This document is an unofficial English translation of a part of the Japanese original text of the Notice of the 106th Annual General Meeting of Shareholders of H_2O RETAILING CORPORATION. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this English translation and the Japanese original, the latter shall prevail.

June 3, 2025
(Start of electronic provision measures: May 30, 2025)

Naoya Araki
President and Representative Director
H_2O RETAILING CORPORATION
8-7 Kakuda-cho, Kita-ku, Osaka

Dear shareholders:

Notice of the 106th Annual General Meeting of Shareholders

You are cordially invited to attend the 106th Annual General Meeting of Shareholders of H_2O RETAILING CORPORATION (the "Company"), the details of which are given below.

Exercise of voting rights at a general meeting of shareholders is an essential right that shareholders have. Please exercise your voting rights by mail or via the Internet or similar means. You are kindly requested to read the Reference Document for the Shareholders Meeting below and exercise your voting rights by returning the enclosed Voting Card with approval or disapproval indicated for each proposal or via the Internet or similar means by 6:00 p.m. on Tuesday, June 24, 2025.

Details

1. **Date and Time: Wednesday, June 25, 2025, 10:00 a.m.** (Reception opens at 9:00 a.m.)

2. **Venue:** **Main Hall, Umeda Arts Theater**
   19-1 Chayamachi, Kita-ku, Osaka

3. **Agenda of the Meeting:**

Matters to be Reported

1. Reports on the Business Report, Consolidated Financial Statements, and Financial Statements for the 106th fiscal term (from April 1, 2024 to March 31, 2025)
2. Report on the audit results of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee

Matters to be Resolved

Proposal No. 1: Election of Four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members)

Proposal No. 2: Election of One (1) Director who is an Audit and Supervisory Committee Member

Proposal No. 3: Payment of Bonuses to Directors

Proposal No. 4: Determination of Compensation for the Allotment of Restricted Shares with Transfer Restrictions to Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members)

Proposal No. 5: Determination of Compensation for the Allotment of Restricted Shares to Outside Directors and Directors who are Audit and Supervisory Committee Members

4. Notes Regarding How to Exercise Voting Rights:

Please refer to the "Information regarding Exercising Voting Rights" (pp. 4-6).

When convening this general meeting of shareholders, the Company has taken measures for providing information in electronic format (the "electronic provision measures") and has posted "Notice of the 106th Annual General Meeting of Shareholders" and "Other matters subject to electronic provision measures (Matters omitted from the documents to be delivered to shareholders upon request)" on the following websites.

The Company's website	The website of Tokyo Stock Exchange (TSE)	Net de Shoshu (online convocation) (to be posted on June 3, 2025)
https://www.h2o-retailing.co.jp/en/ir/stock/meeting.html	https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show	https://s.srdb.jp/8242/ (Japanese only)

When accessing the TSE website, please input the issue name (company name) or securities code (8242) and click "Search," and then click "Basic information" and select "Documents for public inspection/PR information" to view this information.

◎ **No gifts will be provided to attendees of the Annual General Meeting of Shareholders. Thank you for your understanding.**

◎ Among the matters subject to electronic provision measures, the following matters will not be provided in the paper copy to shareholders who made a request for delivery of document based on the provisions of laws and regulations and the Company's articles of incorporation. The Audit and Supervisory Committee and the Accounting Auditor audited the documents subject to audit including the following matters.

1) Following matters related to the Business Report
   - Matters concerning the Company's stock options, etc.
   - Matters concerning Accounting Auditor
   - Systems and Policies of the Company
2) Following matters related to the Consolidated Financial Statements
   - Consolidated statements of changes in net assets
   - Notes to consolidated financial statements
3) Financial Statements
4) Audit Report

◎ If necessity arises to amend the matters subject to electronic provision measures by the day prior to the shareholders meeting, any matters amended will be posted on the respective websites where the matters are posted.

Guide to Viewing a Live Stream of the General Meeting of Shareholders

The Company will live stream the General Meeting of Shareholders via the Internet on the day of the meeting so that shareholders can view the meeting without coming to the venue of the meeting.

■ **Date and Time of streaming**
Wednesday, June 25, 2025 at 10:00 a.m. Japan time

■ **How to view the live stream**
Please access the Company website below, click the "Livestreaming of the 106th Annual General Meeting of Shareholders" and enter the username and password below (in half-width alphanumeric characters).

The Company's website:	https://www.h2o-retailing.co.jp/ja/ir/stock/meeting.html

Username & Password：Please enter the username and password written in the "Notice of the 106th Annual General Meeting of Shareholders" that received by mail.

- Please note that shareholders may not be able to watch the live streaming depending on the device and network environment in use.
- Any fees resulting from access to the live streaming website, such as Internet connection fees, shall be borne by shareholders.
- Shareholders will not be able to exercise their voting rights during the live streaming since watching live streaming is not considered as attendance at the General Meeting of Shareholders under the Companies Act. Therefore, please exercise your voting rights in advance by mail or via the Internet.
- Shareholders will not be able to ask questions or make any comments during the live stream.
- Live streaming may be interrupted or cancelled depending on the Internet environment, system troubles and other factors on the day of the meeting.
- Please be aware that the following acts are strictly prohibited: filming, recording video and/or audio, storing, or posting the live stream on social networking sites.

Information regarding Exercising Voting Rights

You can exercise your voting rights by any of the following means.

If attending the General Meeting of Shareholders

Please submit the enclosed Voting Card to a receptionist at the venue of the Meeting.
(If no indication of approval or disapproval is given, it will be treated as approval.)

Time and Date of the Meeting: 10:00 a.m. on Wednesday, June 25, 2025

◎If you choose to exercise your voting rights by proxy, the proxy will be requested to submit a letter of proxy and a Voting Card to a receptionist at the venue of the Meeting. Only a shareholder who has voting rights at the meeting can serve as a proxy.

If refraining from attending the General Meeting of Shareholders

▶ **Exercising voting rights by mail**

Please return the enclosed Voting Card (with approval or disapproval indicated for each proposal). Any vote without approval or disapproval indicated for a particular proposal will be counted as a vote for approval of the pertinent proposal.

Exercise time limit: 6:00 p.m. on Tuesday, June 24, 2025

▶ **Exercising voting rights via the Internet or similar means**

By scanning the QR code:	**By entering your login ID and temporary password:**
For the details on how to exercise voting rights, please refer to **page 5**.	For the details on how to exercise voting rights, please refer to **page 6**.
Exercise time limit: 6:00 p.m. on Tuesday, June 24, 2025	**Exercise time limit: 6:00 p.m. on Tuesday, June 24, 2025**

◎If you are able to attend the annual general meeting of shareholders, it is not necessary to follow the procedures to exercise voting rights by mail or via the Internet or similar means. If you attend the meeting after exercising your voting rights in advance by mail or via the Internet, the voting rights exercised by attending the meeting shall supersede the previous vote.

■ Handling of multiple votes cast by the same shareholder

(1) If a voting right is exercised both by mail and via the Internet or similar means, the vote cast via the Internet will be considered to be the valid vote.

(2) If a voting right is exercised via the Internet twice or more, the last vote cast will be considered to be the valid vote.

■ Information regarding the Electronic Voting Platform

For nominee shareholders (including their standing proxies), such as trust banks or custodian banks, the Electronic Voting Platform is also available if they sign up in advance. The platform is operated by ICJ, Inc.

■ Exercising voting rights via the Internet or similar means

To exercise voting rights via the Internet or similar means, please access the voting website which is designated by the Company (https://evote.tr.mufg.jp/) using your smartphone or personal computer and follow the instructions on the screen.

Time limit for exercising voting rights:	6:00 p.m. on Tuesday, June 24, 2025

Scanning the QR code

Smartphone

Exercising voting rights with your smartphone **does not require you to enter your login ID and temporary password**.

1. Scan the QR code.
   Use your smartphone to scan the login QR code found on the voting stub (right side) of the enclosed Voting Card.
2. Choose the method you wish to use to exercise your voting rights.
   A screen asking you to choose how you wish to vote on proposals will be displayed. Choose your desired method.
3. Vote on each proposal. *When you vote approval or disapproval on each proposal individually.
   Follow the instructions on the screen to vote on each proposal.

Follow the instructions to complete the process

* You may fail to log in the voting website by scanning the QR code depending on the model of your smartphone. In such a case, please exercise your voting rights by entering your login ID and temporary password.

* "QR code" is a registered trademark of DENSO WAVE INCORPORATED.

Entering your login ID and temporary password

Personal computer/Smartphone

On the voting website, use your login ID and temporary password found on the Voting Card and follow the instruction on the screen to vote approval or disapproval.

1 Access the voting website.

The voting website: https://evote.tr.mufg.jp/

2 Click “Next page”

3 Enter the login ID and temporary password found on the voting stub (right side) of your Voting Card.

4 Then, follow the input instructions on the screen to vote approval or disapproval.

Complete the process

Cautions on exercising voting rights via the Internet

- Costs for accessing the voting website (e.g., Internet connection fees and communication fees) will be borne by shareholders who access the website.
- The voting website will not be available for use from 2:30 a.m. until 4:30 a.m. daily.

For inquiries about the system etc., please contact:

Securities Business Division (Help Desk), Mitsubishi UFJ Trust and Banking Corporation
Tel. (toll-free): 0120-173-027 (available from 9:00 a.m. to 9:00 p.m.)

Reference Document for the Shareholders Meeting

Proposals and reference matters

Matters related to Director nomination and compensation

In nominating Directors and deciding Directors' compensation and other matters, the Company has established a Nominating and Compensation Advisory Committee. Proposals concerning the nomination of Director candidates and the compensation for Directors are examined and recommended to the Board of Directors by the committee and then decided by the board, in view of the basic principles of corporate governance stipulated by the Company.

The Audit and Supervisory Committee has confirmed the administration method of the Nominating and Compensation Advisory Committee and pertinent matters and found nothing to point out in particular.

In accordance with the basic principles of corporate governance, the nomination standards for Director candidates—the "Diversity of Directors" and "Criteria for Independence of Outside Directors"—have been defined as described below.

(For your reference)
"Diversity of Directors" and "Criteria for Independence of Outside Directors" are posted on the company's website.

"Diversity of Directors" (Japanese only)
(https://www.h2o-retailing.co.jp/ja/company/governance/c-governance.html)

"Criteria for Independence of Outside Directors" (Japanese only)
(https://www.h2o-retailing.co.jp/ja/company/governance/c-governance/main/04/teaserItems1/01/linkList/0/link/independence%20_criteria.pdf)

Nominating and Compensation Advisory Committee

To ensure fairness and transparency in nominating the Company's Directors and deciding Directors' compensation, the Company has established a Nominating and Compensation Advisory Committee as a voluntary advisory committee for the Board of Directors. The Nominating and Compensation Advisory Committee consists of a plural number of independent outside directors, and the President. The composition of the members of the Committee after the General Meeting of Shareholders will continue to be as follows:

Committee Members	Chair	Naoshi Ban (Director, Audit and Supervisory Committee Member, independent, outside)
	Committee member	Kenjiro Nakano (Director, Audit and Supervisory Committee Member, independent, outside)
	Committee member	Naoya Araki (President and Representative Director)

Proposal No. 1: Election of Four (4) Directors (excluding Directors who are Audit and Supervisory Committee Members)

One (1) Director resigned during the 106th fiscal term, and the terms of office of three (3) Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter the same in this proposal) will expire at the conclusion of this Annual General Meeting of Shareholders. It is hereby proposed that four (4) Directors will be elected.
The Director candidates are given below.

Candidate No.	Name	Present position in the Company	
1	Naoya Araki	President and Representative Director	Subject to re-election
2	Katsuhiro Hayashi	Representative Director and Executive Vice President	Subject to re-election
3	Toshihiko Yamaguchi	Representative Director	Subject to re-election
4	Yasuo Shimada		Subject to new election

Candidate No.	1

Naoya Araki	(Date of birth: May 14, 1957)

Subject to re-election	Number of company shares held by the candidate:	17,300

Brief history of positions and duties

April 1981	Joined Hankyu Department Stores, Inc.
April 2003	General Manager, Suburban Store Development Office, Hankyu Department Stores, Inc.
April 2004	Executive Officer, Hankyu Department Stores, Inc.
October 2008	Executive Officer, Hankyu Hanshin Department Stores, Inc.
June 2010	Director and Executive Officer, Hankyu Hanshin Department Stores, Inc.
March 2012	President and Representative Director, Hankyu Hanshin Department Stores, Inc.
June 2012	Representative Director, H_2O RETAILING CORPORATION
April 2020	President and Representative Director, H_2O RETAILING CORPORATION (present position)
April 2020	Chairman and Representative Director, Hankyu Hanshin Department Stores, Inc. (present position)

Status of concurrent important position held

Chairman and Representative Director, Hankyu Hanshin Department Stores, Inc.

Reason for nomination as Director candidate

Mr. Naoya Araki was mainly involved in developing new stores of Hankyu Hanshin Department Stores, Inc., the core of the Company Group, including the Hakata Hankyu and Nishinomiya Hankyu stores. During his appointment as President of Hankyu Hanshin Department Stores, Inc. (from March 2012 to March 2020), he contributed significantly to the construction of its business foundation by significantly improving the profitability of the department store business, including that of the Hankyu Umeda Main Store. Since April 2020, amid the drastic changes in the business environment surrounding the retail industry, he formulated a new group vision as the President of H_2O RETAILING CORPORATION and the Chairman of Hankyu Hanshin Department Stores, Inc. We have determined that he is appropriate for the sustainable improvement of the Company Group's corporate value based on his abundant experience, record of accomplishment, and insight, in addition to his exertion of strong leadership in the Group's management strategy. Therefore, he continues to be nominated as a Director candidate.

Candidate No.	2

Katsuhiro Hayashi

(Date of birth: January 20, 1958)

Subject to re-election	Number of company shares held by the candidate:	30,267

Brief history of positions and duties

April 1982	Joined Hankyu Department Stores, Inc.
April 2002	General Manager, Public Relations Office, Hankyu Department Stores, Inc.
April 2005	General Manager, Compliance Office, Hankyu Department Stores, Inc.
June 2009	Director and Executive Officer, H_2O RETAILING CORPORATION
June 2009	Executive Officer, Hankyu Hanshin Department Stores, Inc.
April 2012	Director and Executive Officer, Hankyu Hanshin Department Stores, Inc.
April 2014	Director and Managing Executive Officer, H_2O RETAILING CORPORATION
April 2014	Director and Managing Executive Officer, Hankyu Hanshin Department Stores, Inc.
April 2015	Representative Director and Senior Managing Executive Officer, H_2O RETAILING CORPORATION
April 2015	In charge of the Human Resources Office (present position), the General Affairs Office, and the Public Relations Office, H_2O RETAILING CORPORATION
April 2015	Representative Director and Senior Managing Executive Officer, Hankyu Hanshin Department Stores, Inc.
April 2017	Representative Director and Executive Vice President, H_2O RETAILING CORPORATION (present position)
April 2020	In charge of Food Business, H_2O RETAILING CORPORATION (present position)
December 2021	President and Representative Director, Kansai Super Market Ltd. (currently Kansai Food Market Ltd.) (present position)
April 2023	President and Representative Director, Izumiya • Hankyu Oasis Co., Ltd. (present position)

Status of concurrent important positions held

President and Representative Director, Kansai Food Market Ltd.
President and Representative Director, Izumiya • Hankyu Oasis Co., Ltd.

Reason for nomination as Director candidate

Mr. Katsuhiro Hayashi has achieved excellent results in business administration, including those related to human resources, general affairs, public relations, and has good capabilities and knowledge concerning planning and implementation of compliance matters. Since 2019, he has been leading the structural reform of the food business group-wide, and since 2021, he has been forging ahead with the development and improvement of business foundation and with business reforms as President and Representative Director of Kansai Food Market Ltd., aiming to exert and amplify the synergistic effect between Izumiya • Hankyu Oasis Co., Ltd. and Kansai Super Market Ltd. under the Kansai Food Market group. We have determined that he is appropriate for the sustainable improvement of the Group's corporate value based on his abundant experience, record of accomplishment, and insight. Therefore, he continues to be nominated as a Director candidate.

Candidate No.	3

Toshihiko Yamaguchi	(Date of birth: August 21, 1963)	
Subject to re-election	Number of company shares held by the candidate:	11,400

Brief history of positions and duties

April 1986	Joined Hankyu Department Stores, Inc.
April 2009	Store Manager, Kawanishi Hankyu Department Store of Hankyu Hanshin Department Stores, Inc.
April 2011	Sales Service Executive Manager, Yurakucho Hankyu Department Store of Hankyu Hanshin Department Stores, Inc.
August 2011	Sales Service Executive Manager, Hankyu Men's Tokyo of Hankyu Hanshin Department Stores, Inc.
April 2012	Store Manager, Hankyu Men's Tokyo of Hankyu Hanshin Department Stores, Inc.
April 2014	Executive Officer, Hankyu Hanshin Department Stores, Inc.
April 2018	Director and Executive Officer, Hankyu Hanshin Department Stores, Inc.
April 2020	President and Representative Director, Hankyu Hanshin Department Stores, Inc. (present position)
June 2020	Representative Director, in charge of the department store business, H_2O RETAILING CORPORATION (present position)

Status of concurrent important position held

President and Representative Director, Hankyu Hanshin Department Stores, Inc.

Reason for nomination as Director candidate

Mr. Toshihiko Yamaguchi was in charge of a wide range of fields, including the management of main stores, store planning, marketing, and sales for Hankyu Hanshin Department Stores, Inc., the core of the Company Group. Since April 2020, as President of Hankyu Hanshin Department Stores, Inc., amid the drastic changes in the business environment surrounding the retail industry, he has been leading the maximization of LTV (the total value provided to customers over the course of their lifetime) by deepening the relationships with high-net-worth customers in Japan and overseas as well as with loyal customers in Japan through the creation of new value for department stores as a Communication Retailer. We have determined that he is appropriate for the sustainable improvement of the Group's corporate value based on his abundant experience, record of accomplishment, and insight. Therefore, he continues to be nominated as a Director candidate.

Candidate No.	4

Yasuo Shimada	(Date of birth: July 21, 1964)	
Subject to new election	Number of company shares held by the candidate:	0

Brief history of positions and duties

April 1988	Joined Hankyu Corporation
April 2019	Director, Hankyu Corporation
April 2021	Managing Director, Hankyu Corporation
April 2022	President and Representative Director, Hankyu Corporation (present position)
June 2022	Executive Vice President and Representative Director, Hankyu Hanshin Holdings, Inc.
March 2023	President and Representative Director, Hankyu Hanshin Holdings, Inc.
December 2024	President and Representative Director, Group CEO, Hankyu Hanshin Holdings, Inc. (present position)

Status of concurrent important positions held

President and Representative Director, Group CEO, Hankyu Hanshin Holdings, Inc.
President and Representative Director, Hankyu Corporation

Reason for nomination as Director candidate

We have determined that Mr. Yasuo Shimada is an appropriate talent capable of contributing to the sustainable growth and improvement of the Group's corporate value as President and Representative Director and Group CEO of Hankyu Hanshin Holdings, Inc., in view of his proven track record as a corporate executive as well as management strategy of the Hankyu Hanshin Toho Group. Therefore, he is nominated as a Director (non-executive director) candidate.

Notes:

1. Mr. Yasuo Shimada (a Director candidate) holds a concurrent position as President and Representative Director of Hankyu Corporation, with which the Company has engaged in real estate lease transactions.
2. The Company has no special interest with other candidates.
3. If this proposal is approved and Mr. Yasuo Shimada (a Director candidate) is elected, the Company plans to conclude a contract with him for the liability specified in Article 423, Paragraph 1 of the Companies Act, up to the amount stipulated by law.
4. The Company has a liability insurance contract for all of its directors (including Directors who are Audit and Supervisory Committee Members). The purpose of this insurance is to compensate for the legal damages and dispute costs incurred by the insured due to claims for damages being made to the insured. If director candidates are elected and take office, they will be insured under the insurance policy. The outline of the contents of the insurance contract is also described in the business report (4. (1) Note 7. Outline of the Contents of the Liability Insurance Contract for Directors ; available in Japanese only). The insurance contract was renewed on May 1, 2025, with the same content.
5. On October 1, 2007, our trade name changed from Hankyu Department Stores, Inc. to H_2O RETAILING CORPORATION in line with the transition to a holding company structure (based on the management integration with Hanshin Department Store, Ltd.). At the same time, a company split was conducted to have the Department Store Business succeeded to a newly established company (Hankyu Department Stores, Inc.).
   On October 1, 2008, Hankyu Department Stores, Inc. acquired Hanshin Department Store, Ltd. through an absorption-type merger, and the trade name changed to Hankyu Hanshin Department Stores, Inc.
6. On April 1, 2005, Hankyu Corporation changed its trade name to Hankyu Holdings, Inc. At the same time, a company split was conducted to have the Railway business and all other operations succeeded to Hankyu Corporation Spin-Off Preparation Inc. (changed its trade name to Hankyu Corporation on the same day). On October 1, 2006, Hankyu Holdings, Inc. changed its trade name to Hankyu Hanshin Holdings, Inc.

Proposal No. 2: Election of One (1) Director who is an Audit and Supervisory Committee Member

The term of office of one (1) Director who is an Audit and Supervisory Committee Member will expire at the conclusion of this Annual General Meeting of Shareholders. The Company therefore proposes to elect one (1) Director who is an Audit and Supervisory Committee Member. The Audit and Supervisory Committee has approved this proposal. The candidate for Director who is an Audit and Supervisory Committee Member is as follows:

Name	Present position in the Company
Kenji Goto	Director Standing Audit and Supervisory Committee Member Subject to re-election

Kenji Goto	(Date of birth: September 12, 1961)	
Subject to re-election	Number of company shares held by the candidate:	5,100

Brief history of positions and duties

April 1984	Joined Hankyu Department Stores, Inc.
April 2004	General Manager, Accounting Office, Hankyu Department Stores, Inc.
April 2005	General Manager, Finance Office, Hankyu Department Stores, Inc.
April 2006	General Manager, Finance and Accounting Office, Hankyu Department Stores, Inc.
October 2007	General Manager, Corporate Management Office, H_2O RETAILING CORPORATION
April 2008	Store Manager, Takarazuka Hankyu Department Store of Hankyu Department Stores, Inc.
October 2009	Store Manager, Senri Hankyu Department Store of Hankyu Hanshin Department Stores, Inc.
June 2010	In charge of financial policy of H_2O RETAILING CORPORATION
April 2011	General Manager, Business Efficiency Promotion Office, Hankyu Hanshin Department Stores, Inc.
April 2012	General Manager in charge of audit operations of Corporate Auditor Office, H_2O RETAILING CORPORATION
June 2012	Auditor, Hankyu Hanshin Department Stores, Inc. (present position)
June 2023	Director, Standing Audit and Supervisory Committee Member, H_2O RETAILING CORPORATION (present position)
April 2025	Auditor, Kansai Food Market Ltd. (present position)

Status of concurrent important positions held

Auditor, Hankyu Hanshin Department Stores, Inc.
Auditor, Kansai Food Market Ltd.

Reason for nomination as Director candidate

Mr. Kenji Goto has been involved in finance and accounting business of Hankyu Hanshin Department Stores, Inc., the core of the Company Group and the Company. He has also served as auditor at mainstay companies of the Group, including Hankyu Hanshin Department Stores, Inc., for about 10 years and has qualifications of securities analyst (CMA) and certified internal auditor (CIA); accordingly, he has considerable knowledge of finance and accounting. We have determined that he is appropriate for the sustainable improvement of the Group's corporate value based on his abundant experience and track record. Therefore, he is nominated as a candidate for Director who is an Audit and Supervisory Committee Member.

Notes:

1. The Company has no special interest with the candidate.
2. The Company has a liability insurance contract for all of its directors (including Directors who are Audit and Supervisory Committee Members). The purpose of this insurance is to compensate for the legal damages and dispute costs incurred by the insured due to claims for damages being made to the insured. If the director candidate is elected and take office, he will be insured under the insurance policy. The outline of the contents of the insurance contract is also described in the business report (4. (1) Note 7. Outline of the Contents of the Liability Insurance Contract for Directors ; available in Japanese only). The insurance contract was renewed on May 1, 2025, with the same content.

3. On October 1, 2007, our trade name changed from Hankyu Department Stores, Inc. to H_2O RETAILING CORPORATION in line with the transition to a holding company structure (based on the management integration with Hanshin Department Store, Ltd.). At the same time, a company split was conducted to have the Department Store Business succeeded to a newly established company, Hankyu Department Stores, Inc.
   On October 1, 2008, Hankyu Department Stores, Inc. acquired Hanshin Department Store, Ltd. through an absorption-type merger, and the trade name changed to Hankyu Hanshin Department Stores, Inc.

Reference Skills matrix of Directors after the closing of the General Meeting of Shareholders (scheduled)

Skills matrix of Directors will be as outlined below if the Proposals No. 1 and No. 2 are approved as originally proposed.

Name	Attribute		Corporate management	Financing & Accounting	Compliance/ Legal/Risk management	Marketing	DX/IT	Talent development	ESG/ Sustainability
Naoya Araki	Male		○			○			○
Katsuhiro Hayashi	Male		○		○			○	○
Toshihiko Yamaguchi	Male		○			○			○
Yasuo Shimada	Male		○						
Kenji Goto	Male			○	○				
Naoshi Ban	Male	Outside Independent	○	○	○				
Kenjiro Nakano	Male	Outside Independent	○	○	○				
Mayumi Ishihara	Female	Outside Independent			○				
Nobuko Sekiguchi	Female	Outside Independent		○			○	○	

Notes
- The above table does not indicate all of the expertise, experience and capabilities of candidates for Director.
- Of the Directors in the table above, the terms of office of Mr. Naoshi Ban, Mr. Kenjiro Nakano, Ms. Mayumi Ishihara, and Ms. Nobuko Sekiguchi will end at the conclusion of the annual general meeting of shareholders for the fiscal year ending March 2026, and will not be subject to re-election at this general meeting.

Proposal No. 3: Payment of Bonuses to Directors

It is hereby proposed that in consideration of the business performance for the current period, conventional bonuses to Directors and other circumstances, a bonus in the total amount of 54 million yen will be paid to three (3) Directors (Mr. Naoya Araki, Mr. Katsuhiro Hayashi, and Mr. Toshihiko Yamaguchi) at the end of the current period. The payment of bonuses to Directors is deemed appropriate in line with the policy ("4. (2) ① 2) Outline of the details of Decision Policy" of the business report) determined by the Board of Directors. The amount paid to each Director will be left to the discretion of the Board of Directors. We appreciate your understanding.

Matters common to Proposals No. 4 and No. 5

Redesign of share-based compensation

The Company has introduced a stock-compensation-type stock option plan (with service conditions and performance-linked conditions) as a share-based compensation linked to share prices. To further promote the sharing of value with shareholders and raise the Directors' awareness of the importance of business performance and shareholder value, the Company proposes to introduce a new restricted stock compensation plan in lieu of the existing stock-compensation-type stock option plan.

Outline of the restricted stock compensation plan

The restricted shares to be granted consists of the following two types: (a) service condition type, and (b) performance condition type. Non-executive Directors shall only be granted service condition-type restricted shares.

<<Service condition type>>

(1) Transfer restriction period
Eligible Directors must not transfer, create a security interest in or otherwise dispose of restricted shares with service conditions during a period from the grant date thereof to the date when he/she loses the Company's Director or any other position specified by the Board of Directors of the Company due to expiration of his/her term of office (hereinafter referred to as the "Transfer Restriction Period (i)").

(2) Lifting of transfer restrictions
The transfer restrictions on all of the shares with service conditions shall be lifted at the time of expiration of the Transfer Restriction Period (i) on condition that an eligible Director continue to hold the position specified by the Board of Directors of the Company for a period specified by the Board of Directors of the Company.

<<Performance condition type>>

(1) Transfer restriction period
Eligible Directors must not transfer, create a security interest in or otherwise dispose of restricted shares with performance conditions during a period within five (5) years from the grant date thereof, specified by the Board of Directors of the Company (hereinafter referred to as the "Transfer Restriction Period (ii)").

(2) Lifting of transfer restrictions
The transfer restrictions on all or part of the shares with performance conditions shall be lifted at the time of expiration of the Transfer Restriction Period (ii) on condition that an eligible Director continue to hold the position specified by the Board of Directors of the Company for a period specified by the Board of Directors of the Company, as well as that the requirements separately set forth in the agreement on allotment of restricted shares, such as the achievement of the numerical performance targets set by the Board of Directors of the Company, be satisfied.

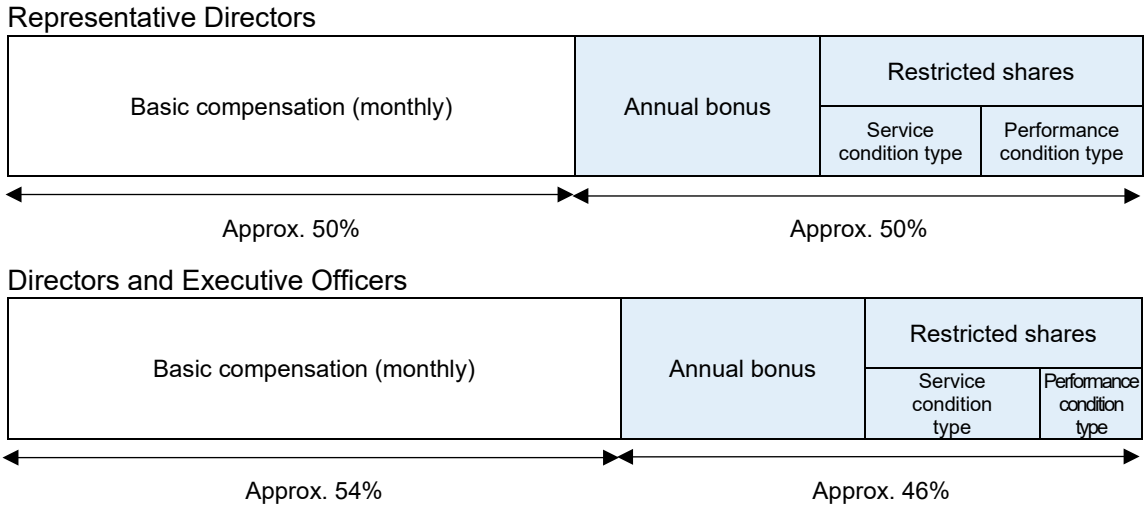
* For reasons for free-of-charge acquisition of restricted shares and other details, please refer to the Proposals No. 4 and No. 5.

Overall outline of the officer compensation system of the Company

If the Proposals No. 4 and No. 5 are approved as originally proposed, the compositions of officer compensation for the Company's Executive Directors are as follows. Among Executive Directors, Representative Directors and Directors who concurrently serve as the president of the core companies of the Group will receive compensation with the following percentage split as a benchmark: fixed compensation (basic compensation) of approximately 50%, and variable compensation (annual bonus and share-based compensation) of approximately 50%. This compensation allocation scheme is designed so that higher the rank of an Eligible Director, higher the ratio of the share-based compensation to the variable compensation, and also higher the restricted shares with performance conditions to the share-based compensation.

<<Illustrative diagram of the officer compensation system>>

*The below shows the composition of officer compensation for Executive Directors.



Note: The above is an illustrative diagram intended to facilitate understanding of the composition of officer compensation. The width (length in the transverse direction) of each element is not directly proportionate to the amount of each compensation.

<<Type of compensation and eligible recipients>>

		Executive Directors	Non-executive Directors
Stock compensation	Restricted shares with performance conditions	○	–
	Restricted shares with service conditions	○	○
Monetary compensation	Annual bonus	○	–
	Basic compensation (monthly)	○	○

<<Reference>>

If the Proposals No. 4 and No. 5 are approved as originally proposed, restricted shares will be granted to the Company's Directors. The same restricted shares will also be granted mutatis mutandis to executive officers not concurrently serving as the Company's Directors and the directors, corporate auditors (corresponding to Audit and Supervisory Committee Members), and executive officers of Hankyu Hanshin Department Stores, Inc., a subsidiary of the Company. The grant of all these restricted shares are subject to a resolution of the Board of Directors of the Company under the Companies Act.

Proposal No. 4: Determination of Compensation for the Allotment of Restricted Shares to Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members)

The compensation for the Company's Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) has a structure combining a monthly basic compensation; an annual bonus reflecting the performance for a single year; and stock-compensation-type stock options, a share-based compensation linked to share prices, which is designed to incentivize the Directors to contribute to improving short-term and medium- to long-term performance of the Company. The amount of annual basic compensation was approved to be a maximum of 250 million yen at the 97th Annual General Meeting of Shareholders held on June 22, 2016, and the amount of annual stock-compensation-type stock options was approved to be a maximum of 120 million yen, separately from the basic compensation, at the 102nd Annual General Meeting of Shareholders held on June 22, 2021.

As part of the recent efforts to improve its compensation system for officers, the Company requests your approval to providing new restricted share-based compensation to the Company's Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members; hereinafter collectively referred to as "Eligible Directors"), separately from the above maximum amount of compensation. The purposes of this request include providing Directors with incentives to contribute to the sustainable enhancement of the corporate value of the Company, further promoting the sharing of value between Directors and shareholders, and raising the Directors' awareness of the importance of business performance and shareholder value.

The restricted shares to be granted based on this proposal consist of the following two types: (a) service condition type, the condition for lifting transfer restrictions of which is to hold the position of the Company's Director or any other position specified by the Board of Directors of the Company for a certain consecutive period (the shares granted in this way is referred to as "Shares with Service Conditions"); and (b) performance condition type, the condition for lifting transfer restrictions of which is to achieve the performance conditions specified in advance by the Board of Directors of the Company in addition to the above condition (the shares granted in this way is referred to as "Shares with Performance Conditions").

Subject to the approval of this proposal as originally proposed, the existing stock-compensation-type stock options approved at the 102nd Annual General Meeting of Shareholders held on June 22, 2021 shall be abolished, and any new stock-compensation-type stock options shall not be allocated thereafter. Provided, however, that stock-compensation-type stock options having been already granted shall continue to exist.

The current number of Directors (excluding Directors who are Audit and Supervisory Committee Members) is three (3) with no Outside Directors. If the Proposal No. 1 is approved as originally proposed, the number of Directors will be four (4) with no Outside Directors.

Based on the resolution of the Board of Directors of the Company, the Eligible Directors shall make in-kind contribution of all the monetary compensation claims provided by the Company for granting restricted shares, and shall, in return, receive shares of the Company's common stock (restricted shares) that will be issued or disposed of by the Company (hereinafter this scheme is referred to as the "In-Kind Contribution Scheme"). The annual total number of shares of the Company's common stock issued or disposed of under the In-Kind Contribution Scheme shall be a maximum of 40,000; provided, however, that said total number may be adjusted within a reasonable range in the case that, on or after the day when this proposal is approved, a stock split (including a gratis allotment) or a reverse stock split of the Company's common stock is conducted or when the adjustment of the total number of shares of the Company's common stock that are issued or disposed of as restricted shares is inevitable for other reasons.

Furthermore, the annual total amount of monetary compensation claims provided for granting restricted shares shall be a maximum of 120 million yen. Note that the amount to be paid in per such share shall be determined by the Board of Directors of the Company within a range that will not be a particularly advantageous amount for the eligible recipient who receives said shares based on the closing price of the Company's common stock on the Tokyo Stock Exchange on its business day preceding the day when each resolution pertaining to the allotment of restricted

shares is made by the Board of Directors of the Company (or the closing price immediately prior thereto if no transaction is made on such business day). Specific timing of provision and allocation to each Eligible Director shall be determined by the Board of Directors after consultation to the Nominating and Compensation Advisory Committee.

In the issuance or disposal of shares of the Company's common stock by the above method, the agreement on allotment of restricted shares (hereinafter referred to as the "Allotment Agreement") including the following provisions shall be concluded between the Company and an Eligible Director.

■ Transfer restrictions on Shares with Service Conditions

(1) Transfer restriction period

An Eligible Director must not transfer, create a security interest in or otherwise dispose of the Shares with Service Conditions (hereinafter collectively referred to as "Transfer Restrictions (i)") during a period from the grant date thereof to the date when he/she resigns from the Company's Director or any other position specified by the Board of Directors of the Company due to expiration of his/her term of office (hereinafter referred to as the "Transfer Restriction Period (i)").

(2) Lifting of Transfer Restrictions

The Company shall lift the Transfer Restrictions (i) on all of the Shares with Service Conditions at the time of expiration of the Transfer Restriction Period (i) on condition that an Eligible Director continue to hold the position of the Company's Director or any other position specified by the Board of Directors of the Company for a period from the grant date of restricted shares to the last day of the business year in which such grant date falls or to the date separately specified by the Board of Directors of the Company (hereinafter referred to as the "Service Provision Period"). Provided, however, that if an Eligible Director resigns from the Company's Director or any other position specified by the Board of Directors of the Company after expiration of the Service Provision Period due to a reason other than the reasons that the Company deems justifiable (hereinafter referred to as the "Justifiable Reasons"), the Transfer Restrictions (i) will not be lifted, and the Company shall automatically acquire all of the Shares with Service Conditions free of charge. The Company shall, if needed, reasonably adjust the number of the Shares with Service Conditions subjected to lifting of the Transfer Restrictions (i) and the timing when the Transfer Restrictions (i) is lifted, in the event that an Eligible Director resigns from the Company's Director or any other position specified by the Board of Directors of the Company after expiration of the Service Provision Period due to any of the Justifiable Reasons. It should be noted that pursuant to the above provisions, the Company shall automatically acquire, free of charge, the Shares with Service Conditions on which the Transfer Restrictions (i) have not been lifted at the timing of expiration of the Transfer Restriction Period (i).

■ Transfer restrictions on Shares with Performance Conditions

(1) Transfer restriction period

An Eligible Director must not transfer, create a security interest in or otherwise dispose of the Shares with Performance Conditions (hereinafter collectively referred to as "Transfer Restrictions (ii)") during a period within five (5) years from the grant date thereof, specified by the Board of Directors of the Company (hereinafter referred to as the "Transfer Restriction Period (ii)").

(2) Lifting of Transfer Restrictions

The Company shall lift the Transfer Restrictions (ii) on all or part of the Shares with Performance Conditions at the time of expiration of the Transfer Restriction Period (ii) on condition that an Eligible Director continue to hold the position of the Company's Director or any other position specified by the Board of Directors of the Company for the Service Provision Period as well as that requirements separately defined in the Allotment Agreement, such as the achievement of the numerical performance targets set by the Board of Directors

of the Company, be satisfied. Provided, however, that if an Eligible Director resigns from the Company's Director or any other position specified by the Board of Directors of the Company before expiration of the Transfer Restriction Period (ii) and after expiration of the Service Provision Period due to a reason other than the Justifiable Reasons, the Transfer Restrictions (ii) will not be lifted, and the Company shall automatically acquire all of the Shares with Performance Conditions free of charge. The Company shall, if needed, reasonably adjust the number of the Shares with Performance Conditions subjected to lifting of the Transfer Restrictions (ii) and the timing when the Transfer Restrictions (ii) is lifted, in the event that an Eligible Director resigns from the Company's Director or any other position specified by the Board of Directors of the Company before expiration of the Transfer Restriction Period (ii) and after expiration of the Service Provision Period due to any of the Justifiable Reasons. It should be noted that pursuant to the above provisions, the Company shall automatically acquire, free of charge, the Shares with Performance Conditions on which the Transfer Restrictions (ii) have not been lifted at the timing of expiration of the Transfer Restriction Period (ii).

■ Matters common to the Shares with Service Conditions and the Shares with Performance Conditions (hereinafter collectively referred to as "Allotted Shares")

(1) Reasons for free-of-charge acquisition

The Company shall automatically acquire the Allotted Shares free of charge in any of the following cases: (a) a case where the Company finds that an Eligible Director has committed a serious violation during his/her office against laws and regulations or internal rules in the Company or the Group; (b) a case where the Company finds that an Eligible Director significantly damaged the trust of the Companies or a Group company through his/her wrongful or illegal act; (c) a case where an Eligible Director is sentenced to imprisonment or heavier punishment; and (d) a case where the Company acknowledges any other similar reasons.

(2) Treatment in case of reorganization

In the case that a matter related to a merger agreement under which the Company will be dissolved, a share exchange agreement or a stock transfer plan under which the Company will become a wholly owned subsidiary or other forms of reorganization of the Company was approved by a general meeting of shareholders of the Company (or the Board of Directors of the Company when such reorganization does not require approval of a general meeting of shareholders of the Company) during the Transfer Restriction Period (i) or the Transfer Restriction Period (ii), the Company will, by a resolution of its Board of Directors, lift the Transfer Restrictions on the reasonably determined number of the Allotted Shares, prior to the effective date of such reorganization. It should be noted that in the cases prescribed in the above, the Company shall automatically acquire, free of charge, the Allotted Shares on which the Transfer Restrictions have not been lifted even at the timing immediately after the Transfer Restrictions are lifted, pursuant to the above provisions.

(3) Other matters

A method of indication of intention or notification under the Allotment Agreement, a method of revising the Allotment Agreement and/or other matters determined by the Board of Directors shall constitute the provisions of the Allotment Agreement.

Although the Company has formulated a determination policy on the content of compensation, etc. for Directors at the Board of Directors meeting held on February 25, 2021, the Company plans to change this policy to the content in line with this proposal, subject to your approval to this proposal. The amount to be paid in for the Allotted Shares shall be within a range that will not be a particularly advantageous amount as described above, and a dilution effect in this case will be negligible. The Company therefore considers the grant of the Allotted Shares to be appropriate.

Proposal No. 5: Determination of Compensation for the Allotment of Restricted Shares to Outside Directors and Directors who are Audit and Supervisory Committee Members

The compensation for the Company's Outside Directors and Directors who are Audit and Supervisory Committee Members consists of a basic compensation and stock-compensation-type stock options, a share-based compensation. The amount of annual basic compensation was approved to be a maximum of 90 million yen for Directors who are Audit and Supervisory Committee Members and 50 million yen for Outside Directors among Directors (excluding Directors who are Audit and Supervisory Committee Members) at the 97th Annual General Meeting of Shareholders held on June 22, 2016. Separately from the basic compensation, the amount of annual stock-compensation-type stock options was approved to be a maximum of 22.5 million yen for Directors who are Audit and Supervisory Committee Members and 9 million yen for Outside Directors among Directors (excluding Directors who are Audit and Supervisory Committee Members), at the 102nd Annual General Meeting of Shareholders held on June 22, 2021.

As part of the recent efforts to improve its compensation system for officers, the Company requests your approval to providing new restricted stock-based compensation to the Company's Outside Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter the same applies) and Directors who are Audit and Supervisory Committee Members (hereinafter Outside Directors and Directors who are Audit and Supervisory Committee Members are collectively referred to as "Eligible Directors"), separately from the above maximum amount of compensation. The purposes of this request are to further promote the sharing of value with shareholders and raise awareness of the importance of shareholder value. No Outside Directors have been currently elected. However, in anticipation of the possibility of their election in the future, we propose to set the maximum amount of compensation for granting restricted shares.

The restricted shares based on this proposal is service condition type, the condition for lifting transfer restrictions of which is to hold the position of the Company's Director or any other position specified by the Board of Directors of the Company for a certain consecutive period (the shares granted in this way is referred to as "Shares with Service Conditions").

Subject to the approval of this proposal as originally proposed, the existing stock-compensation-type stock options approved at the 102nd Annual General Meeting of Shareholders held on June 22, 2021 shall be abolished, and any new stock-compensation-type stock options shall not be allocated thereafter. Provided, however, that stock-compensation-type stock options having been already granted shall continue to exist.

The current numbers of Directors who are Audit and Supervisory Committee Members is five (5) with no Outside Directors. If the Proposals No. 1 and No. 2 are approved as originally proposed, the number of Directors who are Audit and Supervisory Committee Members will be five (5) with no Outside Directors.

Based on the resolution of the Board of Directors of the Company, the Eligible Directors shall make in-kind contribution of all the monetary compensation claims provided by the Company for granting restricted shares, and shall, in return, receive shares of the Company's common stock (restricted shares) that will be issued or disposed of by the Company through the In-Kind Contribution Scheme. The annual total number of shares of the Company's common stock issued or disposed of under the In-Kind Contribution Scheme shall be a maximum of 10,500 (7,500 for Directors who are Audit and Supervisory Committee Members, and 3,000 for Outside Directors. Provided, however, that said total number may be adjusted within a reasonable range in the case that, on or after the day when this proposal is approved, a stock split (including a gratis allotment) or a reverse stock split of the Company's common stock is conducted or whenever the adjustment of the total number of shares of the common stock issued or disposed of under the In-Kind Contribution Scheme is inevitable for other reasons.

Furthermore, the annual total amount of monetary compensation claims provided for granting restricted shares shall be a maximum of 31.5 million yen (22.5 million yen for Directors who are Audit and Supervisory Committee Members, and 9 million yen for Outside Directors). Note that the amount to be paid in per such share shall be determined by the Board of Directors of the

Company within a range that will not be a particularly advantageous amount for the eligible recipient who receives said shares based on the closing price of the Company's common stock on the Tokyo Stock Exchange on its business day preceding the day when each resolution pertaining to the allotment of restricted shares is made by the Board of Directors of the Company (or the closing price immediately prior thereto if no transaction is made on such business day). Specific timing of provision and allocation to each Eligible Director shall be determined by deliberations among Directors who are Audit and Supervisory Committee Members for themselves, and by the Board of Directors for Outside Directors after consultation to the Nominating and Compensation Advisory Committee.

In the issuance or disposal of shares of the Company's common stock by the above method, the Allotment Agreement including the following provisions shall be concluded between the Company and an Eligible Director.

(1) Transfer restriction period

An Eligible Director must not transfer, create a security interest in or otherwise dispose of the Shares with Service Conditions (hereinafter collectively referred to as "Transfer Restrictions") during a period from the grant date thereof to the date when he/she resigs from the Company's Director or any other position specified by the Board of Directors of the Company due to expiration of his/her term of office (hereinafter referred to as the "Transfer Restriction Period").

(2) Lifting of Transfer Restrictions

The Company shall lift the Transfer Restrictions on all of the Shares with Service Conditions at the time of expiration of the Transfer Restriction Period on condition that an Eligible Director continue to hold the position of the Company's Director or any other position specified by the Board of Directors of the Company for a period from the grant date of restricted shares to the last day of the business year in which such grant date falls or to the date separately specified by the Board of Directors of the Company (hereinafter referred to as the "Service Provision Period"). Provided, however, that if an Eligible Director resigns from the Company's Director or any other position specified by the Board of Directors of the Company after expiration of the Service Provision Period due to a reason other than the Justifiable Reasons, the Transfer Restrictions will not be lifted, and the Company shall automatically acquire all of the Shares with Service Conditions free of charge. The Company shall, if needed, reasonably adjust the number of the Shares with Service Conditions subjected to lifting of the Transfer Restrictions and the timing when the Transfer Restrictions is lifted, in the event that an Eligible Director resigns from the Company's Director any other position specified by the Board of Directors of the Company after expiration of the Service Provision Period due to any of the Justifiable Reasons. It should be noted that pursuant to the above provisions, the Company shall automatically acquire, free of charge, the Shares with Service Conditions on which the Transfer Restrictions have not been lifted at the expiration of the Transfer Restriction Period.

(3) Reasons for free-of-charge acquisition

The Company shall automatically acquire the Shares with Service Conditions free of charge in any of the following cases: (a) a case where the Company finds that an Eligible Director has committed a serious violation during his/her office against laws and regulations or internal rules in the Company or the Group; (b) a case where the Company finds that an Eligible Director significantly damaged the trust of the Company or a Group company through his/her wrongful or illegal act; (c) a case where an Eligible Director is sentenced to imprisonment or heavier punishment; and (d) a case where the Company acknowledges any other similar reasons.

(4) Treatment in case of reorganization

In the case that a matter related to a merger agreement under which the Company will be dissolved, a share exchange agreement or a stock transfer plan under which the Company will become a wholly owned subsidiary or other forms of reorganization of the Company was approved by a general meeting of shareholders of the Company (or the Board of Directors

of the Company when such reorganization does not require approval of a general meeting of shareholders of the Company) during the Transfer Restriction Period, the Company will, by a resolution of its Board of Directors, lift the Transfer Restrictions on the reasonably determined number of the Shares with Service Conditions, prior to the effective date of such reorganization. It should be noted that in the cases prescribed above, the Company shall automatically acquire, free of charge, the Shares with Service Conditions on which the Transfer Restrictions have not been lifted even at the timing immediately after the time when the Transfer Restrictions are lifted, pursuant to the above provisions.

(5) Other matters

A method of indication of intention or notification under the Allotment Agreement, a method of revising the Allotment Agreement and/or other matters determined by the Board of Directors shall constitute the provisions of the Allotment Agreement.

Although the Company has formulated a determination policy on the content of compensation, etc. for Directors including Outside Directors at the Board of Directors meeting held on February 25, 2021, the Company plans to change this policy to the content in line with this proposal, subject to your approval to this proposal. The details on compensation for Directors who are Audit and Supervisory Committee Members shall be determined by deliberation among themselves. The amount to be paid in for the Allotted Shares is within a range that will not be a particularly advantageous amount as described above, and a dilution effect in this case will be negligible. The Company therefore considers the grant of the Allotted Shares to be appropriate.