calculated based on unobservable inputs of future cash flows reflecting collectability.

Long-term debt

Fair value of long-term debt is calculated by discounting the total amount of principal and interest by an interest rate that reasonably applies to a similar new loan. The Company classifies fair value of

long-term debt as Level 2.

[Notes to Lease Properties and Other Real Estate]

1. Status of lease properties and other real estate
   Some of the Company's subsidiaries are in possession of office buildings for rental purposes and rented commercial facilities in the city of Tokyo and other regions.

2. Market value of lease properties and other real estate

(Millions of yen)

	Amounts posted on the consolidated balance sheet	Market value as of the end of the fiscal year under review
Lease properties and other real estate	115,304	216,175

Notes: 1. Amounts posted on the consolidated balance sheet represent the acquisition cost less accumulated depreciation and accumulated impairment losses.

2. Market values as of the end of the consolidated fiscal year under review primarily represent amounts calculated by the Company in accordance with the Real Estate Appraisal Standards of Japan (including amounts that were adjusted using indices, etc.) and others.

[Notes to Revenue Recognition]

1. Disaggregation of revenue from contracts with customers

The fiscal year under review (April 1, 2024 to March 31, 2025)

(Millions of yen)

		Reporting segment				Other	Total
		Department store	Credit & finance /customer organization management	Real estate	Subtotal		
Isetan Mitsukoshi Ltd.	Isetan Shinjuku Main Store	161,006	–	–	161,006	–	161,006
	Mitsukoshi Nihombashi Main Store	62,312	–	–	62,312	–	62,312
	Mitsukoshi Ginza store	44,325	–	–	44,325	–	44,325
	Isetan Urawa store	11,238	–	–	11,238	–	11,238
	Isetan Tachikawa store	11,329	–	–	11,329	–	11,329
Iwataya Mitsukoshi Ltd.	Iwataya Main store	30,573	–	–	30,573	–	30,573
Nagoya Mitsukoshi Ltd.	Sakae store	14,592	–	–	14,592	–	14,592
Niigata Isetan Mitsukoshi Ltd.	Niigata Isetan store	13,343	–	–	13,343	–	13,343
Other stores		98,209	–	–	98,209	–	98,209
Credit & finance /customer organization management		–	30,623	-	30,623	-	30,623
Real estate		–	-	22,490	22,490	-	22,490
Other		–	-	-	-	96,076	96,076
Revenue from contracts with customers		446,932	30,623	22,490	500,045	96,076	596,122
Revenue from other sources		14,204	3,810	7,049	25,064	17	25,081
Intersegment sales or transfers		(2,917)	(14,449)	(5,220)	(22,587)	(43,099)	(65,687)
Sales to outside customers		458,219	19,983	24,319	502,522	52,994	555,517

Note: The “Other” segment includes the services of other retail, manufacturing, exporting, importing, wholesaling, distribution, temporary personnel service, data processing service and travel business that are not included in other reporting segments.

2. Useful information in understanding revenue from contracts with customers

Useful information for understanding revenue is as described in “Basis for Preparation of Consolidated Statutory Reports 4. Accounting policies (4) Accounting policies for significant revenue and expenses.”

3. Information for understanding revenue for the fiscal year under review and the following fiscal years

(1) Contract balances

The following is the breakdown of receivables, contract assets and contract liabilities from contracts with customers.

(Millions of yen)

	Balance as of April 1, 2024	Balance as of March 31, 2025
Receivables from contracts with customers	153,021	153,901
Contract assets	1,480	1,376
Contract liabilities	99,132	99,115

Contract liabilities consist primarily of the balance of points granted and gift certificates issued by the Company, for which the Company has not yet satisfied its performance obligation as of the fiscal year end.

(2) Transaction price allocated to remaining performance obligations

As of March 31, 2025, the Company has allocated the total transaction price of 79,373 million yen to remaining performance obligations related to gift certificates, and expects to recognize revenue from the remaining performance obligations mainly over the next one to eight years as the gift certificates are used. The Company also has allocated the total transaction price of 6,757 million yen to remaining performance obligations related to points awarded to customers, and expects to recognize revenue from the remaining performance obligations over the next one to two years as the points are actually used.

Applying the practical expedient, the Company has omitted the statement of remaining performance obligations for transactions with an initial expected contract period of one year or less.

[Notes to Per-share Information]

1. Net assets per share 1,646.23 yen
2. Net income per share 142.42 yen

[Notes to Significant Subsequent Events]

(Acquisition and cancellation of treasury stock)

At a meeting of the Board of Directors held on May 13, 2025, the Company resolved matters pertaining to the acquisition of treasury stock in accordance with Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of the said Act, and also resolved to cancel treasury stock in accordance with Article 178 of the Companies Act.

(1) Reason for the acquisition and cancellation of treasury stock

The Company aims to return profits to shareholders while endeavoring to increase corporate value in the long term. Under Phase I of the Medium-Term Management Plan (fiscal 2025 to fiscal 2027), our policy is to provide total returns in combination with dividends and the acquisition of treasury stock at a total payout ratio of 70% or higher (cumulative total for Phase I) while comprehensively considering the management environment, business performance, and the soundness of the financial position. Based on this policy and upon comprehensively considering factors such as financial position and the level of stock price, we determined to acquire treasury stock with details as shown below. All treasury stock to be acquired at this time are scheduled to be cancelled.

(2) Details of matters pertaining to acquisition

- Type of shares to be acquired: Common stock
- Total number of shares to be acquired: 20,000,000 shares (maximum)
- Total acquisition price of shares: 30,000,000,000 yen (maximum)
- Acquisition period: May 14, 2025 to October 31, 2025
- Method of acquisition: Purchase on the Tokyo Stock Exchange

(3) Details of matters pertaining to cancellation

- Type of shares to be cancelled: Common stock
- Number of shares to be cancelled: All treasury stock acquired in accordance with (2) above
- Scheduled date of cancellation: November 14, 2025

(Revisions to the compensation system for Executives, etc.)

At the meeting of the Compensation Committee held on May 13, 2025, the Company revised the stock compensation system for the Company's Directors, Executives, and Operating Officers (excluding domestic non-residents; hereinafter referred to as "individuals covered by the Company's system"), and decided to apply it beginning in fiscal 2025.

The stock compensation system for the Company's key subsidiaries' (hereinafter referred to as "covered companies" collectively with the Company) principal officers (excluding domestic non-residents; hereinafter referred to as "covered individuals" collectively with individuals covered by the Company's system)

will also be revised to a system similar to that of the Company. Revision of the system will be decided at future scheduled meetings of the Board of Directors of each company and submitted to the Extraordinary General Meeting of Shareholders of each company scheduled for May of this year.

1. Objective, etc. of the revision

Covered individuals at the Company and the Company's key subsidiaries were granted restricted stock for the purpose of improving motivation to increase the value of stocks. In order to further increase the commitment to achieving the Group's Medium-Term Management Plan, it will be revised to the performance-linked stock compensation system in the Medium-Term Management

Plan (hereinafter referred to as the “System”). We believe that this revision will establish a stock compensation system that further contributes to accomplishing the Medium-Term Management Plan through teamwork as a Group and achieving continuous enhancement of corporate value in the medium and long term. Covered individuals who are non-executive officers will only be granted non-performance linked stock compensation (RSU portion).

The System adopts a Board Incentive Plan (BIP) Trust (hereinafter referred to as “BIP Trust”) as a mechanism for officer compensation. The System grants and delivers (hereinafter referred to as “grants, etc.”) the Company's shares and cash equivalent to the liquidation proceeds of the Company's shares (hereinafter referred to as “the Company’s shares, etc.”) to covered individuals based on factors such as position and achievement of performance targets. (However, transfer restrictions will be imposed on some of the Company’s shares granted will be subject to transfer restrictions until resignation as set forth in number 2 below.)

2. About the System

In principle, the System will grant, etc. the Company’s shares, etc. to covered individuals through the said trust during the fiscal year covered by the Medium-Term Management Plan established by the Company (the period covered by the System is hereinafter referred to as the “applicable period”).

(2) Individuals covered by the System (beneficiary requirements)

Provided that they fulfill the beneficiary requirements, covered individuals will be granted, etc., through various trusts, a number of the Company’s shares, etc. determined in accordance with various points (set forth in item 5 below).

1) The individual holds a position that is covered by the System during the applicable period on or after the start date of the System (including those who are newly covered on or after the start date of the System)
2) The individual has not resigned at his or her own discretion (excluding circumstances deemed unavoidable; the same shall apply hereinafter), resigned due to dismissal, or committed certain misconduct during his or her tenure
3) The individual fulfills any other requirements deemed necessary in order to accomplish the purpose of the System

(3) Trust period

The initial trust period will be May 16, 2025 (planned) to August 31, 2028 (planned).

(4) Number of the Company’s shares granted to covered individuals

The number of the Company’s shares, etc. granted, etc. to covered individuals is determined based on the number of “RSU stock reward points” and “PSU stock reward points.” For each type of point, one point equals one share of the Company’s stock.

When circumstances arise in which it is deemed fair to adjust the points, such as a stock split or stock consolidation of the Company's shares, the number of the Company’s shares per point will be adjusted in accordance with the split ratio, merger ratio, etc.

“RSU stock reward points” and “PSU stock reward points” are calculated and granted as follows based on the base points granted in each fiscal year during the applicable period, based on the position and term of office of the covered individual. Covered individuals who resign, pass away, or are assigned overseas in a fiscal year during the applicable period will be granted each type of point early, calculated as follows.

*Base points: Base amount of stock compensation ÷ average closing price of the Company's shares on the Tokyo Stock Exchange on each day of March immediately preceding the start of the applicable period (decimals are rounded down)

1) RSU stock reward points

RSU stock reward points are calculated by multiplying the base points awarded for each fiscal year during the applicable period by a certain percentage corresponding to each position.

2) PSU stock reward points

PSU stock reward points are calculated by multiplying the base points awarded for each fiscal year during the applicable period by a certain percentage corresponding to each position, accumulating the points, and then multiplying the accumulated value by a performance-linked coefficient after the end of the applicable period.

*The performance-linked coefficient will vary between 0% and 200% depending on the degree of achievement of performance targets, etc. Indicators related to the degree of achievement of performance targets, etc. will comprise key indicators for achieving the performance targets in the Medium-Term Management Plan and other indicators set by the Company's Compensation Committee, and will be as follows during the initial applicable period.

Financial indicators: Consolidated operating income, ROE

Strategic indicators: Net sales from identified customers, percentage of females in management positions, employee engagement surveys

(5) Method and period of granting, etc. the Company's shares, etc.

<RSU portion>

In principle, covered individuals who fulfill the beneficiary requirements will be granted the Company's shares corresponding to the RSU stock reward points in the March immediately after being granted the said RSU stock reward points.

After being granted, transfer restrictions will be imposed on the Company's shares, which will, in principle, be lifted upon resignation (at the time of resigning from any officer position (including officers and Operating Officers) under a contract of service with the Group).

<PSU portion>

In principle, covered individuals who fulfill the beneficiary requirements will be granted 50% (in units) of the Company's shares corresponding to the PSU stock reward points. The remainder will be liquidated within the trust, and the cash equivalent of the liquidation proceeds will be paid.

(6) Maximum total amount of trust funds contributed to the trust and maximum number of the Company's shares to be granted, etc. to covered individuals through the trust

The total amount of trust funds contributed to the trust by each covered company during the trust period and the number of the Company's shares to be granted, etc. to covered individuals through the trust (the number of points granted to covered individuals) will be

subject to the approval of the Compensation Committee or a resolution of the General Meeting of Shareholders, and subject to the following limits for each covered company.

1) The Company

Maximum amount of trust funds contributed to the trust

399 million yen multiplied by the number of fiscal years in the applicable period

Maximum number of the Company's shares to be granted, etc. to covered individuals through the trust

190,000 shares multiplied by the number of fiscal years in the applicable period

*The total amounts for the initial applicable period, which consists of three fiscal years, are 1,196 million yen and 560,000 shares, respectively.

* The maximum number of the Company's shares to be granted, etc. to covered individuals through the trust is set based on the above maximum amount of trust funds. The same shall apply for covered subsidiaries in item 2.

2) Totals for covered subsidiaries

Maximum amount of trust funds contributed to the trust

950 million yen multiplied by the number of fiscal years in the applicable period

Maximum number of the Company's shares to be granted, etc. to covered individuals through the trust

1,050,000 shares multiplied by the number of fiscal years in the applicable period

*The total amounts for the initial applicable period, which consists of three fiscal years, are 2,850 million yen and 3,140,000 shares, respectively.

3. Content of the trust agreement

(1) Type of trust:	Monetary trust other than a single-purpose monetary trust (trust for the benefit of others)
(2) Purpose of the trust:	Granting of incentives to Executives, etc.
(3) Settlor:	The Company
(4) Trustee:	Mitsubishi UFJ Trust and Banking Corporation
(Co-trustee:	The Master Trust Bank of Japan, Ltd.)
(5) Beneficiary:	Executives, etc. who fulfill the beneficiary requirements
(6) Trust executor:	A third party with no interest in the Company (certified public accountant)
(7) Trust agreement date:	May 16, 2025 (planned)
(8) Trust period:	May 16, 2025 (planned) to August 31, 2028 (planned)
(9) Planned amount of trust funds:	2,037,000 thousand yen
(10) Type of shares to be acquired:	Common shares of the Company
(11) Share acquisition method:	Acquisition through the stock market
(12) Acquisition period:	May 21, 2025 to May 30, 2025 (planned)
(13) Holder of vested rights:	The Company
(14) Exercise of voting rights:	Voting rights will not be exercised.

(15) Residual assets: The residual assets that can be received by the Company as the holder of vested rights shall be limited to the amount of the trust expense reserve after deducting the funds for acquiring shares from the trust funds.

[Notes to Business Combination]

(Transactions, etc. under shared control)

Acquisition of additional subsidiary shares

(1) Overview of transaction

1) Name of company at the time of combination and content of business

Name of company: Isetan (Singapore) Ltd.
(consolidated subsidiary of the Company)

Content of business: Department store business

2) Date of business combination

September 19, 2024

3) Legal form of business combination

Acquisition of shares from non-controlling shareholders

4) Name of company after combination

There is no change.

5) Other matters related to the transaction overview

The voting rights ratio of additional shares acquired is 47.27%. The said additional acquisition is implemented in order to ensure the flexibility of management of the companies being combined and the concentration and efficiency of management resources.

(2) Overview of accounting processes implemented

In accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, January 16, 2019 Revision) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, January 16, 2019 Revision), the combination was processed as a transaction, etc., under shared control conducted with non-controlling shareholders.

(3) Matters related to the acquisition of additional subsidiary shares

Category-based breakdown of acquisition cost and consideration

Acquisition consideration	Cash and deposits	15,527 million yen
Acquisition cost		15,527 million yen

(4) Matters related to changes in the Company's equity in transactions with non-controlling shareholders

1) Main causes of change in capital surplus

Acquisition of additional subsidiary shares

2) Amount of reduction in capital surplus due to transactions with non-controlling shareholders

10,626 million yen

[Additional Information]

(Partial transfer of shares of an equity-method affiliate)

It was agreed upon to transfer some of the shares of Shin Kong Mitsukoshi Department Store Co., Ltd. (hereinafter referred to as "Shin Kong Mitsukoshi"), an equity-method affiliate of the Company to Shinshin Capital Co., Ltd. (hereinafter referred to as "Shinshin"), a special purpose company (SPC) established by a joint management partner of the Company in relation to the joint management of Shin Kong Mitsukoshi.

1. Reason for the transfer of shares

   Shin Kong Mitsukoshi was established in 1989 as a joint management company with the Shin Kong Group in Taiwan. It operates a department store business mainly in Taiwan and currently has fifteen stores. While the Company has held shares and operated as an equity-method affiliate since its establishment, it was decided to transfer some of its shares at this time as one of the Group's measures for optimal management resource allocation. Shin Kong Mitsukoshi will continue to be an equity-method affiliate of the Company after the share transfer is completed.

2. Overview of the equity-method affiliate selling the shares (as of December 31, 2024)

   Name: Shin Kong Mitsukoshi Department Store Co., Ltd.

   Address: Floors 7/8/9, No.19, Songgao Road, Sinyi District, Taipei, Taiwan

   Name and position of representative: Dong-Sheng Wu, Chairman

   Year of establishment: 1989

   Business content: Department store business

   Capital: 12,459 million NTD

   Number of shares issued: 1,245,938,672 shares

   End of fiscal year: December 31

3. Overview of the transferee of the shares

   Shinshin Capital Co., Ltd.

4. Dates related to the transfer

Board of Directors resolution (Isetan Mitsukoshi Ltd.):	January 18, 2025
Conclusion of the agreement:	January 20, 2025
Establishment of the SPC (Shinshin Capital Co., Ltd.):	March 17, 2025
Execution of the share transfer:	End of May 2025 (planned)

   *The execution of the share transfer is contingent on obtaining the necessary approvals from the relevant authorities and the completion of other procedures, and may not be implemented if these requirements are not fulfilled.

Accounting Auditor's Report Relating to Statutory Reports (Consolidated)

INDEPENDENT AUDITOR'S REPORT

May 13, 2025

The Board of Directors

Isetan Mitsukoshi Holdings Ltd.

Ernst & Young
ShinNihon LLC
Tokyo Office

Designated Limited Partner
Engagement Partner
Certified Public Accountant
Yoshihiro Sugimoto

Designated Limited Partner
Engagement Partner
Certified Public Accountant
Kiyotaka Kinugawa

Designated Limited Partner
Engagement Partner
Certified Public Accountant
Masayo Takada

Opinion

Pursuant to Article 444, Paragraph 4 of the Corporation Law, 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 net assets and the notes to the consolidated financial statements of Isetan Mitsukoshi Holdings Ltd. (the "Company") for the fiscal year from April 1, 2024 through March 31, 2025.

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 Isetan Mitsukoshi Group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

Other information consists of the information included in the Company's business report and accompanying supplementary schedules, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information presentation.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection to our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee 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 in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit Committee is responsible for monitoring the execution of Executives' and Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

The auditor's responsibility is 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 express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on its audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

The auditor makes professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and performs the following while maintaining professional skepticism.

・ Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

・ In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.

・ Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

・ Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

・ Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.

・ Plan and execute the audit of the consolidated financial statements in order to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries that will serve as the basis for expressing an opinion on the consolidated financial statements..

The auditor reports to the Audit Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence, and any countermeasures that are taken to eliminate obstacles or any safeguards that are in place to reduce obstacles to a tolerable level.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Nonconsolidated Balance Sheet

(As of March 31, 2025)

(Millions of yen)

Account item	Amount	Account item	Amount
Assets	**640,487**	**Liabilities**	**207,505**
Current assets	**128,517**	**Current liabilities**	**161,182**
Cash and deposits	13,775	Short-term borrowings	38,000
Short-term loans receivable from subsidiaries and affiliates	119,901	Short-term borrowings payable to subsidiaries and affiliates	120,207
Accrued income	7,582	Accounts payable	422
Other	446	Accrued expenses	1,579
Allowance for doubtful accounts	(13,187)	Accrued bonuses	323
Fixed assets	**511,939**	Income taxes payable	340
Tangible fixed assets	**3**	Other	309
Appliance and fixtures	3	**Fixed Liabilities**	**46,322**
Intangible fixed assets	**2**	Corporate bonds	20,000
Software	2	Long-term debt	25,000
Investments and other assets	**511,933**	Provision for loss on business of subsidiaries and affiliates	1,322
Investment securities	555	**Net assets**	**432,982**
Stocks of subsidiaries and affiliates	457,735	**Shareholders' equity**	**432,635**
Long-term loans receivable from subsidiaries and affiliates	49,002	**Common stock**	**51,546**
Deferred tax assets	4,638	**Capital surplus**	**368,923**
Other	2	Capital reserve	19,894
Deferred assets	**30**	Other capital surplus	349,028
Corporate bond issuance cost	30	**Retained earnings**	**40,686**
		Other retained earnings	40,686
		Retained earnings carried forward	40,686
		Treasury stock	**(28,520)**
		Stock acquisition rights	**346**
Total	**640,487**	**Total**	**640,487**

Note: Amounts less than one million yen have been omitted.

Nonconsolidated Statement of Income

(From April 1, 2024 to March 31, 2025)

(Millions of yen)

Account item	Amount	
Operating revenues		
Dividend income	19,322	
Management service income	7,358	
Service revenue	710	27,391
Selling, general and administrative costs		7,833
Operating income		19,558
Nonoperating income		
Interest income	1,408	
Miscellaneous income	1,839	3,247
Nonoperating expenses		
Interest expenses	1,293	
Miscellaneous expenses	266	1,559
Recurring income		21,245
Extraordinary loss		
Loss on valuation of stocks of subsidiaries and affiliates	7,319	7,319
Income before income taxes		13,926
Corporate tax, corporate inhabitant tax, business tax	76	
Deferred taxes	(3,711)	(3,635)
Net income		17,561

Note: Amounts less than one million yen have been omitted.

Nonconsolidated Statement of Changes in Net Assets

(From April 1, 2024 to March 31, 2025)

(Millions of yen)

Account item	Shareholders' equity					
	Common stock	Capital surplus			Retained earnings	
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings carried forward	Total retained earnings
Balance as of April 1, 2024	**51,470**	**19,818**	**378,244**	**398,062**	**40,286**	**40,286**
Changes during current period						
Issuance of new shares	75	75	−	75	−	−
Dividends from surplus	−	−	−	−	(17,161)	(17,161)
Net income for current period	−	−	−	−	17,561	17,561
Acquisition of treasury stock	−	−	−	−	−	−
Disposal of treasury stock	−	−	142	142	−	−
Cancellation of treasury stock	−	−	(29,357)	(29,357)	−	−
Net changes other than shareholders' equity during current period	−	−	−	−	−	−
Total change during current period	**75**	**75**	**(29,215)**	**(29,139)**	**400**	**400**
Balance as of March 31, 2025	**51,546**	**19,894**	**349,028**	**368,923**	**40,686**	**40,686**

(Millions of yen)

Account item	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gain on other securities	Total valuation and translation adjustments		
Balance as of April 1, 2024	**(32,993)**	**456,825**	**−**	**−**	**499**	**457,325**
Changes during current period						
Issuance of new shares	−	151	−	−	−	151
Dividends from surplus	−	(17,161)	−	−	−	(17,161)
Net income for current period	−	17,561	−	−	−	17,561
Acquisition of treasury stock	(25,015)	(25,015)	−	−	−	(25,015)
Disposal of treasury stock	131	273	−	−	−	273
Cancellation of treasury stock	29,357	−	−	−	−	−
Net changes other than shareholders' equity during current period	−	−	−	−	(152)	(152)
Total change during current period	**4,473**	**(24,189)**	**−**	**−**	**(152)**	**(24,342)**
Balance as of March 31, 2025	**(28,520)**	**432,635**	**−**	**−**	**346**	**432,982**

Note: Amounts less than one million yen have been omitted.

Notes to Nonconsolidated Financial Statements

[Significant Accounting Policies]

1. Standards and methods of valuation of assets

   Securities

Stocks of majority-owned subsidiaries and affiliates	Stated at cost using the moving-average method
Available-for-sale securities	
Securities other than those with market prices	Market value method based on the market price as of the closing date (Differences in valuation are included directly in net assets and the costs of securities sold are calculated using the moving-average method)
Securities without market prices	Basically stated at cost using the moving-average method

2. Standards of accounting for allowances and accruals

   Allowance for doubtful accounts

   In order to prepare for possible losses from bad debts, for certain receivables such as doubtful receivables, estimated uncollectible amount is accounted for considering the collectability of respective receivables.

   Accrued bonuses

   In order to prepare for bonus payments to Operating Officers and employees, provision is made based on the estimated bonus payments, which are attributable to the current fiscal year.

   Provision for loss on business of subsidiaries and affiliates

   In order to prepare for loss on business of subsidiaries and affiliates, an amount deemed necessary is accounted for in consideration of the financial position, etc. of such subsidiaries and affiliates.

3. Accounting policies for revenue and expenses

   Revenue arising from contracts with customers for the Company, which is a holding company, consists primarily of business management fees from subsidiaries. Performance obligations for business management fees are to provide consigned services in accordance with the agreement to subsidiaries, and the Company recognizes revenue as performance obligations are satisfied.

4. Other important accounting policies for preparation of financial statements

   Accounting for deferred assets

   Bond issue costs are amortized by the straight-line method over the period until bond redemption.

[Notes on revisions to accounting policies]

(Application of Accounting Standard for Current Income Taxes)

The Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022 Revision) (hereinafter referred to as the "2022 Revised Accounting Standard") has been applied from the beginning of the fiscal year under review.

Revisions related to the classification of corporate taxes are made in accordance with the provisional handling methods established in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard. The said revisions to the accounting policy have no impact on the financial statements.

[Notes on Accounting Estimates]

1. Evaluation of stocks of subsidiaries and affiliates related to IM Food Style Ltd.

(1) Amounts recorded in the nonconsolidated financial statements for the fiscal year under review

Loss on valuation of stocks of subsidiaries and affiliates: 7,319 million yen

(2) Other information contributing to understanding the details of accounting estimates

1) Calculation method

Since stocks of subsidiaries and affiliates do not have a market price, when evaluating the stocks of said companies, the necessity for recording a loss on valuation of stocks of subsidiaries and affiliates is determined by comparing the real value of the stocks of subsidiaries and affiliates with the book value. The real value of stocks of subsidiaries and affiliates is evaluated by reflecting the amount of excess earning power in the net assets of said companies, and the excess earning power is evaluated based on the future business plan. In the fiscal year under review, a comparative analysis of the business plan and actual results at the time of acquisition, and a review of the future business plan, including the budget for the following fiscal year, determined that excess earning power is impaired and that there was significant decline in real value. Therefore, the Company has recorded a loss on valuation with regard to the stocks of subsidiaries and affiliates of IM Food Style Ltd.

2) Key assumptions

The excess earning power reflected in the real value of stocks of subsidiaries and affiliates is evaluated based on the future business plan. For details of key assumptions used in said business plan, please refer to “Notes to Consolidated Financial Statements [Notes on Accounting Estimates] 3. Evaluation of goodwill related to IM Food Style Ltd.”

3) Impact on the nonconsolidated financial statements for the following fiscal year

Key assumptions used in the future business plan are deemed the best estimates based on available data. However, if the financial condition or operating results of subsidiaries and affiliates deteriorates in the following consolidated fiscal year, it could have a significant impact on the valuation of stocks of subsidiaries and affiliates.

[Notes to Nonconsolidated Balance Sheet]

Accumulated depreciation of tangible fixed assets 5 million yen

Guarantee liabilities

Debt guarantees in respect to funds borrowed by subsidiaries and affiliates

West Japan Railway Isetan Ltd. 6,960 million yen

Short-term receivables from subsidiaries and affiliates 7,998 million yen

Short-term payables to subsidiaries and affiliates 1,646 million yen

[Notes to Nonconsolidated Statement of Income]

Transactions with subsidiaries and affiliates

Turnover based on operating transactions

Operating revenues 27,391 million yen

Selling, general and administrative expenses 906 million yen

Other revenues 2,452 million yen

[Notes to Nonconsolidated Statement of Changes in Net Assets]

Matters concerning treasury stock (unit: shares)

Type of stock	Number of shares as of the beginning of current term	Number of shares increased in current term	Number of shares decreased in current term	Number of shares as of the end of current term
Common stock	21,927,440	10,140,269	17,214,980	14,852,729

Notes: 1. The number of shares increased by 6,069 shares due to requests for purchase of odd-lot shares, and by 10,134,200 shares due to acquisition of own shares according to resolution of the Board of Directors.

2. The number of shares decreased by 280 shares due to requests for the additional purchase of odd-lot shares, by 78,100 shares due to disposal of treasury stock as restricted stock compensation, and by 17,136,600 shares due to cancellation of treasury stock based on the provisions of Article 178 of the Companies Act.

[Notes to Tax Effect Accounting]

Breakdown by major reason for the emergence of deferred tax assets and deferred tax liabilities

(Deferred tax assets)

Accrued bonuses	99	million yen
Accounts payable	280	million yen
Accrued enterprise tax	58	million yen
Stock option expenses	75	million yen
Loss on valuation of stocks of subsidiaries and affiliates	10,384	million yen
Provision for loss on business of subsidiaries and affiliates	416	million yen
Allowance for doubtful accounts	4,155	million yen
Tax losses carried forward	5,560	million yen
Other	417	million yen
Sub-total deferred tax assets	21,448	million yen
Valuation reserve	(16,809)	million yen
Total deferred tax assets	4,638	million yen

Note: Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System

The Company has adopted the group tax sharing system. Accounting treatment of corporate taxes and local corporation tax, or accounting treatment and disclosure of tax effect accounting related thereto, are in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42, August 12, 2021).

[Notes to Transactions with Related Parties]

1. Subsidiaries and affiliates, etc. (Millions of yen)

Attributes	Name of companies, etc.	Ratio of holding of voting rights, etc. (or Ratio of voting rights held) (%)	Relationship with the related parties	Contents of transactions	Transaction amount	Account item	Term-end balance
Subsidiaries	Isetan Mitsukoshi Ltd.	Direct: 100%	Interlocking directorate Business administration Borrowing and lending of fund	Proceeds from management (Note 1)	6,547	Accrued income	7,201
				Accounting fees (Note 1)	446	Accrued income	48
				Receipt of funds (Note 2)	44,671	Affiliates short-term loans receivable	53,300
						Affiliates long-term loans receivable	45,000
				Receipt of interest (Note 3)	735	Accrued income	44
				Borrowing of funds (Note 2)	6,238	Affiliates short-term borrowings	6,238
				Payment of interest (Note 3)	75		
				Advance payment of personnel expenses for loaned employees (Note 4)	3,635	Accrued expenses	226
Subsidiaries	Matsuyama Mitsukoshi Ltd.	Direct: 100%	Borrowing and lending of fund	Lending of funds (Note 5)	-	Affiliates short-term loans receivable	8,200
Subsidiaries	MICARD Co. Ltd.	Direct: 100%	Interlocking directorate Borrowing and lending of fund	Receipt of funds (Note 2)	1,916	Affiliates short-term loans receivable	37,770
				Receipt of interest (Note 3)	286		
Subsidiaries	MI TOMONO-KAI Co., Ltd.	Indirect: 100%	Borrowing and lending of fund	Repayment of funds (Note 2)	566	Affiliates short-term borrowings	78,764
				Payment of interest (Note 3)	591		
Subsidiaries	Isetan Mitsukoshi System Solutions Ltd.	Direct: 100%	Interlocking directorate Borrowing and lending of fund	Lending of funds (Note 5)	2,000	Affiliates short-term loans receivable	7,500
Affiliates	West Japan Railway Isetan Ltd.	Direct 40%	Interlocking directorate	Debt guarantees	6,960	-	-

Transaction conditions and decision policies thereof

Notes:

(1) Proceeds from management and accounting fees are determined based on contract conditions.

(2) With respect to the borrowing and lending of fund, the Company has a cash management system (CMS) that manages funds within the Group in an integral manner.

(3) The loans and borrowings interest rates are determined in a reasonable manner in consideration of market interest rates.

(4) The personnel expenses for loaned employees paid by Isetan Mitsukoshi Ltd. were settled at cost.

(5) An allowance for doubtful accounts of 8,200 million yen has been recorded for short-term loans receivable to said subsidiary.

Provision for loss on business of subsidiaries and affiliates of 108 million yen has been recorded for the amount of excess liabilities of said subsidiary. Provision for loss on business of subsidiaries and affiliates of 102 million yen has been recorded in the fiscal year under review.

2. Officers and major individual shareholders, etc. (Millions of yen)

Category	Name of companies, etc. and persons	Ratio of holding of voting rights, etc. (or Ratio of voting rights held) (%)	Relationship with the related parties	Contents of transactions	Transaction amount	Account item	Term-end balance
Officer	Toshiyuki Hosoya	(Held) Direct: 0.0%	Director, President and CEO of the Company	Disposal of treasury stock pertaining to in-kind contribution of monetary compensation claim	26	–	–
Officer	Yoshinori Makino	(Held) Direct: 0.0%	Director, Managing Operating Officer, CSDO and CFO of the Company	Disposal of treasury stock pertaining to in-kind contribution of monetary compensation claim	13	–	–
Officer	Akira Kimbara	(Held) Direct: 0.0%	Managing Operating Officer, CAO, CRO and CHRO of the Company	Disposal of treasury stock pertaining to in-kind contribution of monetary compensation claim	11	–	–
Officer	Takuya Yamashita	(Held) Direct: 0.0%	Managing Operating Officer and CMO of the Company	Disposal of treasury stock pertaining to in-kind contribution of monetary compensation claim	11		

Transaction conditions and decision policies thereof

Notes The above pertains to in-kind contribution of monetary compensation claim under the restricted stock compensation plan.

The disposal price of treasury stock was determined based on the closing price of the Company's common stock on the Tokyo Stock Exchange as of July 12, 2024 (business day immediately before the date of the resolution concerning the disposal of treasury stock by the Board of Directors).

[Note to Revenue Recognition]

Useful information for understanding revenue is as described in "Significant Accounting Policies 3. Accounting policies for revenue and expenses."

[Notes to Per-share Information]

1. Net assets per share	1,183.97 yen
2. Net income per share	47.36 yen

[Notes to Significant Subsequent Events]

Acquisition and cancellation of treasury stock

The notes have been omitted as the same information is presented in "Acquisition and cancellation of treasury stock" under [Notes to Significant Subsequent Events] in the Notes to Consolidated Financial Statements.

Revisions to the compensation system for Executives, etc.

The notes have been omitted as the same information is presented in "Revisions to the compensation system for Executives, etc." under [Notes to Significant Subsequent Events] in the Notes to Consolidated Financial Statements.

INDEPENDENT AUDITOR'S REPORT

May 13, 2025

The Board of Directors

Isetan Mitsukoshi Holdings Ltd.

Ernst & Young ShinNihon LLC
Tokyo Office

Designated Limited Partner
Engagement Partner
Certified Public Accountant
Yoshihiro Sugimoto

Designated Limited Partner
Engagement Partner
Certified Public Accountant
Kiyotaka Kinugawa

Designated Limited Partner
Engagement Partner
Certified Public Accountant
Masayo Takada

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Corporation Law, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules of Isetan Mitsukoshi Holdings Ltd. (the "Company") for the 17th fiscal year from April 1, 2024 through March 31, 2025.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2025, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

Other information consists of the information included in the Company's business report and accompanying supplementary schedules, other than the financial statements and our auditor's report thereon. Management is responsible for the other information presentation.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection to our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules 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 financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit Committee are responsible for monitoring the execution of Executives' and Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

The auditor's responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on its audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

The auditor makes professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and performs the following while maintaining professional skepticism.

・ Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

・ In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.

・ Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

・ Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

・ Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to the Audit Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any countermeasures that are taken to eliminate obstacles or any safeguards that are in place to reduce obstacles to a tolerable level.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Audit Report of the Audit Committee

AUDIT REPORT

The Audit Committee has audited the execution of duties by Directors and Executives for the 17th fiscal term from April 1, 2024 to March 31, 2025. It has prepared this Audit Report on the auditing methods and results, and hereby submits it as follows:

1. Auditing Methods and Contents

The Audit Committee received regular reports from Directors, Executives and employees, etc. regarding the resolutions of the Board of Directors concerning the matters set forth under Article 416, Paragraph 1, Item 1 b) and e) of the Companies Act, and the construction and operational status of systems (internal control systems) implemented based on these resolutions. It requested explanations where necessary, expressed opinions, and implemented audits using the following methods.

(1) The Audit Committee coordinated with the Company's internal audit departments and other departments responsible for internal control, attended important meetings, and received reports regarding the status of the execution of duties from Directors and Executives, etc., and requested explanations as necessary, based on the auditing standards of the Audit Committee, in accordance with the auditing policies and division of duties established by the Audit Committee. It inspected important decision-making and other documents, and investigated the status of operations and assets at the Company's headquarters, etc. In addition, for subsidiaries, it received from subsidiaries their reports on their business as necessary through communication and information sharing with their directors and corporate auditors.

(2) The Audit Committee audited whether or not the Accounting Auditor is maintaining an independent position and conducting the audits appropriately, and also received reports and requested explanations as necessary on the status of execution of duties from the Accounting Auditor. In addition, Corporate Auditors were informed by the Accounting Auditor the "the system to ensure the duties are performed properly" (the matters stipulated in the respective items of Article 131 of Corporate Accounting Rules) has been implemented in accordance with the "quality management standards concerning audits" (Business Accounting Deliberation Council), and requested explanations as necessary.

In accordance with the aforementioned procedures, the Audit Committee reviewed the business report, supplementary schedules thereto, the statutory reports (nonconsolidated balance sheets, nonconsolidated statement of income, nonconsolidated statement of changes in net assets, notes to nonconsolidated statutory reports), supplementary schedules thereto, and consolidated statutory reports (consolidated balance sheets, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated statutory reports) for the year ended on March 31, 2025.

2. Results of Audit

(1) Results of Audit on Business Report, etc.

1) The business report and supplementary schedules thereto fairly present the financial condition of the Company in accordance with the laws, regulations and the Articles of Incorporation of the Company.

2) Regarding the execution of duties by Directors and Executives, there were no instances of misconduct or material matters in violation of laws, regulations, or the Articles of Incorporation of the Company.

3) The contents of resolutions by the Board of Directors with regard to the internal control system are reasonable. Additionally, regarding the description of the relevant internal control system in the business report and the execution of duties by Directors and Executives under the relevant internal control system, there are no matters to be pointed out.

(2) Results of audit of the nonconsolidated statutory reports and supplementary schedules thereto
The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC are fair and reasonable.

(3) Results of audit of the consolidated statutory reports
The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC are fair and reasonable.

May 13, 2025

Audit Committee of Isetan Mitsukoshi Holdings Ltd.

Full-time Audit Committee Member	Yuki Ishizuka
Audit Committee Member	Tomoko Ando
Audit Committee Member	Hitoshi Ochi
Audit Committee Member	Kenji Sukeno

Note: Audit Committee Members Tomoko Ando, Hitoshi Ochi and Kenji Sukeno are External Directors as prescribed under Article 2, Paragraph 15 and Article 400, Paragraph 3 of the Companies Act.