

Convocation Notice

Securities Code: 3099

June 3, 2024

Start date of measures for electronic provision: May 24, 2024

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 16TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Please be notified that the 16th 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 16th Ordinary General Meeting of Shareholders.”

The Company’s website: <https://www.imhds.co.jp/en/ir/stockholder/meeting.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., Friday, June 21, 2024.

- 1. Date and Time:** Monday, June 24, 2024, 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  
\* We will not be offering souvenirs. We thank you for your understanding.
- 3. Agenda of the Meeting:**
  - Matters to be reported:**
    1. The Business Report and the Consolidated Financial Statements for the 16th term (from April 1, 2023 to March 31, 2024) 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 16th term (from April 1, 2023 to March 31, 2024)

**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 Article 16 of the Articles of Incorporation of the Company, the following matters are not described in the documents provided to shareholders who requested a paper copy. Accordingly, the documents to be provided to shareholders who requested a paper copy form part of the documents audited by the Audit Committee and the Accounting Auditor when preparing their Audit Reports.

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. Friday, June 21, 2024**

### **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. Friday, June 21, 2024**

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. Friday, June 21, 2024.
- 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 16th Ordinary General Meeting of Shareholders on June 24, 2024. In delivering this notice of convocation, I would like to extend a cordial greeting to shareholders.

Fiscal 2023 was a year of a leap and achievement of a milestone for the Isetan Mitsukoshi Group. The global spread of COVID-19 settled down in some degree and Japan saw a full-fledged recovery in traveling to and from overseas. Meanwhile, it has been also a year of mixture of both risks and opportunities that may affect the Company, including a rise in geopolitical risks, further weakening of the yen, and soaring prices of items and goods.

In this environment, as a result of steadily promoting the Medium-Term Management Plan (Fiscal 2022–Fiscal 2024), we achieved the highest ever operating income since the merger, overachieving the initial target. In terms of dividend, in light of the stable profit, financial conditions and other factors, we proposed a year-end dividend higher than the initial forecast, following the increase in the interim period.

Toward achieving the long-term vision, the Group will continue making concerted efforts for transforming the business model and contributing to the realization of a sustainable society, thereby seeking to increase corporate value. 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 16th term, based on the Company's consolidated results for the fiscal year ended March 31, 2024, the Company proposes to pay a year-end dividend of ¥22 per share. Accordingly, with the interim dividend of ¥12, the annual dividend will be ¥34 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  
¥22 per common share of the Company  
Total amount: ¥8,257,427,508
- (3) Effective date of dividend of surplus  
June 25, 2024



**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, CSDO and CFO
4	Fukutaka Hashimoto [Renominated] [Non-executive] [External] [Independent]	Male	External Director Chairperson of the Board of Directors Chairperson of the Nominating Committee
5	Tomoko Ando [Renominated] [Non-executive] [External] [Independent]	Female	External Director Member of the Compensation Committee Member of the Audit Committee
6	Hitoshi Ochi [Renominated] [Non-executive] [External] [Independent]	Male	External Director Member of the Nominating Committee Member of the Audit Committee
7	Toshio Iwamoto [Renominated] [Non-executive] [External] [Independent]	Male	External Director Member of the Nominating Committee Member of the Compensation Committee
8	Kenji Sukeno [Newly nominated] [Non-executive] [External] [Independent]	Male	
9	Chieko Matsuda [Newly nominated] [Non-executive] [External] [Independent]	Female	

Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
1	<p>Toshiyuki Hosoya (Jul 1, 1964) [Renominated]</p> <p>Rate of attendance at meetings of the Board of Directors, etc. in the current fiscal year</p> <p>Meetings of the Board of Directors: 10 out of 10</p> <p>Meetings of the Nominating Committee 1/1</p> <p>Years in office as Director 3 years</p>	<p>Apr 1987 Joined Isetan Co., Ltd.</p> <p>Apr 2015 Operating Officer, Isetan Mitsukoshi Ltd.</p> <p>Apr 2017 Operating Officer, Isetan Mitsukoshi Holdings Ltd.</p> <p>Apr 2018 President and CEO, Iwataya Mitsukoshi Ltd.</p> <p>Apr 2021 President and CEO, Isetan Mitsukoshi Holdings Ltd. President and CEO, Isetan Mitsukoshi Ltd. (to the present)</p> <p>Jun 2021 Director, President and CEO, Isetan Mitsukoshi Holdings Ltd. (to the present)</p> <p>Sep 2021 Director, Shin Kong Mitsukoshi Department Store Co., Ltd. (to the present)</p> <p>Significant posts concurrently held President and CEO, Isetan Mitsukoshi Ltd. Director, Shin Kong Mitsukoshi Department Store Co., Ltd.</p> <p>*The number of meetings of the Nominating Committee and the rate of attendance at meetings refer only to the period of his term of office.</p>	78,300
<p>Reasons for selecting the candidate for Director and outline of expected role</p> <p>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.</p> <p>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.</p>			

Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
2	<p data-bbox="343 414 494 537">Yuki Ishizuka (Jun 11, 1962) [Renominated] [Non-executive]</p> <p data-bbox="327 571 510 705">Rate of attendance at meetings of the Board of Directors, etc. in the current fiscal year</p> <p data-bbox="327 750 510 828">Meetings of the Board of Directors: 10 out of 10</p> <p data-bbox="327 873 510 952">Meetings of the Audit Committee: 16 out of 16</p> <p data-bbox="327 996 510 1075">Years in office as Director 2 years</p>	<p data-bbox="542 353 1220 593">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)</p> <p data-bbox="542 627 893 683">Significant posts concurrently held None</p>	31,800
<p data-bbox="316 1090 1053 1120">Reasons for selecting the candidate for Director and outline of expected role</p> <p data-bbox="316 1122 1393 1339">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.</p> <p data-bbox="316 1346 1393 1422">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.</p>			

Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
3	<p>Yoshinori Makino (Dec 2, 1966) [Renominated]</p> <p>Rate of attendance at meetings of the Board of Directors, etc. in the current fiscal year</p> <p>Meetings of the Board of Directors:* 8 out of 8</p> <p>Years in office as Director 1 year</p>	<p>Apr 1990 Joined Isetan Co., Ltd.</p> <p>Apr 2016 Director, Operating Officer, Isetan Mitsukoshi Food Service Co., Ltd. (currently IM Food Style Co., Ltd.)</p> <p>Apr 2019 Director, Operating Officer, Isetan Mitsukoshi Ltd.</p> <p>Apr 2020 Director, Managing Operating Officer, Isetan Mitsukoshi Ltd.</p> <p>Apr 2021 Managing Operating Officer, CSDO and CHRO, Isetan Mitsukoshi Holdings Ltd.</p> <p>Director, West Japan Railway Isetan Ltd. (to the present)</p> <p>Aug 2021 Director, Shin Kong Mitsukoshi Department Store Co., Ltd. (to the present)</p> <p>Apr 2022 Managing Operating Officer, CSDO and CFO, Isetan Mitsukoshi Holdings Ltd.</p> <p>Jun 2023 Director, Managing Operating Officer, CSDO and CFO, Isetan Mitsukoshi Holdings Ltd. (to the present)</p> <p>Significant posts concurrently held Director, West Japan Railway Isetan Ltd. Director, Shin Kong Mitsukoshi Department Store Co., Ltd.</p> <p>* Rate of attendance at meetings refers only to the period after assumption of office.</p>	44,500
<p>Reasons for selecting the candidate for Director and outline of expected role</p> <p>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 MI Food Style Co., 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.</p> <p>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.</p>			

Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
4	<p>Fukutaka Hashimoto (Jul 6, 1954) [Renominated] [Non-executive] [External Director] [Independent Director]</p> <p>Rate of attendance at meetings of the Board of Directors, etc. in the current fiscal year</p> <p>Meetings of the Board of Directors: 10 out of 10</p> <p>Meetings of the Nominating Committee:* 7 out of 7</p> <p>Years in office as Director 4 years</p>	<p>Apr 1979 Registered as an attorney-at-law and joined Shinya Takeru Law Office (currently Tokyo Hatchobori Law Office)</p> <p>Apr 2000 Vice President, Daini Tokyo Bar Association</p> <p>Apr 2006 Executive Governor, Japan Federation of Bar Associations</p> <p>Jan 2008 Representative Partner Attorney and Director, Tokyo Hatchobori Law Office (to the present)</p> <p>Apr 2012 President, Daini Tokyo Bar Association Vice-President, Japan Federation of Bar Associations</p> <p>Jun 2020 External Director, Isetan Mitsukoshi Holdings Ltd. (to the present)</p> <p>Mar 2021 Outside Auditor, KOKUYO Co., Ltd.</p> <p>Mar 2024 Independent Outside Director, KOKUYO Co., Ltd. (to the present)</p> <p>Significant posts concurrently held Representative Partner Attorney and Director, Tokyo Hatchobori Law Office Independent Outside Director, KOKUYO Co., Ltd.</p> <p>* The number of meetings and rate of attendance at meetings of the Nominating Committee refer only to the period after the appointment as Chairman of the Nominating Committee, subsequent to reappointment as a Director at the 15th Ordinary General Meeting of Shareholders held on June 20, 2023.</p>	4,700
<p>Reasons for selecting the candidate for External Director and outline of expected role</p> <p>The candidate possesses a high level of specialized knowledge and experience in corporate legal affairs, having played a leading role as an attorney-at-law for many years, appointed Representative Partner Attorney and Director of Tokyo Hatchobori Law Office in 2008. In addition, he has deep insight into auditing, through his experience serving as Outside Corporate Auditor and Outside Audit &amp; Supervisory Board Member of Japan's leading listed companies. At the Company, he has provided valuable advice at the Board of Directors based on his specialist perspective as an attorney-at-law, and since June 2022, he has managed the Board of Directors appropriately as Chairman of the Board of Directors, and contributed to strengthening the management supervisory functions of the Company.</p> <p>Although the candidate has not been involved in corporate management other than as External Director, the Nominating Committee has renominated him as a candidate for Director because it expects him to utilize his specialist knowledge in corporate legal affairs and his insight into auditing in the supervision of the Company's management, and to contribute to further enhancing the Company's governance as Chairman of the Board of Directors.</p>			

Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
5	<p>Tomoko Ando (Jul 18, 1959) [Renominated] [Non-executive] [External Director] [Independent Director]</p> <p>Rate of attendance at meetings of the Board of Directors, etc. in the current fiscal year</p> <p>Meetings of the Board of Directors: 10 out of 10</p> <p>Meetings of the Compensation Committee: 8 out of 8</p> <p>Meetings of the Audit Committee: 16 out of 16</p> <p>Years in office as Director 2 years</p>	<p>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 &amp; 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 2018 Outside Director, PRESS KOGYO CO., LTD. (to the present) Jun 2019 Outside Director, Kansai Paint Co., Ltd. (to the present) Jun 2022 External Director, Isetan Mitsukoshi Holdings Ltd. (to the present) Jan 2023 Representative Director, Open the Door Inc. (to the present)</p> <p>Significant posts concurrently held Outside Director, PRESS KOGYO CO., LTD. Outside Director, Kansai Paint Co., Ltd. Representative Director, Open the Door Ltd.</p>	1,600
<p>Reasons for selecting the candidate for External Director and outline of expected role</p> <p>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 a member 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.</p> <p>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.</p>			

Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
6	<p>Hitoshi Ochi (Oct 21, 1952) [Renominated] [Non-executive] [External Director] [Independent Director]</p> <p>Rate of attendance at meetings of the Board of Directors, etc. in the current fiscal year</p> <p>Meetings of the Board of Directors:* 8 out of 8</p> <p>Meetings of the Nominating Committee:* 7 out of 7</p> <p>Meetings of the Audit Committee:* 12 out of 12</p> <p>Years in office as Director 1 year</p>	<p>Apr 1977 Joined Mitsubishi Chemical Industries, Co., Ltd. (currently Mitsubishi Chemical Corporation)</p> <p>Jun 2010 Director, Managing Executive Officer, Mitsubishi Chemical Holdings Corporation (currently Mitsubishi Chemical Group Corporation)</p> <p>Apr 2012 President (Representative Director) and CEO, Mitsubishi Rayon Co., Ltd. (currently Mitsubishi Chemical Corporation)</p> <p>Apr 2015 Representative Director and President, Mitsubishi Chemical Holdings Corporation</p> <p>Jun 2015 Director, Representative Executive Officer and President, Mitsubishi Chemical Holdings Corporation</p> <p>Apr 2017 President &amp; CEO, Mitsubishi Chemical Corporation (Representative Director)</p> <p>Apr 2021 Director, Mitsubishi Chemical Holdings Corporation</p> <p>Jun 2021 Special Advisor, Mitsubishi Chemical Holdings Corporation</p> <p>Jun 2023 External Director, Isetan Mitsukoshi Holdings Ltd. (to the present)</p> <p>Significant posts concurrently held None</p> <p>* Number of meetings and rate of attendance at meetings refers only to the period after assumption of office.</p>	700
<p>Reasons for selecting the candidate for External Director and outline of expected role</p> <p>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&amp;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.</p> <p>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 further enhancing the Company's governance as a member of the Nominating Committee and member of the Audit Committee.</p>			

Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
7	<p>Toshio Iwamoto (Jan 5, 1953) [Renominated] [Non-executive] [External Director] [Independent Director]</p> <p>Rate of attendance at meetings of the Board of Directors, etc. in the current fiscal year</p> <p>Meetings of the Board of Directors:* 8 out of 8</p> <p>Meetings of the Nominating Committee:* 7 out of 7</p> <p>Meetings of the Compensation Committee:* 7 out of 7</p> <p>Years in office as Director 1 year</p>	<p>Apr 1976 Joined Nippon Telegraph and Telephone Public Corporation</p> <p>Jun 2004 Director, NTT DATA Corporation (currently NTT DATA Group Corporation)</p> <p>Jun 2007 Executive Managing Director, NTT DATA Corporation</p> <p>Jun 2009 Senior Executive Vice President and Representative Director, NTT DATA Corporation</p> <p>Jun 2012 President and Chief Executive Officer, Representative Director, NTT DATA Corporation</p> <p>Jun 2018 Consultant, NTT DATA Corporation (to the present)</p> <p>Jun 2020 Outside Director, Daiwa Securities Group Inc. (to the present)</p> <p>Jun 2022 Outside Director, East Japan Railway Company (to the present)</p> <p>Jun 2023 External Director, Isetan Mitsukoshi Holdings Ltd. (to the present)</p> <p>Mar 2024 Outside Director, Sumitomo Forestry Co., Ltd. (to the present)</p> <p>Significant posts concurrently held Consultant, NTT DATA Group Corporation Outside Director, Daiwa Securities Group Inc. Outside Director, East Japan Railway Company Outside Director, Sumitomo Forestry Co., Ltd.</p> <p>* Number of meetings and rate of attendance at meetings refers only to the period after assumption of office.</p>	600
<p>Reasons for selecting the candidate for External Director and outline of expected role</p> <p>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.</p> <p>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 Chairman of the Nominating Committee and a member of the Compensation Committee.</p>			



Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
8	<p>Kenji Sukeno (Oct 21, 1954) [Newly nominated] [Non-executive] [External Director] [Independent Director]</p>	<p>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 &amp; Chief Operating Officer, FUJIFILM Holdings Corporation  President, Representative Director &amp; Chief Operating Officer, FUJIFILM Corporation  Director, Fuji Xerox Co., Ltd. (currently, FUJIFILM Business Innovation Corp.) (to the present)  Jun 2021 Chairman &amp; Representative Director, FUJIFILM Holdings Corporation  Chairman &amp; Director, FUJIFILM Corporation (to the present)  Apr 2022 Chairman, Japan Environmental Management Association for Industry (to the present)  Jun 2023 Chairman and Director, FUJIFILM Holdings Corporation (to the present)</p> <p>Significant posts concurrently held  Chairman and Director, FUJIFILM Holdings Corporation  Chairman &amp; Director, FUJIFILM Corporation  Director, FUJIFILM Business Innovation Corp.  Chairman, Japan Environmental Management Association for Industry</p>	2,000
<p>Reasons for selecting the candidate for External Director and outline of expected role</p> <p>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&amp;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.</p> <p>The Nominating Committee has newly nominated 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.</p>			

Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
9	Chieko Matsuda (Nov 18, 1964) [Newly nominated] [Non-executive] [External Director] [Independent Director]	<p>Apr 1987 Joined The Long-Term Credit Bank of Japan, Limited</p> <p>Oct 1998 Joined Moody's Japan K.K.</p> <p>Sep 2001 Partner, Corporate Directions, Inc.</p> <p>Oct 2006 Vice President (Partner), Booz &amp; Company, Inc.</p> <p>Apr 2011 Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University (to the present)</p> <p>Professor, Graduate School of Management, Tokyo Metropolitan University (to the present)</p> <p>Jun 2020 Outside Director, IHI Corporation (to the present)</p> <p>Jun 2023 Outside Director, Asahi Kasei Corporation (to the present)</p> <p>Outside Member of the Board, Toyota Tsusho Corporation (to the present)</p> <p>Significant posts concurrently held</p> <p>Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University</p> <p>Professor, Graduate School of Management, Tokyo Metropolitan University</p> <p>Outside Director, IHI Corporation</p> <p>Outside Director, Asahi Kasei Corporation</p> <p>Outside Member of the Board, Toyota Tsusho Corporation</p>	0
<p>Reasons for selecting the candidate for External Director and outline of expected role</p> <p>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.</p> <p>As the Company pursues sustainability management with an emphasis placed on its stakeholders, the Nominating Committee has newly nominated 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.</p>			

- (Notes) 1. Ms. Yuki Ishizuka, who is a candidate for a Non-executive Director, and Mr. Fukutaka Hashimoto, Ms. Tomoko Ando, Mr. Hitoshi Ochi and Mr. Toshio Iwamoto, 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 appointments of Mr. Kenji Sukeno and Ms. Chieko Matsuda, who are candidates for External Directors, are approved, the Company intends to conclude limited liability agreements with them.
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, excluding Mr. Kenji Sukeno and Ms. Chieko Matsuda, are included among the insured parties under this contract. Moreover, the Company intends to add Mr. Kenji Sukeno and Ms. Chieko Matsuda to the insured parties under the contract.

3. There are business transactions between NTT DATA Group Corporation, where Mr. Toshio Iwamoto 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 both parties for each fiscal year.

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. Toshio Iwamoto and Mr. Kenji Sukeno, and the Company.

4. Sompo Japan Insurance Inc., where Mr. Fukutaka Hashimoto served as Outside Audit & Supervisory Board Member until June 2023, received an administrative disposition (a business improvement order) from the Financial Services Agency in December 2023 in relation to an act of insurance premium adjustments for insurance policies. Mr. Fukutaka Hashimoto had not been aware of the fact until it was discovered, but he had regularly made suggestions regarding the importance of legal and regulatory compliance and thorough practice thereof. In addition, Sompo Japan Insurance Inc. received an administrative disposition (a business improvement order) from the Financial Services Agency in January 2024 in relation to an incident of fraudulent automobile insurance claims made by Big Motor (inclusive of Big Motor Co., Ltd., BM Holdings Co., Ltd., and BM Hanaten Co., Ltd.). Mr. Fukutaka Hashimoto had not been aware of the fact until it was discovered, but he had regularly made suggestions regarding the importance of legal and regulatory compliance and thorough practice thereof, including those by the company's agencies. After becoming aware of the fact, he has made suggestions regarding investigations of facts, determination of causes, and prevention of recurrence.

IHI Corporation, where Mr. Toshio Iwamoto served as Outside Audit & Supervisory Board Member until June 2023, 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, which was then announced in April 2024. Mr. Toshio Iwamoto had not been aware of the fact until it was discovered, but he had regularly raised the alert from the perspective of legal and regulatory compliance and performed his duties properly.

Ms. Chieko Matsuda was appointed as Outside Director of IHI Corporation in June 2020 and has served in the post until today. In April 2024, during her term of office, the fact was announced that IHI Corporation's consolidated subsidiary, IHI Power Systems Co., Ltd., had made improper alterations in the test operation records for marine engines and land-use engines. Ms. Chieko Matsuda had not been aware of the fact until it was discovered, but she had regularly made suggestions regarding the importance of legal and regulatory compliance and internal control in a timely manner. After becoming aware of the fact, she receives reports time and again on the progress of investigations, expresses her opinions thereon, and fulfills her duties.

5. The Company designates Mr. Fukutaka Hashimoto, Ms. Tomoko Ando, Mr. Hitoshi Ochi and Mr. Toshio Iwamoto 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 Mr. Fukutaka Hashimoto, Ms. Tomoko Ando, Mr. Hitoshi Ochi and Mr. Toshio Iwamoto, the Company also plans to continuously designate them as Independent Directors and to notify the stock exchange thereof. Moreover, if the appointments of Mr. Kenji Sukeno and Ms. Chieko Matsuda are approved, the Company intends to newly designate them as Independent Directors, and register them 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 Matrix / Committees of which Scheduled to be a Member

The Company selects candidates for Directors in order to achieve a balance in the Company's Board of Directors between a broad range of perspectives and appropriate scale. In addition to the necessary experience and skills required of the Board of Directors to monitor management and execution, and to make decisions on important matters such as the Company's basic management policy and internal control systems, the Company has categorized the expertise and business insight indispensable for realizing the Company's vision and management plan into "experience," "expertise," and "knowledge/know-how," and identified skills.

- Areas in which each Director has knowledge/experience/competencies
- Areas in which each External Director is particularly expected to make contributions in terms of knowledge/experience/competencies
- ☆ Denotes Committee Chairperson

Name	Nominating Committee	Compensation Committee	Audit Committee	Corporate management	Distribution/marketing	Global	DX/IT/security	Finance/accounting	Legal affairs/risks/governance	Personnel affairs/human resources management
Toshiyuki Hosoya [Renominated]				○	○	○				
Yuki Ishizuka [Renominated] [Non-executive]			☆				○		○	○
Yoshinori Makino [Renominated]				○			○	○		
Fukutaka Hashimoto [Renominated] [External] [Non-executive] [Independent]				●					●	●
Tomoko Ando [Renominated] [External] [Non-executive] [Independent]		☆	✓	●	●					●
Hitoshi Ochi [Renominated] [External] [Non-executive] [Independent]	✓		✓	●	●		●			
Toshio Iwamoto [Renominated] [External] [Non-executive] [Independent]	☆	✓		●		●	●			
Kenji Sukeno [Newly nominated] [External] [Non-executive] [Independent]	✓		✓	●		●		●		
Chieko Matsuda [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. Fukutaka Hashimoto is approved, the Company intends to select him again 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.
3. The above 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.

## **Business Report**

(From April 1, 2023 to March 31, 2024)

### **1. Matters related to the Group's status**

#### (1) Business developments and results

Business performance highlights

Net sales: ¥536.4 billion (110.1% year on year)

Operating income: ¥54.3 billion (183.6% year on year)

Recurring income: ¥59.8 billion (199.5% year on year)

Net income attributable to parent company shareholders: ¥55.5 billion (171.7% year on year)

(Reference) Total net sales: ¥1,224.6 billion (112.5% year on year)

### **Environment surrounding the Group**

During fiscal 2023 (April 1, 2023 to March 31, 2024), with the reclassification of COVID-19 as a Class 5 infectious disease, the Japanese economy showed signs of, among other things, increased opportunities for outings and improvements in consumer confidence following the easing of movement restrictions. Business conditions in non-manufacturing sectors have reached their highest levels in the post-bubble era, with a recovery firmly on track, particularly in face-to-face services such as entertainment, accommodation, and dining/drinking, and in retail. Furthermore, there has been further progress in the normalization of socioeconomic activities, including in record high consumer spending from inbound tourism following the recovery in the numbers of foreign visitors to Japan.

In contrast, concerns with regard to the global economy remain, particularly in light of geopolitical risk in Ukraine and elsewhere, downside risk in response to ongoing monetary tightening policies in various countries, and the impact of sudden exchange rate fluctuations. Furthermore, with soaring energy prices and raw material costs on the back of global inflation and an increased tendency toward saving money as item prices rise quicker than growth in domestic economies, 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, newly formulated in 2023, with “Touching people’s hearts with human-driven experiences” as its core mission. In order to realize the vision of “a ‘special’ department store-centered retail group that enriches the lives of its customers,” the Group has been engaged in business activities based on its medium-term management plan (Fiscal 2022–Fiscal 2024).

In fiscal 2023, which was the middle year of the medium-term management plan and also the second year of the Phase 1 goal of revitalizing our department stores, we progressed with speed in implementing key strategies as part of our aim to deliver the goals of the Revitalize phase ahead of schedule. At the same time, in order to accelerate the transition into the phase for the next period, namely the “preparation for urban development” 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, we were able to realize one of the long-term goals formulated at the outset of our management plan, of exceeding ¥50,000 million in operating income, in only the second year of its implementation. Furthermore, we were able to record the highest operating income since the Isetan and Mitsukoshi merger in April 2008. Consolidated net sale for the fiscal year amounted to ¥536.4 billion, operating income amounted to ¥54.3 billion, recurring income was ¥59.8 billion, and net income attributable to parent company shareholders was ¥55.5 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	13th Term Fiscal 2020 (From April 1, 2020 to March 31, 2021)	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) Consolidated fiscal year under review
Net sales (Million yen)	816,009	418,338	487,407	536,441
Operating income (loss) (Million yen)	(20,976)	5,940	29,606	54,369
Recurring income (loss) (Million yen)	(17,171)	9,520	30,017	59,877
Net income (loss) attributable to parent company shareholders (Million yen)	(41,078)	12,338	32,377	55,580
Net income (loss) per share (Yen)	(107.96)	32.36	84.82	145.79
Total assets (Million yen)	1,198,303	1,168,574	1,217,308	1,225,103
Net assets (Million yen)	508,275	517,660	552,519	600,824
Net assets per share (Yen)	1,317.23	1,341.41	1,430.07	1,582.36
Capital-to-asset ratio (%)	41.89	43.80	44.86	48.48

Notes: 1. Net income (loss) per share has been calculated based on the average number of outstanding shares during the period (excluding treasury stock).

2. From the 14th term, “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. has been applied. In accordance with the transitional treatment stipulated in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the 13th term have not been reclassified according to the new presentation method.

## (3) Overview by business segment

### Department Store Business

In the domestic store business, following the normalization of socioeconomic conditions, we saw a significant increase in the number of customers visiting our department stores as well as a nationwide boom in consumption from foreign tourists visiting Japan. In particular, the Isetan Shinjuku Main Store and Ginza Mitsukoshi store both recorded record high total sales, with both showing strong performance far in excess of what we had originally planned. Furthermore, Japanese department stores across the board saw increases in the number of visitors from South Korea, Taiwan, Thailand, the United States, etc., with increased purchase amounts accompanying this increase. As a result, we significantly exceeded the pre-pandemic duty-free sales level recorded in 2018, setting new records in the process.

As part of “Tanseikai” at the Isetan Shinjuku Main Store and “Ippinkai” at the Mitsukoshi Nihombashi Main Store, which are initiatives that symbolize the “high sensitivity, fine quality”

strategy and the CRM strategy of “connecting with individual customers,” we introduced merchandise outside of department stores that are not normally handled in stores, such as automobiles, musical instruments, and real estate and other special promotion items. By responding to the diverse demands of our customers, we were able to generate record high sales for both initiatives, which were both held in February 2024.

On the other hand, in terms of expenses, the Company made progress in controlling costs by reducing fixed costs and curbing selling, general and administrative expenses as a result of the implementation of “scientific analysis of department stores” (reforms to the income and expenditure structure) at all stores nationwide, leading to a significant improvement in profitability for the department store business as a whole.

With regard to overseas stores, the two stores in Tianjin, China (Tianjin Isetan and Tianjin Binhai New Area Isetan) terminated operations in April 2024 following the expiration of the lease contracts for the buildings they occupied. However, overall, our overseas stores recorded increased revenue and income, and we are continuing to promote “Selection and Conversion” according to the situation in each country or region, as we continue to grow new initiatives that make use of our knowledge of business management.

■ 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	152,866	21.7	110.4
	Mitsukoshi Ginza store	104,792	14.9	135.6
	Isetan Shinjuku store	375,895	53.3	114.7
	Isetan Tachikawa store	32,261	4.6	106.5
	Isetan Urawa store	38,894	5.5	103.8
	<b>Total</b>	<b>704,709</b>	<b>100.0</b>	<b>115.3</b>
Sapporo Marui Mitsukoshi Ltd.		60,569	—	110.3
Hakodate Marui Imai Ltd.		6,139	—	101.7
Sendai Mitsukoshi Ltd.		27,627	—	102.2
Niigata Isetan Mitsukoshi Ltd.		35,939	—	100.9
Shizuoka Isetan Co., Ltd.		15,690	—	97.1
Nagoya Mitsukoshi Ltd.		61,653	—	106.9
Hiroshima Mitsukoshi Ltd.		11,023	—	96.9
Takamatsu Mitsukoshi Ltd.		22,386	—	103.4
Matsuyama Mitsukoshi Ltd.		4,981	—	95.7
Iwataya Mitsukoshi Ltd.		124,516	—	113.6
West Japan Railway Isetan Ltd.		69,549	—	111.7

- (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	226,508	32.2	116.2
Accessories	109,391	15.5	127.0
Sundry goods	188,971	26.8	120.5
Household goods	19,178	2.7	103.5
Foods	134,016	19.0	105.4
Others	26,642	3.8	96.6
<b>Total</b>	<b>704,709</b>	<b>100.0</b>	<b>115.3</b>

(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

In the credit & finance business/customer organization management business, MICARD Co. Ltd. enjoyed strong growth in credit card usage within the Group due to increased sales at department stores. Transaction volumes in the airline, travel, and restaurant areas at non-Group stores also increased significantly following continued normalization of socioeconomic activities. All of which combined led to an increase in card fee income and, upon successful efforts to strengthen card finance, growth in installment fee income. By executing on reforms to the Group's revenue/expenditure structure and thoroughly implementing cost controls, we were able to greatly curb operating expenses, resulting in increased revenue and income year on year. Moving forward, we will make further improvements in terms of convenience and push forward with the development of new financial services to meet the general lifestyle needs of our customers.

## Real Estate Business

In the real estate business, Isetan Mitsukoshi Property Design, Ltd., saw an increase in orders, mainly from hotels, offices, and commercial facilities, as a result of efforts to leverage its technological strengths and its ability to make high value-added proposal-based sales. There was also an increase in sales following the completion of large-scale projects in central Tokyo and, despite the heavy impact of soaring raw material costs, the Company was able to secure improved revenue and income year on year.

However, lease revenue declined due to the replacement of tenants in properties owned by the Group.

## Other Businesses

In the travel business, in response to a full-fledged recovery in demand for domestic and overseas travel, Isetan Mitsukoshi Nikko Travel Ltd., has continued to see strong sales, particularly in one of the company's key strengths, namely high value-added travel packages such as of special trips commemorating the 350th anniversary of the founding of Mitsukoshi and trips on European river cruise liners. Despite the impact of the prolonged depreciation of the yen and soaring energy costs resulting from global inflation, efforts to lower the breakeven point during the pandemic, such as reducing fixed costs, meant that we were able to realize increased revenue and income year on year and returned to the black for the first time in four years.

In the media business, Studio Alta Co., Ltd., has integrated the advertising media business for department stores into its own business toward becoming a groupwide in-house agency as part of the "stronger intra-Group coordination strategy", which seeks to maximize the Group's resources so as to

increase revenue. As a result of strong performance in contracted intra-Group advertising projects and for sales in our mainstay outdoor advertising business, we recorded significant increases in revenue and income year on year.

(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	445,482	19,367	21,119	485,969	50,472	536,441	–	536,441
Inter-segment sales	2,836	13,399	5,667	21,903	40,650	62,554	(62,554)	–
Total	448,319	32,766	26,787	507,873	91,123	598,996	(62,554)	536,441
Segment profit	45,159	4,050	3,044	52,254	2,073	54,328	40	54,369
Segment assets	1,018,007	220,019	121,823	1,359,850	53,685	1,413,536	(188,433)	1,225,103
Others								
Depreciation	17,375	1,871	528	19,775	4,693	24,469	(160)	24,309
Impairment loss (Note 4)	2,011	–	–	2,011	650	2,662	–	2,662
Investment in equity method affiliates	100,414	–	–	100,414	–	100,414	–	100,414
Increase in tangible/intangible fixed assets	21,246	2,009	394	23,650	4,982	28,632	(297)	28,335

- 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 ¥40 million is intersegment elimination and unrealized income.
  - (2) The segment assets adjustment of negative ¥188,433 million is the intersegment elimination of receivables and payables, etc.
  - (3) The adjustment of depreciation of negative ¥160 million is intersegment unrealized income.
  - (4) The increase in tangible and intangible fixed assets adjustment of negative ¥297 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, ¥1,205 million is included in “loss on closing of stores.”

#### (4) Capital expenditures

Our capital expenditures during the consolidated fiscal year under review totaled ¥28.3 billion, which consisted principally of ¥19.9 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

Changes in the operating environment in Japan and overseas over the medium- to long-term include the rapid advance of digital technologies, intensifying natural disasters due to climate change, and impacts on the economic trend brought about by abrupt exchange rate fluctuations and geopolitical risks. Such circumstances need to be monitored closely on a continual basis. On the other hand, there are also many positive factors that may serve as growth opportunities for the Group, such as an increase in world population, a continued rising trend in the number of foreigners visiting Japan and the progression of polarized consumption.

Under such a business environment with increased complexity, the Group will identify “risks and opportunities” surrounding the Group, anticipate changes in the social and business circumstances and strengthen investments in growth fields for the sake of building the Group’s foundation and future. Thoroughly honing our unique value of “touching people’s hearts,” we will become a corporate group of choice from among all kinds of other options for customers seeking “high sensitivity, fine quality consumption,” and to that end, strive to become the number one and only one company representing Japan.

#### Progress of the current Medium-Term Management Plan (Fiscal 2022 – Fiscal 2024)

In the current Medium-Term Management Plan, we positioned “revitalization of department stores” as the biggest goal and have steadily implemented nine key strategies by merging them with business initiatives. As a result, the results are progressing favorably far ahead of the initial plan. In promoting these strategies, as a way to improve the income and expenditure structure, we have adopted a viewpoint of the “science of department stores.” This results in “offensive” and “defensive” measures functioning organically, serving as a base to support strong operating results and producing high performance.

As fiscal 2024 is the final year of the current Medium-Term Management Plan, we position the key strategies as the fundamental approach common to all of our business strategies, and particularly strengthen initiatives further on the four key strategies (“high sensitivity, fine quality” strategy, CRM

strategy “connecting with individual customers,” “stronger intra-Group coordination” strategy and “urban development” strategy), with an aim to increase the profitability of each business and realize our long-term vision.

#### 1) Directions of key strategies

Major key strategies	Directions in fiscal 2024
“High sensitivity, fine quality” strategy	With the keyword “high sensitivity, fine quality,” we will enhance our merchandising content while balancing the two axes of refinement of our uniqueness and customer service accurately responding to their needs, aiming for further improvement in the value we provide. In addition, we will develop an infrastructure so as to deepen the out-of-store business model and ensure a system for practicing hospitality by the entire Group.
CRM strategy “connecting with individual customers”	We will strengthen our marketing capabilities to gain a deeper understanding of each individual customer, and reflect it in the product development and lineup. We also establish a system for pitching proposals catered to the needs of each and every customer.
“Stronger intra-Group coordination” strategy	We will strengthen more than ever the coordination among the Isetan Shinjuku Main Store, the Mitsukoshi Nihombashi Main Store and each company in regions, while also deepening coordination among affiliated businesses within the Group. By taking advantage of and leveraging the Group’s assets by the entire Group, we will enhance the attractiveness in the points of contact with our customers at stores or via e-commerce channels to strengthen competitive capabilities.

#### Next Medium-Term Management Plan (Fiscal 2025 – Fiscal 2030)

In the next Medium-Term Management Plan, we will position the six-year period from fiscal 2025 to fiscal 2030 as an “urban development preparation phase,” an important period for us to pursue medium- to long-term growth. During this period, we will further deepen marketing “from mass to personal,” while also accelerating reforms aimed at “a business model focused on individual customers.”

Also, by enhancing and promoting collaboration and leveraging the strengths of each business, the Group will work as one to increase the value it provides to customers.

#### 2) Directions of main businesses

Main businesses	Directions
Department Store Business	Our flagship stores (the Isetan Shinjuku Main Store, the Mitsukoshi Nihombashi Main Store and the Mitsukoshi Ginza store) will hone the uniqueness of their respective strengths and aim to create stores that are selected by customers around the world through the improvement of convenience and values of unique customer experiences. Stores in other regions across Japan will strengthen their product lineups leveraging the Group network to meet the needs of customers who aspire to “high sensitivity,

	fine quality consumption,” while deepening connections with each customer to become the one and only department store that contributes to respective regions.
Real estate business	We will search for contents relating to the concept of “urban development” that draws customers from across the globe. We will also fully start the intra-Group coordination toward capturing business opportunities in the infrastructure business area. Through these and other means, we will accelerate concrete initiatives.
Financial business	To play a role in supporting the affluent lives of customers for the entirety of their lives, we will further enhance product development and services that leverage the goodwill value and the Group’s customer base, aiming to establish a financial service business that offers values unique to the Isetan Mitsukoshi Group.
Domestic affiliated business	Taking advantage of the characteristics and strengths of each affiliated business, we seek cross-organizational coordination within the Group to expand business opportunities for B-to-B and B-to-C both inside and outside the Company, in order to expand revenue and evolve the business models of each affiliated business.

#### “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. Priority initiatives (Materialities) are incorporated into business strategies and being promoted as part of these strategies.

#### Main initiatives in fiscal 2023

##### 1) Connecting people and local communities

Promoting and passing on culture and tradition

In 2023, Mitsukoshi celebrated its 350th anniversary. In keeping with the spirit of the company’s founding, we have undertaken a variety of initiatives to contribute to the promotion and transmission of culture and tradition under the theme of “Innovation beyond tradition.”

We continue striving to create a prosperous future by introducing cultures, traditions, and local specialties with the aim of contributing further to enriching the lifestyles of our customers.

##### 2) Connecting a sustainable society and the times

- Addressing environmental issues

The Group regards action on climate change as an important issue for the continuous operation of its business and has been working on it based on the three axes of energy conservation, energy creation, and renewable energy. The Isetan Shinjuku Main Store introduced an AI smart air-conditioning system on a trial basis in fiscal 2023. As the introduction led to a reduction in energy consumed by



air-conditioning systems compared to that before the introduction, we plan on expanding it to other stores to promote energy conservation.

In addition, toward creating a recycling-oriented society, we made clothing coverings thinner and changed the materials of cutlery offered on the food floor, thereby reducing the total amount of plastics we use.

<How AI smart air-conditioning systems work>

AI analyzes congestion and time of day, and adjusts the air conditioning environment to suit each sales floor.

- Promoting supply chain management

The Group is promoting procurement activities that take into consideration environmental and human rights issues. We established the Isetan Mitsukoshi Group Code of Conduct for Suppliers in June 2023. The Code of Conduct was notified to approximately 12,000 business partners to elicit their understanding of our policy and cooperation.

Placing emphasis on communication with our business partners, we seek to strengthen relationships with them through individual dialogues and questionnaire surveys and work together with them to build a sustainable supply chain.

### 3) Improving the satisfaction of employees

The Group established “Touching people’s hearts with human-driven experiences” as its mission in the corporate philosophy. As presented by this belief, the Group regards the most important assets for continuing sustainable growth as “individual capabilities of each and every employee.” As competition for the acquisition of human resources is increasingly intensified both in Japan and abroad, in the previous fiscal year, we established the “basic concepts of people and organizations” as a human resources management policy of the Isetan Mitsukoshi Group, which is based on the corporate philosophy and directions envisaged in the next Medium-Term Management Plan.

Toward “maximizing the potential of employees,” we clarified “expectations for employees” and “responsibilities of organizations and companies,” aiming for further growth of both individuals and companies by having employees, their supervisors and companies work as one.

- <Vision for individuals> “Evolution to exceptional talent”

Based on the concept of “lifelong CDP\*,” the Company and the organization will work together to provide employees with various opportunities for growth and support in accordance with the career phase of each employee, and aim for sustainable growth of both the “individuals” and “companies.”

\*CDP: Career Development Program

- <Vision for the organization> “Promote innovation by combining diverse individuals”

To “reform our business into a one focused on individual customers,” we will recruit and foster “professional human resources who generate values unique to the Group.” In addition, by implementing cross-organizational assignments on a regular basis, we increase the mobility of the Group’s human resources and thereby promote diversity of “experiences and networks possessed by individuals.”

- <Vision for the human resources base> “Foster a corporate culture that supports human power”

To draw out the potential of individuals while enhancing their psychological safety at workplaces, we are promoting the creation of a culture of dialogue in every relationship within the company.

<Basic concepts of people and organizations>

Isetan Mitsukoshi Group Basic concepts of people and organizations		
The individual capabilities of each and every employee are the key to touching people's hearts Toward a future that lies beyond change, managers and the company will encourage each and every employee who continues taking on challenges and making efforts with courage.		
Expectations for employees	Relationship between employees and the company (engagement) Relationships to foster mutual growth and enrichment	Responsibilities of supervisors Responsibilities of the Company
Evolution and transformation into self-directed individuals	<Vision for individuals> Strengthen individual talents	Encourage evolution and transformation Create opportunities for employees to experience growth
Respect for and co-creation with different individuals	<Vision for the organization> Improve organization's capabilities by combining diverse individuals (DE & I)	Promote creativity and innovation by combining diverse individuals
Mental and physical health as the foundation of strength for individuals	<Vision for the human resources base> Health-oriented management	Foster an organizational culture that makes employees excited
A culture of dialogue that draws out the potential of individuals		

## (8) Status of significant subsidiaries (As of March 31, 2024)

## 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
Shanghai Mei Long Zhen Isetan Department Store Co., Ltd.	US\$5,000 thou	80.0	Shanghai, China	Department store
Tianjin Isetan Co., Ltd.	US\$13,200 thou	100.0	Tianjin, China	Department store
Tianjin Binhai New Area Isetan Co., Ltd.	US\$32,100 thou	100.0	Tianjin, China	Department store
Isetan (Singapore) Ltd.	S\$91,710 thou	52.7	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

Note: The Company has direct ownership in West Japan Railway Isetan Ltd., 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.	¥692,377 mln.

(9) Principal lines of business (As of March 31, 2024)

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, 2024)

## 1) Department store

&lt;Domestic&gt;

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
Shanghai Mei Long Zhen Isetan Department Store Co., Ltd.	Shanghai, China
Tianjin Isetan Co., Ltd.	Tianjin, China
Tianjin Binhai New Area Isetan Co., Ltd	Tianjin, China
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

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, 2024)

Employees of the Company and its subsidiaries

	Number of employees	Change from the end of the previous fiscal year
Department store	7,151	375 decrease
Credit & finance / customer organization management	606	7 decrease
Real estate	281	11 increase
Other businesses	1,429	93 increase
<b>Total</b>	<b>9,467</b>	<b>278 decrease</b>

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

(12) Principal lenders and borrowings (As of March 31, 2024)

Borrowing made by the Company and its subsidiaries

Lenders	Amounts borrowed (¥ million)
MUFG Bank, Ltd.	12,823
Sumitomo Mitsui Banking Corporation	12,870
Sumitomo Mitsui Trust Bank, Limited	5,000
Syndicated loan	35,000

Note: Borrowings include borrowings from overseas subsidiaries of lenders.



## 2. Matters related to the Company shares (As of March 31, 2024)

(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, 2024	397,265,054
Change from the end of the previous fiscal year	+ 333,900

Note: The above figures include 21,927,440 treasury stock.

(3) Number of shareholders

	Number of Shareholders
At the end of the fiscal year ended March 31, 2024	287,801
Change from the end of the previous fiscal year	- 9,595

(4) Major shareholders

Name of Shareholders	Number of Shares Held	Voting Rights Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	66,661,000	17.76
Custody Bank of Japan, Ltd. (Trust account)	34,759,700	9.26
The Mitsukoshi Health and Welfare Foundation	13,067,832	3.48
Isetan Mitsukoshi Group's partner holding companies	7,863,178	2.09
SHIMIZU CORPORATION	6,200,000	1.65
Meiji Yasuda Life Insurance Company	5,697,279	1.52
JP MORGAN CHASE BANK 385781	4,838,787	1.29
Isetan Mitsukoshi Group Employees Shareholding Association	4,250,986	1.13
STATE STREET BANK WEST CLIENT – TREATY 505234	4,159,100	1.11
TAIJU LIFE INSURANCE COMPANY LIMITED	3,806,300	1.01

Note: Treasury stock (21,927,440 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)	22,000	3
Directors (External Directors)	4,000	6
Executives who are not Directors	12,200	2

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

(6) Other significant matters relating to shares

1) Acquisition and cancellation of treasury stock

In accordance with a resolution made at a meeting of the Board of Directors held on February 2, 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: Common stock
- Total number of shares acquired: 7,002,400 shares
- Total acquisition price of shares: ¥14,999,858,700
- Acquisition period: February 5, 2024 to March 22, 2024
- Date of cancellation: April 30, 2024

2) Delisting of the Company's shares from the Fukuoka Stock Exchange

At a meeting of the Board of Directors held on February 2, 2024, the Company resolved to delist its shares listed on the Fukuoka Stock Exchange, and delisted its shares on March 20, 2024.

### 3. Matters related to the stock acquisition rights issued by the Company (As of March 31, 2024)

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, 2024)

##### (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)	Miwako Doi	Chairperson of the Compensation Committee, Nominating Committee Member	External Director, SUBARU CORPORATION External Director, NGK SPARK PLUG CO., LTD.
Director (External)	Hidetoshi Furukawa	Nominating Committee Member, Audit Committee Member	Special Advisor, SMBC Trust Bank Ltd. Chairman, General Incorporated Company, Kobe City Property Research
Director (External)	Fukutaka Hashimoto	Chairman of the Board of Directors, Chairman of the Nominating Committee	Representative Partner Attorney and Director, Tokyo Hatchobori Law Office Independent Outside Director, KOKUYO Co., Ltd.
Director (External)	Tomoko Ando	Compensation Committee Member, Audit Committee Member	Outside Director, PRESS KOGYO CO., LTD. Outside Director, Kansai Paint Co., Ltd. Representative Director, Open the Door Inc.
Director (External)	Hitoshi Ochi	Nominating Committee Member, Audit Committee Member	
Director (External)	Toshio Iwamoto	Nominating Committee Member, Compensation Committee Member	Consultant, NTT DATA Group Corporation Outside Director, Daiwa Securities Group Inc. Outside Director, East Japan Railway Company Outside Director, Sumitomo Forestry Co., Ltd.

## 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	CSDO and CFO	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:

- Directors Mr. Toshiyuki Hosoya and Mr. Yoshinori Makino serve concurrently as Executives.
- The Company has designated External Directors Ms. Miwako Doi, Mr. Hidetoshi Furukawa, Mr. Fukutaka Hashimoto, Ms. Tomoko Ando, Mr. Hitoshi Ochi, and Mr. Toshio Iwamoto as Independent Directors based on the provisions of the Tokyo Stock Exchange, and has notified the stock exchange thereof.
- Audit Committee Member Mr. Hidetoshi Furukawa has years of experience working and management experience at a financial institution, and has considerable knowledge of finance and accounting.
- 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.
- As of April 1, 2024, the Company has appointed the following Executives.

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

CSDO	Chief Strategy & Digital Officer
CAO	Chief Administrative Officer
CRO	Chief Risk Officer
CHRO	Chief Human Resources Officer
CMO	Chief Merchandizing Officer

- 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 NTT DATA Group Corporation, where Mr. Toshio Iwamoto holds a concurrent post, 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 20, 2023.

1) New appointments

As of June 20, 2023

Director (Managing Operating Officer)	Yoshinori Makino
Director (External)	Hitoshi Ochi
Director (External)	Toshio Iwamoto

2) Resignation

As of June 20, 2023

Director (Chairman)	Ken Akamatsu
Director	Toru Takeuchi
Director (External)	Masami Iijima
Director (External)	Takashi Oyamada

(3) Outline of limited liability agreements

The Company has concluded agreements with Non-executive Director Yuki Ishizuka, and External Directors Miwako Doi, Hidetoshi Furukawa, Fukutaka Hashimoto, Tomoko Ando, Hitoshi Ochi and Toshio Iwamoto 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)	13 (8)	142 (87)	134 (81)	- (-)	8 (6)
Executives	4	295	146	97	51
Total	17	438	280	97	60

Notes:

1. The table above includes four (4) Directors who resigned at the conclusion of the 15th Ordinary General Meeting of Shareholders held on June 20, 2023.
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 companywide operating income and ESG indicators as the evaluation indexes. The above bonus amount is for the period from April 2023 to March 2024, and the amount of unpaid bonus to be paid in July 2024 is stated.
4. The Company introduced a restricted stock compensation system. Non-monetary compensation in the table above represents the expenses recorded during fiscal 2023 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 4 months
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(Non-executive Directors) \* Including External Directors

Basic Compensation x 12 months	← Share-based Compensation Basic compensation x 1 month
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◆ 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.

[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  $\pm 5\%$  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): 4 months' monthly basic compensation Non-executive Directors: 1 month monthly basic compensation
Calculation of the number of allotted shares	Individual monetary compensation receivables $\div$ base share price <sup>*1</sup> (rounded down to the nearest 100 shares)
Transfer restriction period	30 years <sup>*2</sup>

<sup>\*1</sup> 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)

<sup>\*2</sup> 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.

## (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	Miwako Doi	<p>Meetings of the Board of Directors: 10 out of 10</p> <p>Meetings of the Nominating Committee: 8 out of 8</p> <p>Meetings of the Compensation Committee: 8 out of 8</p>	<p>She is expected to use her extensive knowledge and experience in the digital and IT fields to contribute to the supervision 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.</p> <p>At the meetings of the Nomination 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.</p> <p>At the meetings of the Compensation Committee, she deliberated on the compensation system for officers including Directors and the determination of individual compensation amounts, etc. for the Company's officers. As Chairperson of the Compensation Committee, she endeavored to manage meetings objectively and transparently.</p>
Director	Hidetoshi Furukawa	<p>Meetings of the Board of Directors: 10 out of 10</p> <p>Meetings of the Nominating Committee: 8 out of 8</p> <p>Meetings of the Audit Committee: 16 out of 16</p>	<p>He is expected to use his extensive experience in corporate management and insight into finance and accounting 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.</p> <p>At 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.</p> <p>As an Audit Committee Member, 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.</p>

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: 10 out of 10  Meetings of the Nominating Committee: 7 out of 7	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. 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 Chairman of the Nominating Committee, he endeavored to manage meetings objectively and transparently.
Director	Tomoko Ando	Meetings of the Board of Directors: 10 out of 10  Meetings of the Compensation Committee: 8 out of 8  Meetings of the Audit Committee: 16 out of 16	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 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. 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	<p>Meetings of the Board of Directors: 8 out of 8</p> <p>Meetings of the Nominating Committee: 7 out of 7</p> <p>Meetings of the Audit Committee: 12 out of 12</p>	<p>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.</p> <p>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.</p> <p>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.</p>
Director	Toshio Iwamoto	<p>Meetings of the Board of Directors: 8 out of 8</p> <p>Meetings of the Nominating Committee: 7 out of 7</p> <p>Meetings of the Compensation Committee: 7 out of 7</p>	<p>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.</p> <p>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.</p> <p>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.</p>

- (Notes) 1. Mr. Hitoshi Ochi and Mr. Toshio Iwamoto assumed office as Director at the 15th Ordinary General Meeting of Shareholders held on June 20, 2023, and their attendance at meetings of the Board of Directors, etc. after the assumption of office has been shown.
2. Mr. Fukutaka Hashimoto was appointed as Chairman of the Nominating Committee, subsequent to reappointment as a Director at the 15th Ordinary General Meeting of Shareholders held on June 20, 2023. His attendance at meetings of the Nominating Committee represents his attendance after the appointment.

## 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	¥113 million
2) Total monetary and other financial benefits payable by the Company and its subsidiaries	¥229 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., Shanghai Mei Long Zhen Isetan Department Store Co., Ltd., Tianjin Isetan Co., Ltd., Tianjin Binhai New Area Isetan 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. 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)

- (1) The Board of Directors shall hold regular 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.
- (2) 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.
- (3) Majority of Directors shall be External Directors to enhance legality, efficiency, and adequacy of decision making and oversight in the Board of Directors.
- (4) 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 cooperation with each division, to audit the legality and adequacy of the conduct of the business.
- (5) 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 employees for self-betterment.

### **2. 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)

- (1) The Company shall identify, assess, and analyze risks involved in the 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.
- (2) 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.

- (3) The Company shall establish relevant regulations from the standpoint of recognition, assessment, and response to risks, and ensure acknowledgment and observance among employees.
- (4) Through inspections by the Internal Audit Division, the Company shall detect its risks in the early stages and address these risks.
- (5) The Company shall not tolerate any relationship with antisocial groups, shall not accept any unlawful request and shall prevent damages from them.

### 3. Internal Control system for 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, 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.



#### 4. 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) The following documents related to performance of duties by Executives shall be recorded, retained, and managed with related materials for prescribed periods in accordance with “Document Retention Policies”:
  - 1) Minutes of the General Meeting of Shareholders
  - 2) Minutes of the Meetings of the Board of Directors
  - 3) Minutes of the Meetings of the Board of Executives
  - 4) Financial Statements
  - 5) Copies of documents submitted to government offices and other public organizations, and financial instruments exchanges
  - 6) Other Documents as determined by the Board of Directors
- (2) 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.

#### 5. 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)

- (1) The segregation of duties and chain of command among Executives shall be determined by the Board of Directors.
- (2) The Board of Directors shall resolve mainly statutory matters to be discussed and delegate authority for decision-making on other significant matters to Executives. The Board of Executives, primarily consisting of Executives, shall deliberate, resolve, and decide on such important matters.
- (3) The Company shall adopt an Operating Officer system to streamline the business execution through clarification of the executive duties of Operating Officers.
- (4) 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.

- (5) The Company shall define details of duties, responsibilities and procedures in “Regulations of Decision-Making Process for the Group,” “Regulations of Duties and Authority”, and “Regulations of Signature Authority” for execution of duties.

#### 6. Framework of group corporate principles

“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).

The Company shall develop a system to ensure the proper conduct of the business by each company in the Group, as described below.

- (1) “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)

The Company shall seek to centralize 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. The Company shall also pursue group-wide risk management and efficiencies by establishing rules under which Group companies shall report important matters to, or consult with the Company in accordance with the “Regulations on Group Company Management.”

- (2) “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 an independent division dedicated for risk management shall be established in the Company. Said division 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 Compliance and Risk Management Promotion Committee shall be created consisting of the Company’s President and CEO as the chairman as well as members selected by said chairman.

- (3) “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)
  - 1) The Company shall optimize its business operations by respecting the independence of the Group companies 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) Based on the “Regulations of Decision-Making Process for the Group,” Group companies shall receive resolutions of approval of either Board of Executives or Board of Directors of the Company for important items deemed to have significant effects on the business operation.
- (4) “Systems to ensure the compliance of the execution of duties by Directors, etc. and employees of the Company’s subsidiaries 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 Internal Audit Division shall conduct internal audits of the Group companies, auditing the legal compliance, appropriateness, etc. of executed business duties.
  - 2) A compliance guidebook and other documents shall be created and thoroughly disseminated throughout the Group while training regarding legal compliances, etc. is held to foster an awareness of compliance.
  - 3) An “Isetan Mitsukoshi Group Hotline” shall be established as a point of contact for internal reports regarding the Group as a whole, and corrective measures and future preventive measures shall be undertaken from a compliance standpoint with regards to these reports from employees, etc.

#### 7. 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 the Group companies as part-time Corporate Auditors.

#### 8. 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 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.

#### 9. 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.

10. 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 and give any specific instruction to them if deemed necessary, including the case where the Audit Committee is informed of any misconduct or material fact of violation of laws and regulations or the Articles of Incorporation concerning the execution of the duties by Executives. 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 2023)**

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. 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) To support the “Isetan Mitsukoshi Group Corporate Philosophy” established in fiscal 2023, we formulated 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.
- (3) With regard to the current Compliance and Risk Management Promotion Committee, we had a discussion aimed at a transition to the separated operation of compliance and risk management functions from fiscal 2024 in order to further increase the effectiveness of respective functions. The Board of Executives deliberated and determined a new promotion system.
- (4) The Company holds meetings of the “Compliance Subcommittee” 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 Committee” 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.
- (5) In accordance with the Regulation of the Board of Directors, 10 meetings of the Board of Directors were held during the fiscal year ended March 31, 2024. 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.
- (6) 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.

- (7) 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.

## 2. 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 “Compliance and Risk Management Promotion Committee” identifies priority risks and takes effective measures to prevent the occurrence of them through the three risk subsections (Risk Management Subcommittee, Compliance Promotion Subcommittee and Cyber Risk Management Project). In addition, in fiscal 2024, we will newly establish “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.

## 3. Internal control system for financial reporting

- (1) In order to realize adequate financial reporting, under the direction of General Manager of 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.

#### 4. Data retention and management system

- (1) In "Information Retention Policies," the Company appoints a CAO as a chief confidential information officer and General Manager of General Affairs Department as a confidential information management supervisor, to establish a companywide system for managing confidential information. 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.
- (2) 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.

#### 5. 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.

#### 6. Framework of group corporate principles

- (1) The Company has established the "Regulations on Group Company Management," and the Company has established policies to manage and support Group companies with the aim of



conducting Group management in cooperation between the Company, which is the parent company, and Group companies.

- (2) By clarifying the scope of decision-making by the Company's subsidiaries in the Regulations of Decision-Making Process for the Group, the Company has established a framework that enables the Directors, etc. of each subsidiary to efficiently perform their duties. In addition, the Company dispatches part-time Directors and Corporate Auditors to Group companies to understand the state of their management, confirm the appropriateness of operations, and be involved in important decision-making.

#### 7. 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.

#### 8. Framework for reporting to the Audit Committee

- (1) Executives and employees of the Internal Audit Division, etc., in accordance with the provisions of the "Audit Committee Standards" and requests of the Audit Committee, report to the Audit Committee 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 Company periodically reports the operational status of the Isetan Mitsukoshi Group Hotline, the contents informed through the system and the investigation results to the Audit Committee.

#### 9. 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.

#### 10. 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.

The Company maintains a stable level of dividends, increases dividends over the medium- to long-term in line with profit growth, and provides total returns in combination with the acquisition of treasury stock, keeping in mind a total payout ratio at a level of 50%, while comprehensively considering the management environment, business performance, and the soundness of the Group's financial position.

The Company adopts a flexible approach when deciding on the acquisition of treasury stock to improve capital efficiency, including the amount and timing, taking into account business performance trends, growth investment opportunities, and other factors.

### **(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 “Corporate Governance Guidelines” that stipulate 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**

Board of Directors	Role: Determination of the Group’s direction from a broad perspective and the supervision and monitoring of the execution of business			
	Status of activities in fiscal 2023			
	<p>■ Chairperson</p> <p>Director Hashimoto</p>	<p>■ No. of members and structure</p> <p>9 [External Directors: 6 (66.6%)]</p>	<p>■ No. of meetings held and rate of attendance</p> <p>10      100%</p>	

Nominating Committee	Role: Deliberations and decision-making regarding the nomination of officers			
	Status of activities in fiscal 2023			
	<p>■ Chairperson</p> <p>Director Hashimoto</p>	<p>■ No. of members and structure</p> <p>5 [All External Directors (100%)]</p>	<p>■ No. of meetings held and rate of attendance</p> <p>8      100%</p>	

Compensation Committee	Role: Decision-making regarding compensation for officers											
	Status of activities in fiscal 2023											
	<table border="1"> <tr> <th>■ Chairperson</th> <th>■ No. of members and structure</th> <th colspan="2">■ No. of meetings held and rate of attendance</th> <th rowspan="2">           ■ Main agenda            ● Deliberations and decision-making on compensation for officers            ● Deliberations and decisions on incentive systems, such as performance-linked compensation and non-monetary compensation         </th> </tr> <tr> <td>Director Doi</td> <td>3 [All External Directors (100%)]</td> <td>8</td> <td>100%</td> </tr> </table>	■ Chairperson	■ No. of members and structure	■ No. of meetings held and rate of attendance		■ Main agenda ● Deliberations and decision-making on compensation for officers ● Deliberations and decisions on incentive systems, such as performance-linked compensation and non-monetary compensation	Director Doi	3 [All External Directors (100%)]	8	100%		
■ Chairperson	■ No. of members and structure	■ No. of meetings held and rate of attendance		■ Main agenda ● Deliberations and decision-making on compensation for officers ● Deliberations and decisions on incentive systems, such as performance-linked compensation and non-monetary compensation								
Director Doi	3 [All External Directors (100%)]	8	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 2023											
	<table border="1"> <tr> <th>■ Chairperson</th> <th>■ No. of members and structure</th> <th colspan="2">■ No. of meetings held and rate of attendance</th> <th rowspan="2">           ■ 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         </th> </tr> <tr> <td>Director Ishizuka</td> <td>4 [External Directors: 3 (75%)]</td> <td>16</td> <td>100%</td> </tr> </table>	■ 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%)]	16	100%		
■ 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%)]	16	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 seven times in fiscal 2023. Specifically, we held “regular meetings for External Directors” (three times), “meetings for Non-executive Directors,” (two times) and “opportunities for the exchange of opinions between External Directors and the President and CEO” (two times). 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 evaluates the effectiveness of the Board of Directors and the three statutory committees through self-assessment questionnaires, interviews, and other means. Based on 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.

At the Company, the Chairperson of the Board of Directors served by an independent External Director takes the lead in designing the effectiveness evaluation. Whether to utilize a third party evaluation, which had been used in the past, is subject to an annual discussion by the Board of Directors. For the fiscal year under review, the Board determined to conduct an autonomous evaluation, of which framework has gone through reviews by multiple third party institutions and proven to be appropriate.

◆ Effectiveness evaluation efforts by the Board of Directors and the three statutory committees in fiscal 2023

Example of an implementation process by the Board of Directors	April – September	October – December	End of December – Early February	
	<ul style="list-style-type: none"> <li>Evaluation results for the previous fiscal year</li> <li>Policies and plans for the current fiscal year</li> <li>Explanation to newly appointed Directors</li> </ul>	<ul style="list-style-type: none"> <li>Confirm the progress of the plan</li> <li>Confirm how to proceed in the current fiscal year</li> </ul>	For all Directors and Executives <ul style="list-style-type: none"> <li>Questionnaires</li> <li>Individual interviews</li> </ul>	
Evaluation method	March	End of February	Mid-February	
	<ul style="list-style-type: none"> <li>Final report on plan for the following fiscal year</li> <li>Sharing of issues and schedule for the year</li> <li>Research and consideration by third parties</li> </ul>	<ul style="list-style-type: none"> <li>Evaluation results / Following fiscal year’s policy (draft) proposal</li> <li>Discussions among internal Directors and Executives</li> </ul>	<ul style="list-style-type: none"> <li>Reports on results of questionnaires and individual interviews / Organization of issues</li> <li>Discussion among External Directors</li> <li>Discussion among Directors and Executives</li> </ul>	
Evaluation items	<ul style="list-style-type: none"> <li>Individual questionnaire surveys to all Directors and Executives (*8 items, for a total of 63 questions)</li> <li>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</li> </ul>			
	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
Evaluation results	5) Efforts with stakeholders in mind	6) Meetings for External Directors	7) Support system for External Directors	8) Nominating, Compensation, and Audit Committees
	<ul style="list-style-type: none"> <li>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.</li> <li>In particular, significant improvement was seen in the score for “operation and discussions by the Board of Directors” and “meetings for External Directors,” and a certain degree of affirmation was obtained with items such as improvement in the content of the proceedings and the frequency of meetings, the realization of open-minded and constructive discussion, as well as information sharing among External Directors.</li> <li>However, in terms of issues, regarding “agenda setting for the Board of Directors,” the opinion was expressed that the Board of Directors must deepen discussion in defining points to be monitored considering that the next fiscal year is the final year of the current medium-term management plan, on the structure of a next medium-term management plan and on vitalization of a future-oriented discussion.</li> <li>“Efforts with stakeholders in mind” saw some improvements, but the evaluation determined that there is room for further improvements, such as more substantial activities and sharing of reports to be made in the next fiscal year.</li> </ul>			
Operating policy and action plan	Based on the results of the evaluation, the Company established an operating 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.”			
	[Operating policy for the next fiscal year] <ul style="list-style-type: none"> <li>Indicate the direction of the next medium-term management plan through deepening discussions on the future of the Company from a long-term perspective.</li> <li>Further evolve monitoring by the Board of Directors, and create an environment that supports appropriate risk-taking by execution.</li> </ul> [Action plan] <ol style="list-style-type: none"> <li>Comprehensive direction of the Group (effective discussion from a broader perspective)</li> <li>Supervision and monitoring of business execution (precise monitoring of the progress of strategies)</li> <li>Improving the effectiveness of the three statutory committees (increase accuracy of coordination and sharing)</li> <li>Continuously improving operations and support (efficient and selected operations and support)</li> </ol>			

## Consolidated Balance Sheet

(As of March 31, 2024)

(Millions of yen)

Account item	Amount	Account item	Amount
<b>Assets</b>	<b>1,225,103</b>	<b>Liabilities</b>	<b>624,278</b>
<b>Current assets</b>	<b>286,776</b>	<b>Current liabilities</b>	<b>393,175</b>
Cash and deposits	68,177	Notes and accounts payable	116,091
Notes and accounts receivable, and contract assets	154,501	Short-term borrowings	22,454
Marketable securities	1,183	Commercial paper	25,000
Inventories	25,255	Income taxes payable	6,927
Other	41,772	Contract liabilities	99,132
Allowance for doubtful accounts	(4,114)	Gift certificates	25,608
<b>Fixed assets</b>	<b>938,284</b>	Accrued bonuses	12,093
<b>Tangible fixed assets</b>	<b>704,831</b>	Allowance for customer-discount points	2,323
Buildings and structures	146,132	Allowance for redemption of gift certificates	13,242
Land	529,485	Other	70,300
Construction in progress	13,034	<b>Long-term liabilities</b>	<b>231,103</b>
Right-of-use assets	957	Corporate bonds	20,000
Other	15,221	Long-term debt	53,300
<b>Intangible fixed assets</b>	<b>50,090</b>	Deferred tax liabilities	111,560
Software	17,234	Net defined benefit liability	30,855
Goodwill	9,489	Provision for loss on business of subsidiaries and affiliates	4
Other	23,366	Other	15,384
<b>Investments and other assets</b>	<b>183,362</b>	<b>Net assets</b>	<b>600,824</b>
Investment securities	132,956	<b>Shareholders' equity</b>	<b>553,017</b>
Long-term loans receivable	13	Common stock	51,470
Guarantee deposits	37,438	Capital surplus	323,857
Net defined benefit asset	3,531	Retained earnings	210,679
Deferred tax assets	4,661	Treasury stock	(32,990)
Other	5,229	<b>Accumulated other comprehensive income</b>	<b>40,901</b>
Allowance for doubtful accounts	(468)	Unrealized gain on other securities	11,329
<b>Deferred assets</b>	<b>41</b>	Deferred gains/losses on hedge	0
Corporate bond issuance cost	41	Foreign currency translation adjustments	27,652
		Remeasurements of defined benefit plans	1,919
		<b>Stock acquisition rights</b>	<b>499</b>
		<b>Non-controlling interests</b>	<b>6,405</b>
<b>Total assets</b>	<b>1,225,103</b>	<b>Total liabilities, net assets and non-controlling interests</b>	<b>1,225,103</b>

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

**Consolidated Statement of Income**  
(From April 1, 2023 to March 31, 2024)

(Millions of yen)

Account item	Amount	
Net sales		536,441
Cost of sales		217,504
Gross profit		318,937
Selling, general and administrative expenses		264,568
Operating income		54,369
Nonoperating income		
Interest and dividend income	1,133	
Share of profit of entities accounted for using equity method	6,933	
Other	2,394	10,461
Nonoperating expenses		
Interest expenses	731	
Loss on retirement of fixed assets	1,986	
Transfer from allowance for loss on collected gift certificates	263	
Other	1,973	4,953
Recurring income		59,877
Extraordinary gain		
Gain on sales of investment securities	1,446	1,446
Extraordinary loss		
Impairment loss	1,456	
Loss on valuation of investment securities	444	
Loss on change of rental contract	1,179	
Loss on closing of stores	2,941	
Business structure improvement expenses	180	6,203
Income before income taxes		55,120
Corporate taxes	9,264	
Deferred taxes	(9,641)	(376)
Net income		55,497
Loss attributable to non-controlling interests		83
Net income attributable to parent company shareholders		55,580

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



**Summary of Consolidated Statement of Cash Flow** [For Reference]

(From April 1, 2023 to March 31, 2024)

(Millions of yen)

Account item	Amount
<b>Cash flow from operating activities</b>	<b>56,895</b>
<b>Cash flow from investment activities</b>	<b>(27,015)</b>
<b>Cash flow from financing activities</b>	<b>(68,485)</b>
<b>Translation adjustments related to cash and cash equivalents</b>	<b>1,287</b>
<b>Changes in cash and cash equivalents</b>	<b>(37,318)</b>
<b>Beginning balance of cash and cash equivalents</b>	<b>109,039</b>
<b>Increase in cash and cash equivalents resulting from change of scope of consolidation</b>	<b>669</b>
<b>Ending balance of cash and cash equivalents</b>	<b>72,390</b>

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

## Consolidated Statement of Changes in Net Assets

(From April 1, 2023 to March 31, 2024)

(Millions of yen)

Account item	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
<b>Balance as of April 1, 2023</b>	<b>51,276</b>	<b>323,609</b>	<b>162,708</b>	<b>(18,159)</b>	<b>519,434</b>
<b>Changes during current period</b>					
Issuance of new shares	193	193	–	–	387
Dividends from surplus	–	–	(7,640)	–	(7,640)
Net income attributable to parent company shareholders	–	–	55,580	–	55,580
Acquisition of treasury stock	–	–	–	(15,012)	(15,012)
Disposal of treasury stock	–	54	–	181	236
Change of scope of application for consolidation and equity method	–	–	31	–	31
Change in ownership interest of parent due to transactions with non-controlling interests	–	(0)	–	–	(0)
Net changes other than shareholders' equity during current period	–	–	–	–	–
<b>Total change during current period</b>	<b>193</b>	<b>248</b>	<b>47,971</b>	<b>(14,831)</b>	<b>33,582</b>
<b>Balance as of March 31, 2024</b>	<b>51,470</b>	<b>323,857</b>	<b>210,679</b>	<b>(32,990)</b>	<b>553,017</b>

(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			
<b>Balance as of April 1, 2023</b>	<b>5,514</b>	<b>2</b>	<b>20,931</b>	<b>237</b>	<b>26,685</b>	<b>886</b>	<b>5,512</b>	<b>552,519</b>
<b>Changes during current period</b>								
Issuance of new shares	–	–	–	–	–	–	–	387
Dividends from surplus	–	–	–	–	–	–	–	(7,640)
Net income attributable to parent company shareholders	–	–	–	–	–	–	–	55,580
Acquisition of treasury stock	–	–	–	–	–	–	–	(15,012)
Disposal of treasury stock	–	–	–	–	–	–	–	236
Change of scope of application for consolidation and equity method	–	–	–	–	–	–	–	31
Change in ownership interest of parent due to transactions with non-controlling interests	–	–	–	–	–	–	–	(0)
Net changes other than shareholders' equity during current period	5,814	(2)	6,721	1,682	14,216	(387)	893	14,722
<b>Total change during current period</b>	<b>5,814</b>	<b>(2)</b>	<b>6,721</b>	<b>1,682</b>	<b>14,216</b>	<b>(387)</b>	<b>893</b>	<b>48,304</b>
<b>Balance as of March 31, 2024</b>	<b>11,329</b>	<b>0</b>	<b>27,652</b>	<b>1,919</b>	<b>40,901</b>	<b>499</b>	<b>6,405</b>	<b>600,824</b>

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: 38

(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, MITSUKOSHI FEDERAL RETAIL, INC. was included in the scope of consolidation as it increased in materiality.

(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: 6

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., and NOMURA FUDOSAN MITSUKOSHI ISETAN KAIHATSU GODO KAISYA

In the fiscal year under review, the Company excluded Yanlord Isetan Commercial Co., Ltd. from the application of the equity method due to the partial sale of our equity interest.

(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., Chengdu 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 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: 723 million yen                  Fixed assets: 601,004 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.

About the outlook for demand from inbound visitors, based on international transportation forecasts from outside industry organizations, the Group assumes that such demand will grow.

## 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): 43,623 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 three 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.

About the outlook for demand from inbound visitors, based on international transportation body forecasts from outside organizations, the Group assumes that such demand will grow.

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 three years to handle the uncertainty of the future. 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. Determinations on indications of goodwill impairment related to MI Food Style Co., Ltd.

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

Goodwill: 9,489 million yen

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

1) Calculation method

Determinations regarding indications of impairment of fixed assets, including goodwill generated at the time of converting MI Food Style Co., Ltd. into a consolidated subsidiary, are made in a larger unit, with the addition of goodwill to the asset group.

The goodwill is recorded based on the future excess earning power of MI Food Style Co., Ltd. The amortization period of goodwill is determined based on the reasonable recovery period of the investment, which forms the basis for calculating the consideration for the business combination, and is amortized on a regular basis over the period in which the effect is realized. However, if it is recognized that the actual results are far below the business plan devised at the time of acquisition, the excess earning power of said company has been damaged and is showing indications of impairment, such as if profits and losses arising from operating activities continue to be negative, or if there is a significant deterioration in the business environment, the necessity for recognizing an impairment loss is determined by comparing the total undiscounted future cash flows and the book value of the asset group, including goodwill.

In the fiscal year under review, as a result of investigating whether there are any indications of impairment through a comparative analysis of business plans and actual results at the time of acquisition, and examination of the future business plan, including the budget for the following fiscal year, the Company determined that there are no indications of goodwill impairment at MI Food Style Co., Ltd.

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 MI Food Style Co., 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. However, if these key assumptions need to be reviewed, it will be recognized that there are indications of impairment in the asset group, including goodwill, and there may be a significant impact on the evaluation of goodwill in the consolidated financial statements for the following fiscal year.

[Notes to Consolidated Balance Sheet]

1. Accumulated depreciation of tangible fixed assets	381,208 million yen
2. Contingent liability	
Guarantee liabilities	
Loan guarantees for housing loans of employees	21 million yen
Debt guarantees for bank loans of subsidiaries and affiliates	
West Japan Railway Isetan Ltd.	8,040 million yen
Total of guarantee liabilities	8,061 million yen
3. Details of inventories	
Finished goods	23,779 million yen
Semifinished goods	372 million yen
Work in process	487 million yen
Raw materials and supplies	616 million yen
Total	25,255 million yen

[Notes to Consolidated Statement of Income]

### 1. 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	32	Isetan Singapore (Singapore)
	Right-of-use assets	637	
	Other	300	
Store	Buildings and structures	391	QUEEN'S ISETAN (Suginami-ku, Tokyo and other)
	Guarantee deposits	245	
	Other	13	
Store	Buildings and structures	292	Isetan Tachikawa store (Tachikawa-shi, Tokyo)
	Other	121	
Store	Buildings and structures	5	Small and middle size stores (Shibuya-ku, Tokyo and other)
	Guarantee deposits	272	
	Other	5	
Store	Buildings and structures	283	Tianjin Isetan (Tianjin, China) and other
	Other	61	
	Total	2,662	

(Note) Of impairment losses recorded in the consolidated income statement, 1,205 million yen is included in "loss on closing of stores."

#### (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 7 to 9%.

### 2. Loss on change of rental contract

These losses accrued due to changes in the conditions of store rental contracts, including changes in rights to demand refund of lease deposits and obligations to restore properties to the original state.

### 3. Business structure improvement expenses

These expenses were ones associated with the implementation of the Next Career Plan at Hiroshima Mitsukoshi Ltd. and Takamatsu Mitsukoshi Ltd.

[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 397,265,054 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 20, 2023	Common stock	3,055	8.00	March 31, 2023	June 21, 2023
Board of Directors Meeting November 10, 2023	Common stock	4,585	12.00	September 30, 2023	December 11, 2023

(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, 2024.

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, 2024	Common stock	Retained earnings	8,257	22.00	March 31, 2024	June 25, 2024

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 447,100 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, 2024, 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	2,835	2,831	(4)
b. Available-for-sale securities	28,446	28,446	–
(2) Guarantee deposits	37,438		
Allowance for doubtful accounts	(305)		
	37,133	35,002	(2,131)
Total assets	68,415	66,280	(2,135)
(1) Corporate bonds	20,000	19,741	(259)
(2) Long-term debt	68,300	67,596	(703)
Total liabilities	88,300	87,337	(962)
Derivative transactions	0	0	–

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

(Note 2) For interest rate swaps that meet the requirements for exceptional accounting, their fair value is included in long-term debt, which is the hedged item, because it is accounted for as an integral part of the long-term debt.

(Note 3) The above table excludes securities without market prices, etc. The amount of such financial instruments in the consolidated balance sheet is 102,555 million yen.

(Note 4) 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 302 million yen.

(Note 5) Allowance for doubtful accounts related to guarantee deposits is deducted.

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	28,446	–	–	28,446
Derivative transactions	–	0	–	0
Total assets	28,446	0	–	28,446

## (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	–	2,831	–	2,831
Guarantee deposits	–	–	35,002	35,002
Total assets	–	2,831	35,002	37,833
Corporate bonds	–	19,741	–	19,741
Long-term debt	–	67,596	–	67,596
Total liabilities	–	87,337	–	87,337

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. Interest rate swaps are calculated by the

discounted cash flow method using observable inputs such as market interest rates. The Company classifies fair value of long-term debt as Level 2 because long-term debt, the hedged item for interest rate swaps that meet the requirements for exceptional accounting, is accounted for as an integral part of the interest rate swaps.

[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	115,815	196,474

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, 2023 to March 31, 2024)

(Millions of yen)

		Reporting segment				Other	Total
		Department store	Credit & finance /customer organization management	Real estate	Subtotal		
Isetan Mitsukoshi Ltd.	Isetan Shinjuku Main store	149,855	–	–	149,855	–	149,855
	Mitsukoshi Nihombashi Main store	61,053	–	–	61,053	–	61,053
	Mitsukoshi Ginza store	38,042	–	–	38,042	–	38,042
	Isetan Urawa store	11,999	–	–	11,999	–	11,999
	Isetan Tachikawa store	12,082	–	–	12,082	–	12,082
Iwataya Mitsukoshi Ltd.	Iwataya Main store	29,153	–	–	29,153	–	29,153
Nagoya Mitsukoshi Ltd.	Sakae store	15,158	–	–	15,158	–	15,158
Niigata Isetan Mitsukoshi Ltd.	Niigata Isetan store	14,257	–	–	14,257	–	14,257
	Other stores	103,344	–	–	103,344	–	103,344
	Credit & finance /customer organization management	–	29,024	–	29,024	–	29,024
	Real estate	–	–	20,578	20,578	–	20,578
	Other	–	–	–	–	91,071	91,071
	Revenue from contracts with customers	434,947	29,024	20,578	484,550	91,071	575,621
	Revenue from other sources	13,372	3,742	6,208	23,322	51	23,374
	Intersegment sales or transfers	(2,836)	(13,399)	(5,667)	(21,903)	(40,650)	(62,554)
	Sales to outside customers	445,482	19,367	21,119	485,969	50,472	536,441

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, 2023	Balance as of March 31, 2024
Receivables from contracts with customers	133,285	153,021
Contract assets	636	1,480
Contract liabilities	100,386	99,132

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, 2024, the Company has allocated the total transaction price of 79,459 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 nine years as the gift certificates are used. The Company also has allocated the total transaction price of 6,338 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	1,582.36 yen
2. Net income per share	145.79 yen

[Notes to Significant Subsequent Events]

1. Conclusion of stock acquisition agreement

Isetan Mitsukoshi Ltd. (hereinafter, "Isetan Mitsukoshi"), a subsidiary of the Company, has agreed with Isetan (Singapore) Limited, a subsidiary of Isetan Mitsukoshi that operates Isetan stores in Singapore, to begin proceedings to turn Isetan (Singapore) Limited into a wholly owned subsidiary through purchase of all of Isetan (Singapore) Limited's outstanding shares (except company shares already held by Isetan Mitsukoshi), upon which an implementation agreement for the execution of the said stock acquisition has been concluded.

- (1) Number of shares to be acquired: 19,500,000 shares
- (2) Acquisition price: Scheduled to be approximately SGD 140 million (approximately JPY 15.7 billion)
- (3) Timing of the acquisition: Scheduled in August 2024
- (4) Method and process of stock acquisition

The stock acquisition will be implemented through the Scheme of Arrangement ("SOA") under Singapore's Companies Act and the Singapore Code on Take-overs and Mergers (the "Code"). SOA is a proceeding to effect a friendly takeover through the acquisition of stock under Singapore's

Companies Act with the consent of the target company, approval of the target company's shareholders and approval of the Singapore court, by which the target company shares will be transferred from the existing shareholders of the target company.

SOA is conditional upon the approval from a majority in number representing 75% in value of the shareholders present and voting at the shareholders meeting of the target company. In addition, the target company must seek approval from the Singapore court. Isetan Mitsukoshi will not exercise its voting rights at the shareholders meeting of the target company as required by the Code. The stock acquisition, however, may not be achieved in the event that shareholder approval or approval of the court is not obtained.

## 2. Cancellation of treasury stock

In accordance with a resolution made at a meeting of the Board of Directors held on February 2, 2024, the acquisition of treasury stock 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, was implemented, subsequent to which all acquired treasury stock has been cancelled in accordance with the provisions of Article 178 of the Companies Act. The details of which are as follows:

- |                                 |                  |
|---------------------------------|------------------|
| (1) Types of shares cancelled:  | Common stock     |
| (2) Number of shares cancelled: | 7,002,400 shares |
| (3) Date of cancellation:       | April 30, 2024   |

## 3. Acquisition and cancellation of treasury stock

At a meeting of the Board of Directors held on May 14, 2024, 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 the current Medium-Term Management Plan, our basic policy is to maintain a stable level of dividends, increase dividends over the medium- to long-term in line with profit growth, and provide total returns in combination with the acquisition of treasury stock, keeping in mind a total payout ratio at a level of 50%. Based on this policy and upon comprehensively considering factors such as recent business performance trends, the soundness of the financial position, and the level of its stock price, we determined to acquire treasury stock with details as shown below. All treasury stock to be acquired 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: | 8,500,000 shares (maximum)           |
| • Total acquisition price of shares:     | 15,000,000,000 yen (maximum)         |
| • Acquisition period:                    | May 15, 2024 to October 31, 2024     |
| • 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 29, 2024  |

INDEPENDENT AUDITOR'S REPORT

May 14, 2024

The Board of Directors

Isetan Mitsukoshi Holdings Ltd.

Ernst & Young  
ShinNihon LLC  
Tokyo Office

Designated Limited Partner  
Engagement Partner  
Certified Public Accountant  
Eri Sekiguchi

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, 2023 through March 31, 2024.

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.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

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, 2024)

(Millions of yen)

Account item	Amount	Account item	Amount
<b>Assets</b>	<b>692,377</b>	<b>Liabilities</b>	<b>235,052</b>
<b>Current assets</b>	<b>156,390</b>	<b>Current liabilities</b>	<b>158,582</b>
Cash and deposits	22,896	Short-term borrowings	19,700
Short-term loans receivable from subsidiaries and affiliates	137,907	Short-term borrowings payable to subsidiaries and affiliates	111,113
Accrued income	7,628	Commercial paper	25,000
Other	1,070	Accounts payable	532
Allowance for doubtful accounts	(13,112)	Accrued expenses	1,600
<b>Fixed assets</b>	<b>535,945</b>	Accrued bonuses	152
<b>Tangible fixed assets</b>	<b>2</b>	Income taxes payable	229
Appliance and fixtures	2	Other	252
<b>Intangible fixed assets</b>	<b>4</b>	<b>Fixed Liabilities</b>	<b>76,470</b>
Software	4	Corporate bonds	20,000
<b>Investments and other assets</b>	<b>535,938</b>	Long-term debt	53,300
Investment securities	696	Provision for loss on business of subsidiaries and affiliates	3,170
Stocks of subsidiaries and affiliates	461,013	<b>Net assets</b>	<b>457,325</b>
Long-term loans receivable from subsidiaries and affiliates	73,300	<b>Shareholders' equity</b>	<b>456,825</b>
Deferred tax assets	926	<b>Common stock</b>	<b>51,470</b>
Other	2	<b>Capital surplus</b>	<b>398,062</b>
<b>Deferred assets</b>	<b>41</b>	Capital reserve	19,818
Corporate bond issuance cost	41	Other capital surplus	378,244
		<b>Retained earnings</b>	<b>40,286</b>
		Other retained earnings	40,286
		Retained earnings carried forward	40,286
		<b>Treasury stock</b>	<b>(32,993)</b>
		<b>Stock acquisition rights</b>	<b>499</b>
<b>Total</b>	<b>692,377</b>	<b>Total</b>	<b>692,377</b>

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



## **Nonconsolidated Statement of Income**

(From April 1, 2023 to March 31, 2024)

(Millions of yen)

Account item	Amount	
Operating revenues		
Dividend income	22,296	
Management service income	7,213	
Service revenue	1,006	30,515
Selling, general and administrative costs		8,036
Operating income		22,479
Nonoperating income		
Interest income	1,025	
Miscellaneous income	2,140	3,166
Nonoperating expenses		
Interest expenses	1,040	
Miscellaneous expenses	287	1,328
Recurring income		24,317
Extraordinary loss		
Loss on valuation of investment securities	444	444
Income before income taxes		23,872
Corporate tax, corporate inhabitant tax, business tax	(34)	
Deferred taxes	(438)	(472)
Net income		24,345

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

## Nonconsolidated Statement of Changes in Net Assets

(From April 1, 2023 to March 31, 2024)

(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
<b>Balance as of April 1, 2023</b>	<b>51,276</b>	<b>19,624</b>	<b>378,189</b>	<b>397,813</b>	<b>23,581</b>	<b>23,581</b>
Changes during current period						
Issuance of new shares	193	193	–	193	–	–
Dividends from surplus	–	–	–	–	(7,640)	(7,640)
Net income for current period	–	–	–	–	24,345	24,345
Acquisition of treasury stock	–	–	–	–	–	–
Disposal of treasury stock	–	–	54	54	–	–
Net changes other than shareholders' equity during current period	–	–	–	–	–	–
<b>Total change during current period</b>	<b>193</b>	<b>193</b>	<b>54</b>	<b>248</b>	<b>16,705</b>	<b>16,705</b>
<b>Balance as of March 31, 2024</b>	<b>51,470</b>	<b>19,818</b>	<b>378,244</b>	<b>398,062</b>	<b>40,286</b>	<b>40,286</b>

(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		
<b>Balance as of April 1, 2023</b>	<b>(18,162)</b>	<b>454,509</b>	–	–	<b>886</b>	<b>455,395</b>
Changes during current period						
Issuance of new shares	–	387	–	–	–	387
Dividends from surplus	–	(7,640)	–	–	–	(7,640)
Net income for current period	–	24,345	–	–	–	24,345
Acquisition of treasury stock	(15,012)	(15,012)	–	–	–	(15,012)
Disposal of treasury stock	181	236	–	–	–	236
Net changes other than shareholders' equity during current period	–	–	–	–	(387)	(387)
<b>Total change during current period</b>	<b>(14,831)</b>	<b>2,316</b>	–	–	<b>(387)</b>	<b>1,929</b>
<b>Balance as of March 31, 2024</b>	<b>(32,993)</b>	<b>456,825</b>	–	–	<b>499</b>	<b>457,325</b>

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.

### [Changes in Presentation]

#### (Nonconsolidated Balance Sheet)

“Corporate tax refund receivable, etc.” under current assets, which was separately presented in the previous fiscal year, has been included in “Other” from the fiscal year under review due to a decrease in materiality of the amount of the account.

[Notes on Accounting Estimates]

1. Evaluation of stocks of subsidiaries and affiliates related to MI Food Style Co., Ltd.

(1) Amounts recorded in the nonconsolidated financial statements for the fiscal year under review  
MI Food Style Co., Ltd. shares: 12,059 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, did not identify any phenomenon that would indicate impairment of the excess earning power, and it was determined that there has been no significant decline in real value. Therefore, the Company has not recorded a loss on valuation with regard to the stocks of subsidiaries and affiliates of MI Food Style Co., 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. Determinations on indications of goodwill impairment related to MI Food Style Co., 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 these key assumptions need to be reviewed, there may be a significant decline in the real value of stocks of subsidiaries and affiliates of MI Food Style Co., Ltd., which could have a major impact on the valuation of stocks of subsidiaries and affiliates in the nonconsolidated financial statements for the following fiscal year.

[Notes to Nonconsolidated Balance Sheet]

Accumulated depreciation of tangible fixed assets 4 million yen

Guarantee liabilities

Debt guarantees in respect to funds borrowed by subsidiaries and affiliates

West Japan Railway Isetan Ltd. 8,040 million yen

Short-term receivables from subsidiaries and affiliates 8,001 million yen

Short-term payables to subsidiaries and affiliates 1,657 million yen

[Notes to Nonconsolidated Statement of Income]

Transactions with subsidiaries and affiliates

Turnover based on operating transactions

Operating revenues 30,515 million yen

Selling, general and administrative expenses 752 million yen

Other revenues 1,684 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	15,048,154	7,029,602	150,316	21,927,440

- Notes:
1. The number of shares increased by 7,502 shares due to requests for purchase of odd-lot shares, by 7,002,400 shares due to acquisition of own shares according to resolution of the Board of Directors and by 19,700 shares due to repurchase without consideration of own shares granted as restricted stock compensation.
  2. The number of shares decreased by 16 shares due to requests for the additional purchase of odd-lot shares and by 150,300 shares due to disposal of treasury stock as restricted stock compensation.

[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	46	million yen
Accounts payable	271	million yen
Accrued enterprise tax	69	million yen
Stock option expenses	110	million yen
Loss on valuation of stocks of subsidiaries and affiliates	7,850	million yen
Provision for loss on business of subsidiaries and affiliates	970	million yen
Allowance for doubtful accounts	4,014	million yen
Tax losses carried forward	5,654	million yen
Other	439	million yen
<hr/>		
Sub-total deferred tax assets	19,427	million yen
Valuation reserve	(18,500)	million yen
<hr/>		
Total deferred tax assets	926	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)	6,638	Accrued income	7,301
				Accounting fees (Note 1)	424	Accrued income	44
				Receipt of funds (Note 2)	528	Affiliates short-term loans receivable	69,671
						Affiliates long-term loans receivable	73,300
				Receipt of interest (Note 3)	658	Accrued income	44
				Repayment of funds (Note 2)	7,273	-	-
				Payment of interest (Note 3)	10		
Advance payment of personnel expenses for loaned employees (Note 4)	3,815	Accrued expenses	215				
Subsidiaries	Matsuyama Mitsukoshi Ltd.	Direct: 100%	Borrowing and lending of fund	Lending of funds (Note 2) (Note 5)	678	Affiliates short-term loans receivable	8,200
Subsidiaries	MICARD Co. Ltd.	Direct: 100%	Borrowing and lending of fund	Lending of funds (Note 2)	10,629	Affiliates short-term loans receivable	39,686
				Receipt of interest (Note 3)	187		
Subsidiaries	MI TOMONO-KAI Co., Ltd.	Indirect: 100%	Borrowing and lending of fund	Repayment of funds (Note 2)	2,207	Affiliates short-term borrowings	79,331
				Payment of interest (Note 3)	525		
Affiliates	West Japan Railway Isetan Ltd.	Direct 40%	Interlocking directorate	Debt guarantees	8,040	-	-

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.

In addition, provision of allowance for doubtful accounts of 678 million yen has been recorded in the fiscal year under review. Provision for loss on business of subsidiaries and affiliates of 6 million yen has been recorded for the amount of excess liabilities of said subsidiary. Reversal of provision for loss on business of subsidiaries and affiliates of 393 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	21	—	—
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	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 August 2, 2023 (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	1,217.11 yen
2. Net income per share	63.86 yen



[Notes to Significant Subsequent Events]

1. Cancellation of treasury stock

The notes have been omitted as the same information is presented in “2. Cancellation of treasury stock” under [Notes to Significant Subsequent Events] in the Notes to Consolidated Financial Statements.

2. Acquisition and cancellation of treasury stock

The notes have been omitted as the same information is presented in “3. Acquisition and cancellation of treasury stock” under [Notes to Significant Subsequent Events] in the Notes to Consolidated Financial Statements.

INDEPENDENT AUDITOR'S REPORT

May 14, 2024

The Board of Directors

Isetan Mitsukoshi Holdings Ltd.

Ernst & Young  
ShinNihon LLC  
Tokyo Office

Designated Limited Partner  
Engagement Partner  
Certified Public Accountant  
Eri Sekiguchi

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 16th fiscal year from April 1, 2023 through March 31, 2024.

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, 2024, 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 16th fiscal term from April 1, 2023 to March 31, 2024. 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, 2024.

## 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 14, 2024

Audit Committee of Isetan Mitsukoshi Holdings Ltd.

Full-time Audit Committee Member	Yuki Ishizuka
Audit Committee Member	Hidetoshi Furukawa
Audit Committee Member	Tomoko Ando
Audit Committee Member	Hitoshi Ochi

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