

Convocation Notice

Securities Code: 3099

June 1, 2026

Start date of measures for electronic provision: May 25, 2026

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 18TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Please be notified that the 18th 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 18th Ordinary General Meeting of Shareholders.”

The Company’s website:

<https://www.imhds.co.jp/corporate/ir/stockholder/meeting/index.html>

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

Tokyo Stock Exchange, Inc. website:

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

If you are unable to attend the meeting in person, you may exercise your voting rights via the Internet or in writing. We ask you to review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 6 p.m., Friday, June 19, 2026.

- 1. Date and Time:** Monday, June 22, 2026, at 10:00 a.m. (Reception starts at 9:00 a.m.)
- 2. Place:** Pegasus Grand Ballroom, 1F, Hilton Tokyo Odaiba  
1-9-1, Daiba, Minato-ku, Tokyo, Japan

### **3. Agenda of the Meeting:**

- Matters to be reported:**
1. The Business Report and the Consolidated Financial Statements for the 18th term (from April 1, 2025 to March 31, 2026) 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 18th term (from April 1, 2025 to March 31, 2026)

**Proposals to be resolved:**

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

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

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

1) Business Report

**Matters related to the Group's status**

- Change in assets and earnings
- Principal lines of business
- Principal sales and business establishments
- Employees

**Matters related to the Company shares**

**Matters related to the stock acquisition rights issued by the Company**

**Matters concerning Directors and Auditors**

- Matters concerning External Directors and Outside Corporate Auditors
- Outline of limited liability agreements
- Outline of directors and officers liability insurance contract

**Matters concerning the Independent Auditor**

**Matters concerning the system to ensure appropriate conduct of business**

**Policies on determination of surplus dividend**

**Measures regarding corporate governance**

2) Consolidated Financial Statements

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

3) Nonconsolidated Financial Statements

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

4) Audit Report

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

Accounting Auditor's Report Relating to Statutory Reports  
Audit Report by the Audit Committee

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

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

## **Guide to Exercising Voting Rights**

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

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

### **When exercising Voting Rights by mail**

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

**Deadline: To arrive by no later than 6 p.m. Friday, June 19, 2026**

### **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 19, 2026**

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 19, 2026.
- 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 18th Ordinary General Meeting of Shareholders on June 22, 2026. In delivering this notice of convocation, I would like to extend a cordial greeting to shareholders.

Under the current Medium-Term Management Plan (fiscal 2025 – fiscal 2030) that began in fiscal 2025, in the first half, known as the “preparation for urban development phase I” (fiscal 2025 – fiscal 2027), we are promoting a transformation from a “store business” to an “individual customer business” connecting with individual customers. We have used department store patronage as an opportunity to connect directly with domestic and international customers and deepen our relationships with them, while leveraging the full power of people and DX to understand customer needs and making use of the Group’s various content to thoroughly meet those needs. These efforts have paid off, resulting in record-high operating income for the three consecutive years from fiscal 2023 to fiscal 2025, market capitalization remaining at a record high, and other positive results.

In fiscal 2025, Japan’s economy saw the recovery of corporate earnings and increasing wages.

On the other hand, there are concerns that uncertainty about the future due to current global instability will significantly influence the domestic economy and consumer mindsets, so business operation will require a delicate balancing act going forward. However, by pursuing products and services that will satisfy customers who visit our stores in Japan and abroad seeking high sensitivity, fine quality consumption, the Group will work unrelentingly under any conditions to achieve the vision set out in the Isetan Mitsukoshi Group Corporate Philosophy, “We are a retail group centered on extraordinary department stores working toward improving the lives of our customers.”

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

Toshiyuki Hosoya

Director, President and CEO

## Reference Documents for the General Meeting of Shareholders

### Proposal and References

#### Proposal No. 1: Appropriation of Surplus

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

With regard to dividends, the Company's policy is to implement progressive dividends with the annual dividends for the fiscal year ended March 31, 2025 as the lower limit, through the current Medium-Term Management Plan (fiscal 2025 – fiscal 2030).

Regarding the year-end dividend for the 18th term, based on performance in the fiscal year ended March 31, 2026, the Company proposes to pay a year-end dividend of ¥40 per share. Accordingly, with the interim dividend of ¥30, the annual dividend will be ¥70 per share, an increase of ¥16 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  
¥40 per common share of the Company  
Total amount: ¥14,062,086,680
- (3) Effective date of dividend of surplus  
June 23, 2026

**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	Yoshinori Makino [Renominated]	Male	Director, Managing Operating Officer, Supervisor for Corporate Strategy and CFO
3	Kyoko Kawarabayashi [Newly nominated] [Non-executive]	Female	—
4	Hitoshi Ochi [Renominated] [Non-executive] [External] [Independent]	Male	External Director Chairperson of the Board of Directors
5	Toshio Iwamoto [Renominated] [Non-executive] [External] [Independent]	Male	External Director Chairperson of the Nominating Committee Member of the Compensation Committee
6	Kenji Sukeno [Renominated] [Non-executive] [External] [Independent]	Male	External Director Member of the Nominating Committee Member of the Audit Committee
7	Chieko Matsuda [Renominated] [Non-executive] [External] [Independent]	Female	External Director Member of the Nominating Committee Member of the Compensation Committee
8	Naosuke Fujita [Renominated] [Non-executive] [External] [Independent]	Male	External Director Member of the Nominating Committee Member of the Audit Committee
9	Yukari Suzuki [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: 9 out of 9</p> <p>Years in office as Director 5 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.</p> <p>Significant posts concurrently held President and CEO, Isetan Mitsukoshi Ltd.</p>	95,554
<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 and promoting 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 the highest ever operating income for the Group since the merger for the three consecutive years from fiscal 2023 to fiscal 2025.</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>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: 9 out of 9</p> <p>Years in office as Director 3 years</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 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.</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.</p> <p>Apr 2025 Director, Managing Operating Officer, Supervisor for Corporate Strategy and CFO, Isetan Mitsukoshi Holdings Ltd. (to the present)</p> <p>Director, Isetan Mitsukoshi Ltd. (to the present)</p> <p>Significant posts concurrently held Director, West Japan Railway Isetan Ltd. Director, Isetan Mitsukoshi Ltd.</p>	53,567
<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 IM Food Style Ltd. and in the General Affairs and Human Resources Department at Isetan Mitsukoshi Ltd. Serving as Managing Operating Officer, CSDO, CHRO and CFO of the Company since 2021, he has strived to formulate and promote the Group's long-term vision and Medium-Term Management Plan and to lead 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
3	<p>Kyoko Kawarabayashi (Sep 18, 1968) [Newly nominated] [Non-executive]</p>	<p>Apr 1992 Joined Isetan Co., Ltd. Apr 2024 Full-time Corporate Auditor, Isetan Mitsukoshi Ltd. (to the present)</p> <p>Significant posts concurrently held None</p>	2,140
<p>Reasons for selecting the candidate for Director and outline of expected role</p> <p>The candidate has served in the department store business and corporate management departments for many years and been responsible for a wide range of the Group's core operations, including customer strategy, governance, and sustainability promotion. She possesses extensive knowledge and experience concerning both execution of duties and operational management. Since being appointed as a full-time Corporate Auditor for Isetan Mitsukoshi Ltd. in 2024, she has utilized her practical management experience to contribute to increasing the transparency of management by offering supervision and advice related to internal control, risk management and compliance.</p> <p>The Nominating Committee has newly nominated her as a candidate for Director because it expects her to provide appropriate supervision and practical advice as a Non-executive Director, based on her experience with execution of duties, thereby contributing to the enhancement of deliberations at meetings of the Board of Directors and the further improvement of corporate governance as a full-time Audit Committee Member.</p>			

Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
4	<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: 9 out of 9</p> <p>Meetings of the Nominating Committee:* 1 out of 1</p> <p>Meetings of the Audit Committee:* 3 out of 3</p> <p>Years in office as Director 3 years</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>* As Mr. Ochi resigned from both the Nominating Committee and Audit Committee at the conclusion of the meeting of the Board of Directors held on June 24, 2025, the number of meetings and rate of attendance at meetings of these committees refers to those meetings held on or before that date. Mr. Ochi was appointed Chairperson of the Board of Directors at the meeting of the Board of Directors held on the same date.</p>	2,551
<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 revitalizing the Company's Board of Directors and further enhancing the Company's governance as the 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>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: 9 out of 9</p> <p>Meetings of the Nominating Committee: 6 out of 6</p> <p>Meetings of the Compensation Committee: 7 out of 7</p> <p>Years in office as Director 3 years</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</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 Outside Director, Daiwa Securities Group Inc. Outside Director, East Japan Railway Company Outside Director, Sumitomo Forestry Co., Ltd.</p>	2,361
<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 Chairperson 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
6	<p>Kenji Sukeno (Oct 21, 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: 9 out of 9</p> <p>Meetings of the Nominating Committee: 6 out of 6</p> <p>Meetings of the Audit Committee: 18 out of 18</p> <p>Years in office as Director 2 years</p>	<p>Apr 1977 Joined Fuji Photo Film Co., Ltd.</p> <p>Jun 2012 Corporate Vice President, FUJIFILM Holdings Corporation Director and Corporate Vice President, FUJIFILM Corporation</p> <p>Jun 2013 Director and Corporate Vice President, FUJIFILM Holdings Corporation</p> <p>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)</p> <p>Jun 2021 Chairman &amp; Representative Director, FUJIFILM Holdings Corporation Chairman &amp; Director, FUJIFILM Corporation (to the present)</p> <p>Jun 2023 Chairman and Director, FUJIFILM Holdings Corporation (to the present)</p> <p>Jun 2024 External Director, Isetan Mitsukoshi Holdings Ltd. (to the present)</p> <p>Mar 2025 Outside Director, Sumitomo Forestry Co., Ltd. (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. Outside Director, Sumitomo Forestry Co., Ltd.</p>	3,761
<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 renominated him as a candidate for Director because it expects him to utilize his extensive experience in corporate management, knowledge and insight in the supervision of the Company's management, and to contribute to further enhancing the Company's governance as Chairperson of the Audit Committee and member of the Nominating 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>Chieko Matsuda (Nov 18, 1964) [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: 9 out of 9</p> <p>Meetings of the Nominating Committee: 6 out of 6</p> <p>Meetings of the Compensation Committee: 7 out of 7</p> <p>Years in office as Director 2 years</p>	<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) 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) Outside Member of the Board, Toyota Tsusho Corporation (to the present)</p> <p>Jun 2024 External Director, Isetan Mitsukoshi Holdings Ltd. (to the present)</p> <p>Significant posts concurrently held Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University Professor, Graduate School of Management, Tokyo Metropolitan University Outside Director, IHI Corporation Outside Director, Asahi Kasei Corporation Outside Member of the Board, Toyota Tsusho Corporation</p>	1,672
<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>While the candidate has not been directly involved in corporate management other than as an External Director, as the Company pursues sustainability management with an emphasis placed on its stakeholders, the Nominating Committee has renominated her as a candidate for Director because it expects her to utilize her expertise in the supervision of the Company's management and to contribute to increase in corporate value through further enhancing the Company's governance as Chairperson of the Compensation Committee and a member of the Nominating 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>Naosuke Fujita (Nov 19, 1962) [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:* 5 out of 5</p> <p>Meetings of the Audit Committee:* 15 out of 15</p> <p>Years in office as Director 1 year</p>	<p>Apr 1987 Registered as an attorney-at-law and joined Anderson Mori &amp; Rabinowitz (currently Anderson Mori &amp; Tomotsune Foreign Law Joint Enterprise)</p> <p>Jan 1996 Partner, Anderson Mori (currently Anderson Mori &amp; Tomotsune)</p> <p>Nov 1998 Vice President of Tokyo Branch, Goldman Sachs (Japan) Ltd. (currently Goldman Sachs Japan Co., Ltd.)</p> <p>Jan 2001 Deputy General Manager of Legal Affairs Division and Managing Director, Goldman Sachs (Japan) Ltd. (currently Goldman Sachs Japan Co., Ltd.)</p> <p>Jul 2003 Partner, Taiyo Law Offices (integrated with Paul, Hastings, Janofsky &amp; Walker LLP)</p> <p>May 2005 Partner, O'Melveny &amp; Myers gaikokuho kyodojigyo horitsujimusho</p> <p>Mar 2009 General Manager of Legal Affairs Division and Managing Director, Goldman Sachs Japan Co., Ltd.</p> <p>Jun 2017 Co-Representative Director, Lawyers for LGBTQ &amp; Allies Network (to the present)</p> <p>Oct 2020 General Counsel, Government Pension Investment Fund</p> <p>Mar 2021 General Manager, Legal Department, Government Pension Investment Fund</p> <p>Apr 2023 Attorney-at-Law and Senior Fellow, SHUHEI TAKAHASHI LAW OFFICE (to the present)</p> <p>Jun 2025 External Director, Isetan Mitsukoshi Holdings Ltd. (to the present)</p> <p>Significant posts concurrently held Attorney-at-Law and Senior Fellow, SHUHEI TAKAHASHI LAW OFFICE Co-Representative Director, Lawyers for LGBTQ &amp; Allies Network</p> <p>* Rate of attendance at meetings refers only to the period after assumption of office.</p>	1,161
<p>Reasons for selecting the candidate for External Director and outline of expected role</p> <p>The candidate has engaged in a diverse range of financial areas and international projects facing companies, having served as an attorney-at-law at law offices for many years and as a legal affairs manager at an organization. In addition to transaction law for domestic and foreign companies, he has provided governance advice on matters such as the establishment and strengthening of legal function. Having served as an attorney at large-scale organizations active around the globe, he possesses a high level of specialized knowledge and experience in supporting the sustainable growth of companies. Furthermore, he is also engaged in resolving human rights issues both inside and outside of organizations, through means such as participation in an NPO. Although the candidate has not been directly involved in corporate management, the Nominating Committee has renominated him as a candidate for Director because it expects him to utilize his extensive corporate legal experience and his objective perspectives based on an understanding of corporate society as a whole, including laws and regulations, in the supervision of the Company's management, and to contribute to further enhancing the Company's governance as a member of the Nominating Committee and the Audit Committee.</p>			

Candidate No.	Name (Date of Birth)	Summary of career, positions, responsibilities and significant posts concurrently held	Number of Company shares owned
9	Yukari Suzuki (Sep 16, 1962) [Newly nominated] [Non-executive] [External Director] [Independent Director]	<p>Apr 1985 Joined Shiseido Company, Limited</p> <p>Apr 2014 President, Representative Director, IPSA Co., Ltd.</p> <p>Jan 2018 Corporate Officer, Shiseido Company, Limited</p> <p>Jan 2020 Corporate Executive Officer, Shiseido Company, Limited</p> <p>Mar 2020 Director and Corporate Executive Officer, Shiseido Company, Limited</p> <p>Jan 2021 Representative Director and Corporate Executive Officer, Shiseido Company, Limited</p> <p>Jan 2022 Representative Director and Senior Executive Officer, Shiseido Company, Limited</p> <p>Apr 2023 Director and Senior Executive Officer, Shiseido Company, Limited</p> <p>Jan 2024 Director, Shiseido Company, Limited</p> <p>Jun 2024 Outside Director, Tokyo Electron Ltd. (to the present) Outside Director, SECOM CO., LTD. (to the present)</p> <p>Significant posts concurrently held Outside Director, Tokyo Electron Ltd. Outside Director, SECOM CO., LTD.</p>	0
<p>Reasons for selecting the candidate for External Director and outline of expected role</p> <p>The candidate has served as Representative Director and other positions at Shiseido Company, Limited, leading the cultivation, business development, and marketing strategy of multiple global brands as a member of senior management. She possesses extensive insight and experience concerning customer value creation and brand value enhancement, and has a proven track record in promoting organizational diversity as Chief D&amp;I Officer of Shiseido Company, Limited.</p> <p>The Nominating Committee has newly nominated her as a candidate for Director because it expects her to contribute to enhancing the Group's corporate value, by utilizing the extensive experience and insight that she possesses as top management in B-to-C business to supervise the appropriateness of management evaluations and compensation and the inherent challenges of management decisions, and by providing effective advice on the customer-centric value creation promoted by the Company, as a member of the Compensation Committee and Audit Committee.</p>			

- (Notes) 1. Ms. Kyoko Kawarabayashi intends to resign as Full-time Corporate Auditor of Isetan Mitsukoshi Ltd. on June 22, 2026.
2. Mr. Hitoshi Ochi, Mr. Toshio Iwamoto, Mr. Kenji Sukeno, Ms. Chieko Matsuda and Mr. Naosuke Fujita, 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 Ms. Kyoko Kawarabayashi, who is a candidate for Non-executive Director, and Ms. Yukari Suzuki, who is a candidate for External Director, are approved, the Company intends to conclude the same limited liability agreement with them.
3. The Company has concluded a directors and officers liability insurance contract with an insurance company, as set forth in Article 430-3, Paragraph 1 of the Companies Act, to cover litigation expenses and legal damages, should the insured parties be held accountable in the event of a shareholder representative lawsuit, corporate lawsuit or third-party lawsuit. The candidates, with the exception of Ms. Kyoko Kawarabayashi and Ms. Yukari Suzuki, are included among the insured parties under this contract. Ms. Kyoko Kawarabayashi and Ms. Yukari Suzuki will be newly included among the insured parties.

4. 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 both parties for each fiscal year. Furthermore, there are business transactions between Shiseido Company, Limited, where Ms. Yukari Suzuki served as a Director of Shiseido Company, Limited from March 2020 to March 2024, 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 no particular relationships of interest with any of the other candidates, including Mr. Kenji Sukeno and Ms. Yukari Suzuki, and the Company.
5. IHI Corporation, where Mr. Toshio Iwamoto served as Outside Audit & Supervisory Board Member from June 2019 to June 2023, and where Ms. Chieko Matsuda was appointed as Outside Director in June 2020 and has served in the post until today, revealed that its consolidated subsidiary IHI Power Systems Co., Ltd. was found to have made improper alterations in the test operation records for marine engines and land-use engines manufactured by IHI Corporation, which was then announced in April 2024. A final report including recurrence prevention measures was published in October 2024. Furthermore, in March 2025, the Japan Fair Trade Commission deemed that a violation of antitrust laws had occurred within the mechanical parking system business of IHI Corporation's consolidated subsidiary IHI Transport Machinery Co., Ltd. (currently IHI Parking Square Co., Ltd.). Since IHI Corporation voluntarily reported violations to the Japan Fair Trade Commission through an application for the surcharge reduction system to be applied, which was approved, the company was not issued a cease and desist order or a surcharge payment order.

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

Ms. Chieko Matsuda had not been aware of the above two facts until they were discovered, but she had regularly made suggestions regarding the importance of legal and regulatory compliance and internal control in a timely manner. After these facts were discovered, she gave instructions to conduct a thorough investigation and analysis to determine the cause, made suggestions regarding the formulation and implementation of recurrence prevention measures, monitored the progress of these measures, and otherwise fulfilled her duties.

6. The Company designates Mr. Hitoshi Ochi, Mr. Toshio Iwamoto, Mr. Kenji Sukeno, Ms. Chieko Matsuda and Mr. Naosuke Fujita 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. Hitoshi Ochi, Mr. Toshio Iwamoto, Mr. Kenji Sukeno, Ms. Chieko Matsuda and Mr. Naosuke Fujita, the Company also plans to continuously designate them as Independent Directors and to notify the stock exchange thereof. Moreover, if the appointment of Ms. Yukari Suzuki is approved, the Company intends to newly designate her as an Independent Director, and register her with the Tokyo Stock Exchange.

## **Reference**

### **Independence Standards for Independent External Directors and Independent Outside Auditors**

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

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

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

**Reference**

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

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

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

**Skills Necessary for the Company’s Board of Directors**

Supervision and monitoring		Executive decision-making, advice and support for business promotion	
Personnel affairs/ human resources management		Global	
Governance/ risk management	Corporate management	Distribution/ marketing	
Finance/accounting		DX/IT security	

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

### Reasons for Selection of Skills

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

## Reference

### Skills Matrix / Committees of which Scheduled to be a Member

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

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

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

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

☆ Denotes Committee Chairperson

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

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

- Notes: 1. If the reappointment of Mr. Hitoshi Ochi is approved, the Company intends to reappoint him as Chairman of the Board of Directors after the conclusion of this Ordinary General Meeting of Shareholders.
2. If this proposal is approved, the structures and chairpersons of each of the Nominating Committee, the Compensation Committee and the Audit Committee will be as described above.

## **Business Report**

(From April 1, 2025 to March 31, 2026)

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

#### (1) Business developments and results

Business performance highlights

Net sales: ¥545.6 billion (98.2% year on year)

Operating income: ¥80.0 billion (104.9% year on year)

Recurring income: ¥86.5 billion (98.3% year on year)

Net income attributable to parent company shareholders: ¥76.0 billion (144.1% year on year)

(Reference) Total net sales: ¥1,299.5 billion (99.7% year on year)

### **Environment surrounding the Group**

During fiscal 2025 (April 1, 2025 to March 31, 2026), the Japanese economy maintained a moderate overall recovery trend as robust corporate earnings and high wage growth led to stabilization in the employment and income environment. Although the impact of high prices persisted, personal consumption began to show signs of picking up, underpinned by the wealth effect associated with wage hikes and rising stock prices, as well as the export industry being boosted by trends toward an increasingly weak yen.

In the retail sector, while sales of daily necessities such as household goods and food showed signs of stagnation, in addition to an improved income environment and recovery to consumer sentiment, another factor behind strengthened momentum in recovery to service-related consumption, such as with entertainment, dining at restaurants, and travel, was the increase in foreign visitors to Japan against the backdrop of the weak yen.

On the other hand, the world is currently confronted by a situation of great uncertainty, such as with growing geopolitical risks, chiefly in the Middle East. Such developments in the external environment have the potential to influence domestic business activity and consumption, and the situation demands a flexible and appropriate response while carefully monitoring future developments.

### **Overview of consolidated business performance**

It was in this environment that the Group set out its Corporate Philosophy, "Touching people's hearts with human-driven experiences" as its core mission, and to realize the vision of "We are a retail group centered on extraordinary department stores working toward improving the lives of our customers"

through the three phases of “revitalization,” “urban community development preparation,” and “fruition.”

Following the “revitalization phase” (Fiscal 2022 – Fiscal 2024), which made significant progress in revitalizing the Group, we have now entered the “urban community development preparation phase,” extending from Fiscal 2025 to Fiscal 2030. In “Phase I” (Fiscal 2025 – Fiscal 2027), the first half, we are promoting individual customer business process activities, starting with “attracting customers” and leading to “identification,” “expansion of usage,” and “lifetime customerization.”

During the fiscal year under review, we steadily advanced the transition of our business model from the traditional “store business” approach that focuses on department stores, to an “individual customer business” model that connects directly with each customer on a personal basis, and deepened our relationships with customers identified at our department stores. We also worked to create new revenue-generating opportunities through activities focused on “intra-group coordination” that maximize the diverse content of the Group.

As a result of these efforts, consolidated net sale for the fiscal year amounted to ¥545.6 billion, operating income amounted to ¥80.0 billion, recurring income was ¥86.5 billion, and net income attributable to parent company shareholders was ¥76.0 billion. Operating income reached a record high for the third consecutive year, and the record for net income was also exceeded by a high margin.

\* “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	15th Term Fiscal 2022 (From April 1, 2022 to March 31, 2023)	16th Term Fiscal 2023 (From April 1, 2023 to March 31, 2024)	17th Term Fiscal 2024 (From April 1, 2024 to March 31, 2025)	18th Term Fiscal 2025 (From April 1, 2025 to March 31, 2026) Consolidated fiscal year under review
Net sales (Million yen)		487,407	536,441	555,517	545,626
Operating income (Million yen)		29,606	54,369	76,313	80,020
Recurring income (Million yen)		30,017	59,877	88,123	86,587
Net income attributable to parent company shareholders (Million yen)		32,377	55,580	52,814	76,096
Net income per share (Yen)		84.82	145.79	142.42	213.96
Total assets (Million yen)		1,217,308	1,225,103	1,205,726	1,217,975
Net assets (Million yen)		552,519	600,824	602,878	620,156
Net assets per share (Yen)		1,430.07	1,582.36	1,646.23	1,764.68
Capital-to-asset ratio (%)		44.86	48.48	49.89	50.82

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

2. When calculating net income per share, in the calculation of average number of shares outstanding during the period, the number of treasury shares deducted from the number of issued shares includes shares of the Company held in the BIP Trust for officer compensation. In addition, when calculating net assets per share, the number of treasury shares deducted from the number of issued shares at the end of the period includes shares of the Company held in the BIP Trust for officer compensation.

## (3) Overview by business segment

### Department Store Business

In the domestic department store business, we implemented initiatives to foster ties with communities and that elicit the unique character of individual stores, mainly at the Isetan Shinjuku main store, Mitsukoshi Nihombashi main store and the Mitsukoshi Ginza store. We also made efforts to enhance individuality, such as with content that combines art, anime, and other new value, and proposed products with added value and a high degree of rarity. At our stores in the Tokyo metropolitan area, we held invitational experience-based events for our valued customers, namely the “Tansei-kai” at the Isetan Shinjuku main store and “Ippin-kai” at the Mitsukoshi Nihombashi main store, where we offered premium, top-tier content from Japan and overseas, and proposed merchandise not typically found in department stores. Being very well received, some of these initiatives achieved record-high sales. At our regional stores, the “base network” activities that serve to handle products from both of the main stores and make customer referrals among the stores, led to

strong performance, including double-digit growth in transaction volume compared to the same period of the previous fiscal year. In the online business, we reported record gross sales with events linked to physical stores.

In March 2025, we introduced “MICARD BASIC,” our credit card with no annual fee, boosting new card members, while the number of differentiated customers was up by about 740,000 to roughly 8,350,000 from the same period of the previous year. Owing to this increase in the number of identified customers, sales to such customers remained strong, and this also buoyed the number of customers who spent over ¥3 million annually. In particular, transaction volume with individual out-of-store sales customers demonstrated a steady increase, mainly in the Tokyo metropolitan area. In another initiative in March 2025, we launched “MITSUKOSHI ISETAN JAPAN,” our global app for overseas customers. We also further stepped up efforts to facilitate customer store visits by introducing purchase incentives and services tailored to high-value tax-free customers, and “MITSUKOSHI ISETAN JAPAN,” together with WeChat, topped a total of approximately 880,000 members.

Thanks to these efforts, domestic customer sales remained robust, in tandem with an increase in the number of identified customers. Gross sales at both the Mitsukoshi and Isetan main stores in the Tokyo metropolitan area recovered to the previous year’s level, while luxury brands, jewelry and watches drove sales at major regional stores such as the Iwataya main store and Niigata Isetan. On the other hand, while overseas sales fell year on year due to a reactionary decline from previous fiscal year’s record high which was driven by exchange rate fluctuations and a rush of demand ahead of price adjustments for high-end products, as well as the impact of a slowdown in the number of visitors to Japan from November 2025, the transaction volume of overseas out-of-store sales is trending upward. Moreover, practicing rigorous cost controls, such as with personnel expenses and rent, through cost structure reform, contributed to improved operating profit.

At overseas stores, in fiscal 2025 we implemented structural reforms at the Singapore base. In addition, Mitsukoshi (USA) Inc. experienced favorable sales at its Japanese restaurants and food stands after remodeling and reopening in December 2025, as well as for Japanese character merchandise in retail stores, which led to substantially improved earnings.

■ 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	169,037	21.6	104.6
	Mitsukoshi Ginza store	122,702	15.7	98.8
	Isetan Shinjuku store	424,971	54.3	100.9
	Isetan Tachikawa store	31,247	4.0	98.1
	Isetan Urawa store	35,208	4.4	97.0
	<b>Total</b>	<b>783,166</b>	<b>100.0</b>	<b>101.0</b>
Sapporo Marui Mitsukoshi Ltd.		59,918	—	95.5
Hakodate Marui Imai Ltd.		5,335	—	92.9
Sendai Mitsukoshi Ltd.		25,455	—	96.6
Niigata Isetan Mitsukoshi Ltd.		34,154	—	100.5
Shizuoka Isetan Co., Ltd.		14,793	—	96.8
Nagoya Mitsukoshi Ltd.		60,789	—	96.2
Hiroshima Mitsukoshi Ltd.		8,319	—	88.4
Takamatsu Mitsukoshi Ltd.		21,797	—	97.1
Matsuyama Mitsukoshi Ltd.		4,081	—	89.6
Iwataya Mitsukoshi Ltd.		132,350	—	99.6
West Japan Railway Isetan Ltd.		70,422	—	98.1

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

■ Net sales by product of Isetan Mitsukoshi Ltd.

Product	Amount (Millions of yen)	Percentage of Total (%)	Year-on-year Comparison (%)
Apparel	251,095	32.1	99.8
Accessories	121,666	15.5	98.8
Sundry goods	230,929	29.5	104.2
Household goods	20,507	2.6	105.0
Foods	133,685	17.1	99.9
Others	25,282	3.2	98.7
<b>Total</b>	<b>783,166</b>	<b>100.0</b>	<b>101.0</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

The credit & finance business/customer organization management business, building on its strong connections to the department store business, is working to raise profitability by bolstering customer differentiation through card memberships and expanded financial services.

At MICARD Co. Ltd., the March 2025 launch of “MICARD BASIC,” that has no annual fee, contributed substantially to the number of new card membership accounts, and the number of card members overall is experiencing steady growth. Similarly, in March 2025, we launched “MITOUS,” a comprehensive financial service platform offering asset management, crowdfunding, insurance, and other related services, and have been promoting new service initiatives, such as participating in events for department store customers. Furthermore, after having become licensed as a Financial Instruments Intermediary Business Provider and a Bank Agency in October 2025, we began to offer both services within the premises of the Mitsukoshi Nihombashi main store, and we are expanding efforts to develop and offer financial products by leveraging connections with department store customers. While being buffeted by external factors such as the weak yen, this company achieved record-high profits and further strengthened our business foundation through increased transaction volumes and ongoing reforms to our profit structure.

## Real Estate Business

The real estate business experienced higher lease revenue from properties owned by the Group in the Shinjuku area and orders grew owing to stronger intra-group coordination in the construction business. Isetan Mitsukoshi Property Design Ltd., leveraging the sophisticated technology of its own factory, received orders for hotel, office, and brand store interior design and construction. Despite soaring prices and labor shortages, the segment achieved a significant increase in profit by rigorously selecting properties based on profitability and strictly controlling expenses to enhance profitability and efficiency.

## Other Businesses

IM Food Style Ltd. has leveraged the strengths of the Isetan Mitsukoshi Group to expand distribution channels for its private brands and strengthen collaborative initiatives such as campaigns targeting MICARD members. The supermarket business experienced growth in average customer spend and achieved increases in both revenue and profit. After establishing a new wholly-owned company, Food Craft Ltd., IM Food Style Ltd. aims to increase contact points with the customers by

succeeding the businesses of “OONOYA” and “OONOYA SHOTEN” from Daiju Corporation through an absorption-type split conducted in April 2026.

Mitsukoshi Isetan Nikko Travel, Ltd., which is engaged in the travel business, in fiscal 2025 rolled out sophisticated and high-quality products based on a number of special plans. These include, in Japan, a nighttime dedication performance at Itsukushima Shrine and Nippon Maru’s farewell charter cruise, and overseas, a private tour of four masterpieces of Italian art and a dinner party in the ruins of Angkor Wat. Moreover, we have thoroughly implemented cost management and control of expenses, further improving the overall profitability of the business.

Studio Alta Co., Ltd. saw net sales and operating profit fall below that of the previous year on account of operations at SHINJUKU ALTA VISION having been terminated (February 2025). On the other hand, owing to consolidation in the advertising production business, and promoting sales to non-Group companies by utilizing the expertise gained from Studio Alta, outdoor advertising, digital signage and other department store media sales experienced strong growth.

(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	446,776	20,969	22,199	490,945	55,681	545,626	–	545,626
Inter-segment sales	2,941	14,624	4,974	22,540	42,449	64,989	(64,989)	–
Total	449,718	35,593	27,173	512,486	98,130	610,616	(64,989)	545,626
Segment profit	65,522	6,336	4,681	76,540	3,022	79,562	457	80,020
Segment assets	1,009,663	226,770	120,634	1,357,069	47,877	1,404,946	(186,971)	1,217,975
Others								
Depreciation	16,746	2,261	570	19,579	5,021	24,600	(170)	24,430
Impairment loss (Note 4)	939	–	–	939	500	1,440	–	1,440
Investment in equity method affiliates	70,608	–	–	70,608	–	70,608	–	70,608
Increase in tangible/intangible fixed assets	25,654	1,793	257	27,705	6,632	34,338	(196)	34,141

- Notes: 1. The other businesses segment includes the services of other retailing, manufacturing, exporting, importing, wholesaling, distribution, temporary personnel service, data processing service, media, and travel business that are not included in other reporting segments.
2. Adjustments are as follows:
- (1) The segment profit adjustment of ¥457 million is intersegment elimination and unrealized income.

- (2) The segment assets adjustment of negative ¥186,971 million is the intersegment elimination of receivables and payables, etc.
  - (3) The adjustment of depreciation of negative ¥170 million is intersegment unrealized income.
  - (4) The increase in tangible and intangible fixed assets adjustment of negative ¥196 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, ¥248 million is included in “loss on closing of stores.”

#### (4) Capital expenditures

Our capital expenditures during the consolidated fiscal year under review totaled ¥34.1 billion, which consisted principally of ¥24.2 billion for capital expenditures at Isetan Mitsukoshi Ltd.

#### (5) Financing

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

#### (6) Status of business transfer, etc.

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

#### (7) Issues that need to be addressed

In the environment surrounding the Group, there is more uncertainty in external factors such as increased geopolitical risk due to the opaqueness of international affairs, changing prices and capital markets against a backdrop of fluctuations in the monetary policies of various countries, and geopolitical risk. On the other hand, there are also more opportunities for business growth such as the expansion of the high sensitivity, fine quality consumption market, the increase in the wealthy class in Japan and abroad, and the evolution of customer understanding using data and AI. In such a complex environment, the Group will identify risks and opportunities and stay ahead of changes in the social and business environment by steadily working to strengthen our foundation and invest in growth areas.

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

### I. Positioning of the Medium-Term Management Plan (Fiscal 2025 – Fiscal 2030)

The first half of the Medium-Term Management Plan (Fiscal 2025 – Fiscal 2030) that began in fiscal 2025 (urban development preparation phase I) is positioned as a period to accelerate the transformation from a “store business” to an “individual customer business.” In fiscal 2026, the midway point of the plan, we will carry out the evolution of individual customer process activities, such as expanding our identified customer base in Japan and overseas, increasing patronage through “stronger intra-Group coordination” activities, fully implementing the ONE Group out-of-store sales system, and actualizing real estate development for urban development. In particular, we will promote the creation of differentiated value by combining the growing global high sensitivity, fine quality market, the use of data and AI, and human resources. Moreover, we will strengthen financial and non-financial capital, aiming to establish a model for success that can be reproduced and continued even if the management or external environment changes. With this six-year period, which includes the “urban development preparation phase II,” positioned as an important period for leaping into the future, we will strive to achieve the Group’s vision to be “a retail group centered on extraordinary department stores working toward improving the lives of our customers” all over the world.

### II. Medium-Term Management Plan (Acceleration and evolution of a model for success through the individual customer business process)

As we transform from a “store business” to an “individual customer business,” we aim to become an “individual customer business” that stands out on the world stage in the medium and long term. To achieve this, we will seek to maximize customers’ lifetime value by simultaneously promoting customer creation and customer retention. At the same time, as the basis of strategy promotion, we will ensure sustainable growth through a combination of DX, human resources development, and real estate development.

#### 1) Customer attraction: Attracting customers all over the world who seek high quality

We will promote the remodeling of our stores into high sensitivity, fine quality stores, with a focus on the Isetan Shinjuku Main Store, the Mitsukoshi Nihombashi Main Store, and the Mitsukoshi Ginza store, to increase the willingness of wealthy customers in Japan and abroad to visit our stores. We will establish the new “Zero MD Group,” which will not be limited to the traditional merchandising domain, and create new product categories and highly unique contents. Furthermore, we will build a city-wide customer base by commercializing food and beverage and enhancing the value of real estate. Going forward, in addition to expanding customer attraction activities in Japan, we will further enhance our presence in the global

market by deploying a store remodeling strategy that is conscious of visitors from all around the world.

2) Identification: Expanding points of contact and deepening relationships with customers

We will expand our identified customer base in Japan and abroad through the issuance of the “MICARD BASIC” card with no annual fee and apps for overseas customers. We will deploy overseas the same CRM used in Japan, and begin personalized distribution through coordination with duty-free information and passport information. Additionally, we will integrate customer IDs from related businesses into the “Isetan Mitsukoshi ID” and further deepen our understanding of customers throughout the Group. Furthermore, we will leverage attributes and purchase data to provide the best information and proposals to each customer.

3) Increase of use: Proposing diverse value to customers with whom connections have been made

By further strengthening coordination between stores in the Tokyo metropolitan area and regional stores and making effective use of our base network, we will simultaneously promote mutual customer referral and the increase of purchases. Based on the “stronger intra-Group coordination” activities that form the core of this, we will horizontally link products, services, and customers throughout the Group and expand opportunities for customers to use them in any situation. Additionally, we will accelerate the promotion of patronage by high-spending customers through a combination of the overhaul of the MICARD point system and our premium card strategy. Furthermore, we will firmly establish “stronger intra-Group coordination” activities by implementing widespread adoption of the operations manual and thorough PDCA management, which will lead to sustainable and stable growth.

4) Development of lifelong customers: Maximizing the lifetime value of customers and deepening relationships with them

We will develop a system that allows us to provide integrated out-of-store services on a nationwide scale by laying the groundwork for coordination of out-of-store sales between the Tokyo metropolitan area and regional areas and launching full-scale operation of the ONE Group out-of-store sales system. Furthermore, we will work to improve the satisfaction of each and every customer and increase the average spending per customer by establishing a GCP (Group Customer Program) in Japan and abroad and combining benefits and services based on annual purchase volume. In addition, we will establish a mechanism that allows us to provide high-value-added services throughout life by integrating customer information and our out-of-store sales function on a Group-wide level and leveraging the data collected. Moreover, we will deepen long-term relationships with customers by strengthening our

overseas out-of-store sales function and providing optimal finely-tuned proposals to wealthy customers.

■ “Sustainability management” of the Isetan Mitsukoshi Group

◆ Priority initiatives (Materialities)

In order to achieve the Group’s vision for the future, we are promoting the slogan “think good” for our sustainability activities based on four priority initiatives (Materialities). We have established sustainability targets for fiscal 2027 and fiscal 2030, and we will promote specific initiatives aimed at achieving them and monitor their progress.

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

Sustainability Priority Initiative (Materiality)	Main Initiatives	Fiscal 2025 Performance	Plan for Fiscal 2027
1. Connecting People and Local Communities	Co-creation with local communities Continuity and innovation of culture	<ul style="list-style-type: none"> <li>Number of business partners supporting “think good”: <b>699 companies</b></li> </ul>	<ul style="list-style-type: none"> <li>Number of business partners supporting “think good”: <b>600 companies</b> (deepen business relationship with each company)</li> </ul>
2. Connecting a Sustainable Environment and Society	Addressing environmental issues Supply chain management	<ul style="list-style-type: none"> <li>SBTi certification acquired</li> <li>Selected for the A List by CDP (highest rank)</li> <li>Rate of informing business partners of the Code of Conduct: <b>90%</b> (department stores in Japan)</li> </ul>	<ul style="list-style-type: none"> <li>GHG emission reduction rate: <b>-24%</b> *Compared to fiscal 2023; Scopes 1 and 2 only</li> <li>Renewable energy introduction rate: <b>30%</b></li> <li>Rate of informing business partners of the Code of Conduct: <b>100%</b></li> </ul>
3. Maximizing the Power of People	Autonomous career formation Work-life balance	<ul style="list-style-type: none"> <li>Percentage of females in management positions: <b>32%</b></li> </ul>	<ul style="list-style-type: none"> <li>Percentage of females in management positions: <b>34%</b></li> </ul>
4. Group Governance and Communication	Strengthening corporation governance	<ul style="list-style-type: none"> <li>Percentage of females in director positions: <b>33%</b></li> </ul>	<ul style="list-style-type: none"> <li>Percentage of females in management positions: <b>30% or more</b></li> </ul>
*Scope 1: Business operator’s own direct GHG emissions (fuel combustion, engineering processes) Scope 2: Indirect GHG emissions associated with the use of electricity, heat, or steam supplied by another company			

\*Targets for fiscal 2030 can be found here:

<https://www.imhds.co.jp/corporate/sustainability/materiality/long-term.html>

◆ External Evaluation

The Group’s past initiatives were evaluated and received high ratings from external organizations. Going forward, by promoting sustainability and strategy as one, we will promote the enhancement of corporate value in the medium and long term.

## ◆ Specific Initiatives

### 1) Connecting People and Local Communities

The Group leverages its extensive domestic and international network and merchandising expertise to discover and communicate the attractions of local communities, respecting diverse values. We will promote efforts to create sustainable value in partnership with local communities.

#### ● Creating new value for Bishu fabric offcuts

Isetan Shinjuku Main Store brought attention to Bishu, long known as an area that produces woolen textiles, by transforming and presenting high-quality fabric remnants that had not found a use into women's and children's clothing. In October 2025, it launched 31 styles across 8 brands.

#### ● Local co-creation tours

Mitsukoshi Isetan Nikko Travel, Ltd. utilizes the nationwide network of the Group to plan local co-creation tours based on the slogan "tradition × people × food culture." Two such programs were implemented in fiscal 2025.

\*Other examples of "think good" initiatives

<https://www.imhds.co.jp/corporate/sustainability/think-good/archives/index.html>

### 2) Connecting a Sustainable Environment and Society

#### ● Addressing climate change

Starting in April 2026, we have been sourcing electricity for the Isetan Shinjuku Main Store (main building and men's building) and the Mitsukoshi Ginza Store using a combination of renewable energy and non-fossil fuel certificates, effectively achieving 100% renewable energy. This initiative marks the third and fourth stores within the Group to adopt this system, following the Iwataya Main Store and the Mitsukoshi Nihombashi Main Store (main building). Furthermore, the Isetan Shinjuku Main Store (main building and men's building) and the Mitsukoshi Ginza Store are partly utilizing solar-generated electricity procured through an off-site corporate PPA, following the precedent set by the Mitsukoshi Nihombashi Main Store (main building).

Going forward, the Group will continue to strive to enhance its business activities and corporate value by addressing social issues.

## (8) Status of significant subsidiaries (As of March 31, 2026)

## 1) Status of subsidiaries

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

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

2) Status of affiliates accounted for by the equity method

Company Name	Paid-in Capital	Ownership Percentage by the Company (%)	Location of Main Store	Line of Business
West Japan Railway Isetan Ltd.	¥100 mln.	40.0	Shimogyo-ku, Kyoto-shi, Kyoto	Department store
Mitsukoshi Isetan Im Facilities Co., Ltd.	¥50 mln.	33.4	Chuo-ku, Tokyo	Real estate
Shin Kong Mitsukoshi Department Store Co., Ltd. (Taiwan)	12,459 mln. Taiwan dollars	22.0	Taipei, Taiwan	Department store
One Bangkok Tower 4 Company Limited	3,563 mln. Thai bahts	25.1	Bangkok, Thailand	Real estate

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

3) Status of specific wholly-owned subsidiaries

Name	Address	Total amount of book value	Total assets of the Company
Isetan Mitsukoshi Ltd.	3-14-1, Shinjuku, Shinjuku-ku, Tokyo	¥431,756 mln.	¥638,635 mln.

(9) Principal lines of business (As of March 31, 2026)

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, 2026)

## 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
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
One Bangkok Tower 4 Company Limited	Bangkok, Thailand

(11) Employees (As of March 31, 2026)

Employees of the Company and its subsidiaries

	Number of employees	Change from the end of the previous fiscal year
Department store	6,149	349 decrease
Credit & finance / customer organization management	559	11 decrease
Real estate	307	11 increase
Other businesses	1,655	98 increase
<b>Total</b>	<b>8,670</b>	<b>251 decrease</b>

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

(12) Principal lenders and borrowings (As of March 31, 2026)

Borrowing made by the Company and its subsidiaries

Lenders	Amounts borrowed (¥ million)
MUFG Bank, Ltd.	13,349
Sumitomo Mitsui Banking Corporation	13,349
Sumitomo Mitsui Trust Bank, Limited	4,000
Syndicated loan	10,000

Note: Borrowings include borrowings from overseas subsidiaries of lenders.

## 2. Matters related to the Company shares (As of March 31, 2026)

(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, 2026	367,446,554
Change from the end of the previous fiscal year	- 12,816,000

Note: The above figures include 15,894,387 treasury stock.

(3) Number of shareholders

	Number of Shareholders
At the end of the fiscal year ended March 31, 2026	301,796
Change from the end of the previous fiscal year	- 13,786

(4) Major shareholders

Name of Shareholders	Number of Shares Held	Voting Rights Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	59,120,600	16.82
Custody Bank of Japan, Ltd. (Trust account)	21,586,200	6.14
JP MORGAN CHASE BANK 385864	13,630,099	3.88
The Mitsukoshi Health and Welfare Foundation	13,204,832	3.76
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	7,325,744	2.08
Isetan Mitsukoshi Group's partner holding companies	6,990,278	1.99
SHIMIZU CORPORATION	6,200,000	1.76
Meiji Yasuda Life Insurance Company	5,697,279	1.62
JP MORGAN CHASE BANK 385781	4,664,037	1.33
STATE STREET BANK AND TRUST COMPANY 505001	4,500,731	1.28

Note: Treasury stock (15,894,387 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)	16,587	3
Directors (External Directors)	7,057	6
Executives who are not Directors	8,686	2

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

(6) Other significant matters relating to shares

(Acquisition and cancellation of treasury stock)

In accordance with a resolution made at a meeting of the Board of Directors held on May 13, 2025, the Company acquired treasury stock as follows, based on the provisions of Article 156 of the Companies Act, as applied pursuant to the provisions of Article 165, Paragraph 3 of the Companies Act, subsequent to which all acquired treasury stock have been cancelled in accordance with the provisions of Article 178 of the Companies Act.

- Types of shares acquired and cancelled: Common stock
- Total number of shares acquired and cancelled: 12,867,100 shares
- Total acquisition price of shares: ¥29,999,855,050
- Acquisition period: May 14, 2025 to October 6, 2025
- Date of cancellation: November 14, 2025

In addition, in accordance with a resolution made at a meeting of the Board of Directors held on February 6, 2026, 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.

Treasury stock acquired as of March 31, 2026

- Types of shares acquired: Common stock
- Total number of shares acquired: 1,009,900 shares
- Total acquisition price of shares: ¥2,999,811,250
- Acquisition period: February 9, 2026 to March 31, 2026

(Reference) Content of the resolution made at the meeting of the Board of Directors held on February 6, 2026

- Types of shares to be acquired: Common stock
- Total number of shares to be acquired: 18,000,000 shares (maximum)
- Total acquisition price of shares: ¥30,000,000,000 (maximum)
- Acquisition period: February 9, 2026 to February 8, 2027

### 3. Matters related to the stock acquisition rights issued by the Company (As of March 31, 2026)

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, 2026)

##### (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	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, Isetan Mitsukoshi Ltd.
Director (External)	Tomoko Ando	Chairperson of the Compensation Committee, Audit Committee Member	Representative Director, Open the Door Inc.
Director (External)	Hitoshi Ochi	Chairperson of the Board of Directors	
Director (External)	Toshio Iwamoto	Chairperson of the Nominating Committee, Compensation Committee Member	Outside Director, Daiwa Securities Group Inc. Outside Director, East Japan Railway Company Outside Director, Sumitomo Forestry Co., Ltd.
Director (External)	Kenji Sukeno	Nominating Committee Member, Audit Committee Member	Chairman and Director, FUJIFILM Holdings Corporation Chairman & Director, FUJIFILM Corporation Director, FUJIFILM Business Innovation Corp. Outside Director, Sumitomo Forestry Co., Ltd.
Director (External)	Chieko Matsuda	Nominating Committee Member, Compensation Committee Member	Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University Professor, Graduate School of Management, Tokyo Metropolitan University Outside Director, IHI Corporation Outside Director, Asahi Kasei Corporation Outside Member of the Board, Toyota Tsusho Corporation
Director (External)	Naosuke Fujita	Nominating Committee Member, Audit Committee Member	Attorney-at-Law and Senior Fellow, SHUHEI TAKAHASHI LAW OFFICE

Position	Name	Areas of responsibility	Representation at other companies, etc.
			Co-Representative Director, Lawyers for LGBTQ & Allies Network

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.
Managing Operating Officer	Yoshinori Makino	CFO	Director, West Japan Railway Isetan Ltd. Director, Shin Kong Mitsukoshi Department Store Co., Ltd. Director, Isetan Mitsukoshi Ltd.
Managing Operating Officer	Akira Kimbara	CAO and CRO	
Managing Operating Officer	Takuya Yamashita	CMO	

Notes:

1. Directors Mr. Toshiyuki Hosoya and Mr. Yoshinori Makino serve concurrently as Executives.
2. The Company has designated External Directors Ms. Tomoko Ando , Mr. Hitoshi Ochi, Mr. Toshio Iwamoto, Mr. Kenji Sukeno, Ms. Chieko Matsuda, and Mr. Naosuke Fujita as Independent Directors based on the provisions of the Tokyo Stock Exchange, and has notified the stock exchange thereof.
3. Audit Committee Member Mr. Kenji Sukeno has engaged in accounting and corporate planning departments for many years, served as CFO at a U.S. subsidiary and has advanced insight into finance and accounting.
4. Non-executive Director Ms. Yuki Ishizuka has been selected as a full-time Audit Committee Member. The Company appoints a full-time Audit Committee Member to increase the effectiveness of audit activities.
5. As of April 1, 2026, the Company has appointed the following Executives.

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

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

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

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

(2) Changes in Directors during the fiscal year

During the fiscal year, changes occurred in the positions of Directors as at the conclusion of the Ordinary General Meeting of Shareholders held on June 24, 2025.

1) New appointments

As of June 24, 2025

Director (External) Naosuke Fujita

2) Resignation

As of June 24, 2025

Director (External) Fukutaka Hashimoto

(3) Outline of limited liability agreements

The Company has concluded agreements with Non-executive Director Yuki Ishizuka, and External Directors Tomoko Ando, Hitoshi Ochi, Toshio Iwamoto, Kenji Sukeno, Chieko Matsuda, and Naosuke Fujita 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)			
			Basic Compensation	Performance-Linked Bonuses (STI)	Performance-Linked Stock Compensation (LTI/PSU)	Non-Performance-Linked (LTI/RSU)
Directors (External Directors)	10 (7)	150 (110)	130 (94)	- (-)	- (-)	20 (15)
Executives	4	428	146	149	81	52
Total	14	579	277	149	81	72

\*STI (short-term incentive)/LTI (long-term incentive)

PSU (performance share unit)/RSU (restricted stock unit)

Notes:

1. The table above includes one (1) Director who resigned at the conclusion of the 17th Ordinary General Meeting of Shareholders held on June 24, 2025.
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. Bonuses to Executives (STIs) are calculated using a formula tied to the achievement of particularly important evaluation indexes selected from the Materialities of the Medium-Term Management Plan. The bonus amount stated above is the amount of unpaid bonus to be paid in July 2026 for the period from April 2025 to March 2026.
  4. From the fiscal year ended March 31, 2026, in order to further enhance the motivation to achieve the Group's Medium-Term Management Plan, we have revised our compensation system into a stock compensation system that utilizes trusts (LTI), and have introduced a structure consisting of performance-linked PSUs (performance share units) and non-performance-linked RSUs (restricted stock units). The amounts recognized as expenses for each stock compensation during the fiscal year ended March 31, 2026 are listed above. 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," after approximately 18 months of discussion and consideration, the Compensation Committee, which consists solely of External Directors, introduced, in the fiscal year ended March 2026, an executive compensation system linked to the Medium-Term Management Plan that began in fiscal 2025.

◆ Implementation status of granting of incentives

In fiscal 2025, from the perspective of increasing the effectiveness of compensation governance, we enhanced the granting of incentives by revising the officer compensation system to one that is linked to the Medium-Term Management Plan and increasing the ratio of compensation that is linked to performance.

1) Bonuses (STIs)

- The bonus system, which is based on short-term incentive-based compensation, is designed to vary between 0% and 150% depending on the degree of achievement of performance targets determined for each fiscal year, using evaluation indicators determined by the Compensation Committee.
- In fiscal 2024, the performance-linked evaluation indicators for the bonus system were set as consolidated operating income and ESG indicators. However, for fiscal 2025, the following indicators were selected from among the KPIs in the Medium-Term Management Plan.
  - Financial indicators: Consolidated operating income, ROE
  - Strategic indicators: Percentage of females in management positions, employee engagement surveys
- The bonus amount for Executives is calculated by multiplying the rate of achievement of each of the above evaluation indicators by the evaluation weight to obtain the total payment

rate (the performance-linked coefficient), and then multiplying the standard position-based bonus amount (for a President and CEO, 12 months of monthly compensation; for an Executive, 9 months of monthly compensation) by the performance-linked coefficient.

- For fiscal 2025, if the targets are achieved for all of the financial and strategic indicators above linked to the Medium-Term Management Plan, the performance-linked coefficient for fiscal 2025 calculated based on achievement is 112%.

## 2) Share-based compensation (LTIs/RSU+PSU)

- Until fiscal 2024, the stock compensation system, which is based on long-term incentive-based compensation, granted restricted shares (RS) in order to increase awareness of enhancing shareholder value. However, in order to further increase motivation to achieve the Group's medium- and long-term management plans and continuously enhance corporate value in the medium and long term, we have introduced a stock compensation system that is linked to the degree of achievement of the targets in the Medium-Term Management Plan.

\*Please see the "Notice Concerning Revision of Compensation System for Executive Officers, etc." here: <https://pdf.irpocket.com/C3099/vAfC/ZVvB/LZbw.pdf>

- The stock compensation system comprises two systems: fixed RSUs (restricted stock units) and PSUs (performance stock units) linked to the performance of the Medium-Term Management Plan.

The allotment ratio of fixed RSUs to performance-linked PSUs when granting stock compensation has been established as follows based on position and duties.

President and CEO:      RSU 33% (4 months)    :    PSU 67% (8 months)

Executive:                RSU 44% (4 months)    :    PSU 56% (5 months)

\*The figure in parentheses is the conversion to monthly compensation

- Stock compensation for Directors who do not concurrently serve as Executives and for External Directors will be granted only in fixed RSUs.
- Of the stock compensation system, the performance-linked PSU system will vary between 0% and 200% depending on the degree of achievement of the performance targets in the Medium-Term Management Plan.
- The evaluation indicators for degree of achievement of performance targets, etc. are determined by the Compensation Committee using the KPIs for achievement of performance targets in the Medium-Term Management Plan, etc. The evaluation indicators for Phase I of the Medium-Term Management Plan (Fiscal 2025 to Fiscal 2027) have been established as follows.
  - Financial indicators: Consolidated operating income, ROE
  - Strategic indicators: Net sales from identified customers, percentage of females in management positions, employee engagement surveys

## ◆ 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"

- The Compensation Committee deliberates to verify that the following matters are true in relation to the details of individual compensation, etc. of Executives, etc., and determines that such compensation is in accordance with the "Basic principles on officers' compensation"
  - (1) Basic compensation is calculated as monetary compensation for each individual in accordance with positions and responsibilities, based on duties analysis and evaluation methods provided by an external consulting company, taking validity into account.
  - (2) Bonuses (STIs) are monetary compensation linked to the individual's degree of achievement of targets determined for each fiscal year based on the evaluation KPIs in the Medium-Term Management Plan.
  - (3) Share-based compensation (LTIs) is incentive compensation that aligns with the interests of shareholders and is linked with the evaluation KPIs in the Medium-Term Management Plan.

- 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. If all of the performance-linked evaluation KPIs are 100%, the Compensation Committee validates the levels of total annual compensation to ensure that they are competitive in relation to the industry-wide average (50% percentile).

## (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	Tomoko Ando	<p>Meetings of the Board of Directors: 9 out of 9</p> <p>Meetings of the Compensation Committee: 7 out of 7</p> <p>Meetings of the Audit Committee: 18 out of 18</p>	<p>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.</p> <p>In addition, at the meetings of the Compensation Committee, she endeavored to manage meetings objectively and transparently as Chairperson when determining the policy for the compensation system for officers including Directors.</p> <p>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.</p>
Director	Hitoshi Ochi	<p>Meetings of the Board of Directors: 9 out of 9</p> <p>Meetings of the Nominating Committee: 1 out of 1</p> <p>Meetings of the Audit Committee: 3 out of 3</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, as Chairman of the Board of Directors, he demonstrated leadership in strengthening the monitoring of management.</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	Toshio Iwamoto	<p>Meetings of the Board of Directors: 9 out of 9</p> <p>Meetings of the Nominating Committee: 6 out of 6</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. As Chairperson of the Nominating Committee, he endeavored to manage meetings objectively and transparently.</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>
Director	Kenji Sukeno	<p>Meetings of the Board of Directors: 9 out of 9</p> <p>Meetings of the Nominating Committee: 6 out of 6</p> <p>Meetings of the Audit Committee: 18 out of 18</p>	<p>He is expected to use his extensive experience in corporate management, his financial and accounting knowledge, and his governance insight to contribute to supervision of the Company's management. At meetings of the Board of Directors, he made necessary comments on management discussion items and deliberation items as appropriate based on this perspective.</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>

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	Chieko Matsuda	<p>Meetings of the Board of Directors: 9 out of 9</p> <p>Meetings of the Nominating Committee: 6 out of 6</p> <p>Meetings of the Compensation Committee: 7 out of 7</p>	<p>She is expected to use her extensive experience in financial and capital market operations as well as her expertise in finance and corporate governance gained as a corporate management researcher to contribute to improving governance through supervision and monitoring of the Company's management. At meetings of the Board of Directors, she made necessary comments on management discussion items and deliberation items as appropriate based on this perspective.</p> <p>In addition, at the meetings of the Nominating Committee, she deliberated on matters including a succession plan for the President and CEO, personnel change of officers including Executives, and the determination of proposals for reappointment of Directors to be submitted to the General Meeting of Shareholders, etc.</p> <p>Moreover, at the meetings of the Compensation Committee, she deliberated on the determination of policy for the compensation system for officers including Directors and the determination of individual compensation amounts, etc. for the Company's officers.</p>
Director	Naosuke Fujita	<p>Meetings of the Board of Directors: 8 out of 8</p> <p>Meetings of the Nominating Committee: 5 out of 5</p> <p>Meetings of the Audit Committee: 15 out of 15</p>	<p>He is expected to use his deep insight into governance, including transaction law for domestic and foreign companies and the establishment and strengthening of the legal function, 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.</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>

(Note 1) Mr. Hitoshi Ochi resigned as a member of the Nominating Committee and the Audit Committee at the meeting of the Board of Directors after the 17th Ordinary General Meeting of Shareholders held on June 24, 2025, and his attendance until before the General Meeting of Shareholders has been shown.

(Note 2) Mr. Naosuke Fujita assumed office as Director at the 17th Ordinary General Meeting of Shareholders held on June 24, 2025, and his attendance at meetings of the Board of Directors, etc. after the assumption of office has been shown.

## 5. Matters concerning the independent auditor

(1) Name of the independent auditor

Ernst & Young ShinNihon LLC

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

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

Notes:

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

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

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

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

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

### Basic policies for internal control systems

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

#### 1. Corporate Governance and Group Management System

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

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

- (1) With regard to systems to ensure proper company business activities (internal control systems), the Company and its subsidiaries (hereinafter collectively, the “Group”) shall establish and enforce internal regulations, establish a section in charge, formulate plans and policies, and establish other systems in accordance with the provisions of the Companies Act, etc., in order to establish a sound and strong management structure.
- (2) The Board of Directors shall hold regular and extraordinary meetings in accordance with the “Regulation of the Board of Directors,” where they shall resolve mainly the matters required by laws and regulations to be discussed at the Board of Directors meetings (hereinafter referred to as the “statutory matters to be discussed”) and oversee the performance of duties by Executives, preventing violation of laws, regulations, and the Articles of Incorporation.
- (3) The Company shall establish a section and designate a person in charge of compliance oversight in the General Affairs Department to maintain and improve internal control systems and legal compliance.
- (4) The Board of Directors shall resolve mainly statutory matters to be discussed and delegate authority for decision-making on other significant matters to Executives in principle. The Group Management Strategy Meeting, primarily consisting of Executives, shall deliberate, resolve, and decide on such important matters.
- (5) The Company shall optimize its business operations by respecting the independence of its subsidiaries and establishing a section in charge of said subsidiaries, while also managing their managerial affairs and providing advice and guidance, as well as by dispatching Directors and Corporate Auditors as necessary to understand the state of their management.

## 2. Compliance System

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

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

- (1) In order to ensure that the performance of duties by all officers and employees of the Group (Directors, Executives, Operating Officers, and employees) conform with laws, regulations, and the Articles of Incorporation, the “Isetan Mitsukoshi Group Code of Conduct” shall be established, disseminated, and enforced throughout the Group. Furthermore, training on compliance with laws and regulations shall be conducted as necessary in order to foster an awareness of compliance and a sense of ethics.
- (2) The Company shall designate an officer in charge of compliance oversight and shall establish a section and designate a person in charge of compliance oversight to maintain and improve the systems for internal control and legal compliance.
- (3) With regard to important compliance challenges related to management of the Group, the Company shall establish a Compliance Committee chaired by the CAO to conduct comprehensive verification and investigate cross-departmental measures.
- (4) In the case that the Company or the Group commits an illegal act, the Company shall promptly confirm the nature of the situation and establish the “Isetan Mitsukoshi Group Hotline” as a point of contact for internal reports from officers and employees for self-betterment.

## 3. Risk Management System

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

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

- (1) Regarding risk management for the Group, requisite items shall be established in the “Basic Regulations on Risk Management,” and the Company shall establish an officer in charge of risk management oversight as well as a section and person in charge of risk management oversight to manage and control risk management for the Group. Said section shall work with companies in the Group as it promotes risk management.
- (2) In order to realize comprehensive risk management across the entire Group, a Risk Management Promotion Committee chaired by the CRO shall be established.

- (3) The Company shall identify, assess, and analyze risks involved in the Group's business, determine the risks that need to be addressed with high priority based on the analyses and assessment, and prevent the risk events before they materialize.
- (4) The Company shall establish a cross-departmental, enterprise risk management system that will swiftly initiate the establishment of a countermeasures headquarters and information management in the event that the risks materialize, aiming to prevent the spread of damages and secondary damages, as well as to prevent the recurrence of the risk events.
- (5) The Company shall establish relevant regulations from the standpoint of recognition, assessment, and response to risks, and ensure acknowledgment and observance throughout the Group.
- (6) Risks faced by the Company's subsidiaries when executing their duties shall also be appropriately managed and controlled as a Group by promoting the establishment of necessary risk management systems based on business content and size.

#### 4. Systems to Ensure the Appropriateness of Financial Reporting

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

- (1) The Company shall specify company-wide policies and procedures to ensure adequate financial reporting within the Group, as well as maintain and implement them appropriately.
- (2) The Company shall appropriately evaluate and address the risks of misstatement of material items in financial reporting and shall appropriately maintain and implement the structures to mitigate these risks.
- (3) The Company shall maintain and implement mechanism to ensure identification, capturing and processing of true and fair information, and to ensure timely communication of the information to appropriate person.
- (4) The Company shall maintain and implement a monitoring system regarding financial reporting.
- (5) The Company shall maintain a system to ensure timely and appropriate reporting of weaknesses (deficiencies) of the internal control identified through the monitoring.
- (6) The Company shall handle IT (information infrastructure) concerning internal control over financial reporting appropriately, including preventing information leaks and unauthorized access.

## 5. Data Retention and Management System

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

- (1) Documents related to performance of duties by Executives and Directors shall be recorded, retained, and managed with related materials for prescribed periods in accordance with “Document Retention Policies.”
- (2) The Document Retention Policies shall establish a document retention supervisor to spread awareness of how to manage important documents, enforce the policies, and ensure their appropriate implementation.
- (3) The Company shall establish regulations and rules such as “Information Retention Policies” regarding protection and management of such information as management information, trade secrets and personal information of customers and others that need to be managed as confidential information in accordance with laws and regulations such as the Companies Act, the Financial Instruments and Exchange Act, etc. All related officers and employees shall observe these rules and regulations to secure this information.

## 6. Framework for efficient execution of duties

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

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

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

- (1) The segregation of duties and chain of command among Executives shall be appropriately determined by the Board of Directors.
- (2) The Company shall adopt a Chief Officer system, and the Chief Officers, who have been delegated important responsible fields from the President and CEO, shall promote control of issues of the entire Group, which covers multiple departments.
- (3) Each Group company shall establish management targets, formulate a management plan, and manage operations in accordance with an appropriate method.
- (4) For other execution of duties, the Company shall define details of duties, responsibilities and procedures in “Regulations of Decision-Making Process for the Group,” “Regulations of Duties and Authority,” “Regulations of Business Authority,” etc.

- (5) The Company shall establish basic policies for management of the Group's operations etc., formulate regulations related thereto, and execute management agreements, etc. with each subsidiary of the Company. The Company shall also pursue group-wide efficiencies by establishing rules under which Group companies shall report important matters to, or consult with the Company in accordance with the "Regulations of Decision-Making Process for the Group" and the "Regulations on Group Company Management."
- (6) The Group shall seek to centralize its management of operations through implementation of integrated accounting systems and expansion of its coverage, manage Group companies through the internal system that requires each Group company to obtain approval from the Company in its decision-making and to report to the Company, and perform monitoring of Group companies as necessary.

#### 7. Framework for internal audits

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

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

- (1) The Company shall establish the Internal Audit Division as the independent section that specializes in internal audit. The internal audit should be in accordance with the "Regulations of Internal Audits" and performed by the Internal Audit Division in corporation with each section, to audit the legal compliance, appropriateness, etc. of executed business duties.
- (2) The Internal Audit Division shall conduct internal audits of the Group companies, to audit the legal compliance, appropriateness, etc. of executed business duties.
- (3) Risks to the Company and its subsidiaries will be discovered at an early stage and resolved through the audits of the Internal Audit Division.
- (4) The Internal Audit Division shall establish a cooperative relationship between the Audit Committee (or Corporate Auditors in the case of subsidiaries of the Company) and the Accounting Auditor with a view to conducting efficient internal audits.

#### 8. Matters concerning Audit Committee staff

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

- (1) The Company shall establish a dedicated organization that assists the Audit Committee with their duties and appoint the staff (hereinafter referred to as “Audit Committee staff”). The Audit Committee may give instructions to the staff regarding items necessary for auditing duties.
- (2) Audit Committee staff shall provide reports on the items requested by the Audit Committee and have authority to collect information required for such reporting.
- (3) Audit Committee staff shall be independent of executive operational systems and carry out their duties as dedicated resources under the instruction of the Audit Committee. Personnel changes, evaluation, discipline, and other such treatment pertaining to the staff shall require the consent of the Audit Committee.
- (4) To enhance the audit system of the entire Group, the Company shall dispatch Audit Committee staff to subsidiaries of the Company as part-time Corporate Auditors.

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

- (1) “Systems for Directors (excluding Directors who are Audit Committee Members), Executives, and employees of the Company to report to the Company’s Audit Committee” (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 all officers and employees of the Group should report to the Audit Committee as per its request or without delay when an incident occurs. Accordingly, all officers and employees shall make necessary reports. Additionally, the Audit Committee may request reports from all officers and employees as necessary even when the previous conditions do not apply.
- 2) All officers and employees of the Company’s subsidiaries or those who are informed from them may report significant matters that will affect the subsidiary’s business or performance to the Company’s Audit Committee.
- 3) The Company shall ensure the proper operations of the Group-wide internal hotline system, the Isetan Mitsukoshi Group Hotline, and periodically report the operational status, the contents informed through the system and the investigation results to the Audit Committee.

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

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

#### 10. Policy for Processing Auditing Fees

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

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

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

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

- (1) Aiming to share information and issue recognition, the Audit Committee shall hold regular meetings to exchange opinions with the Representative Executives, the Chairman of the Board of Directors, Directors who are not Audit Committee Members, and the Accounting Auditor, respectively.
- (2) The Audit Committee Members appointed by the Committee, in addition to the Board of Directors meetings, may attend important meetings in order to understand the decision-making process for important matters as well as the state of executed duties.
- (3) The Internal Audit Division shall report the Group-wide internal auditing plans, audit findings, and audit status to the Audit Committee and work to cooperate through means such as exchanging information. The Audit Committee may request the Internal Audit Division to carry out an investigation or give any other specific instruction to them if deemed necessary. Personnel changes and discipline pertaining to the head of the Internal Audit Division shall require the consent of the Audit Committee.

## **Operational status of the system to ensure appropriate conduct of business (Fiscal 2025)**

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

### 1. Corporate governance and group management system

- (1) The operational status was confirmed in line with the “Basic policies for internal control systems,” and was reconfirmed in fiscal 2025 on the Executive side and reported to the Audit Committee and the Board of Directors. Similar efforts were also conducted at all domestic operating companies.
- (2) Restrictions were placed on the resolution scope of the Board of Directors, and other decision-making authority was delegated to the “Group Management Strategy Meeting,” a decision-making organ composed of Executives entrusted with business execution by the Board of Directors.
- (3) The Group Management Strategy Meeting conducts decision-making procedures based on the importance of each agenda item in line with discussion standards, and appropriately ensures the validity of the decision-making process by regularly reporting to the Board of Directors and sharing Group Management Strategy Meeting materials and results.

### 2. Compliance system

- (1) We have established a section in charge of internal control and compliance to maintain and improve internal legal compliance and ethics, and promote overall control.
- (2) We have established the “Isetan Mitsukoshi Group Code of Conduct,” and we conduct an annual “Reading Declaration” to verify that all Group officers and employees have fully understood it, with a view to promoting awareness and thorough implementation of the Code of Conduct.
- (3) The Company holds meetings of the “Compliance Promotion Committee” for the management of each Group company to promote understanding of the latest laws and regulations and administrative trends, etc. through lectures given by an attorneys-at-law. The “Compliance Subcommittee” for management at the frontlines of business shared basic knowledge and case studies and implemented education and instruction within each operating company.
- (4) In accordance with the Regulation of the Board of Directors, 9 meetings of the Board of Directors were held during the fiscal year ended March 31, 2026. Directors conducted deliberations, resolutions, and reports on business execution, regarding mainly matters stipulated in the Companies Act, the Articles of Incorporation, Regulation of the Board of Directors, and Regulations of Decision-Making Process for the Group.

- (5) The Company establishes the “Internal Audit Office” as an independent organization under the direct control of the President and CEO. The Internal Audit Office established the annual audit plan and conducted audit activities in accordance with the “Regulations of Internal Audits.” The office reports important audit results, etc. to the President and CEO, the Board of Directors and the Audit Committee as necessary.
- (6) The Company has established the “Isetan Mitsukoshi Group Hotline,” which is a point of contact for internal reports for the Group as a whole, both inside and outside the Company, and has set up a system for receiving reports, conducting investigations, and taking corrective measures.

### 3. Risk management system

- (1) The Company established the “Risk Management Office” as an independent department and has it organize, manage and control risks facing the entire Group.
- (2) Using a “risk list” that comprehensively organizes the risks facing the Group as a whole, the Company centrally manages risks, while evaluating the status of response to individual risks on and regularly reporting it at the Group Management Strategy Meeting, etc. in order to raise the sensitivity to risks across the entire Group.
- (3) The “Risk Management Promotion Committee” identifies priority risks and takes effective measures to prevent the occurrence of them. In addition, we established the “Risk Management Committee” 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 information on disaster preparedness (for earthquakes, tsunami, floods, etc.) on our in-house intranet website.

### 4. Systems to ensure the appropriateness of financial reporting

- (1) The Company maintains and operates a system to ensure reliability, such as the development of an information infrastructure for the purpose of internal control over financial reporting, and technical measures to prevent unauthorized access, based on the “Accounting Regulations,” “Accounting Implementation Guidelines,” etc.
- (2) The Company exchanges reports and information with an audit firm 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, the Company implements technical measures to detect and eliminate unauthorized access. As countermeasures against internal threats such as

information leaks, the Company maintains a record of computer logins to enable follow-up investigations.

#### 5. Data retention and management system

- (1) In “Information Retention Policies,” the Company appoints a CAO as a chief confidential information officer to establish a company-wide system for managing information.
- (2) In fiscal 2025, we formulated the “Bylaws for Information Retention Policies ” to make the policies more effective. 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 Group Management Strategy Meeting, are appropriately recorded, retained, and managed by each responsible department.
- (3) Important policies and regulations relating to information management are defined, and are organized following deliberations by the Board of Directors and the Group Management Strategy Meeting, etc., and disclosed to the Group to ensure thorough communication with all relevant parties.

#### 6. Framework for efficient execution of duties

- (1) The Company has adopted the organizational structure of a “company with a nominating committee, etc.” To propel both axes of speeding up management decision-making and strengthening management oversight mechanisms, the roles of the Board of Directors and the Group Management Strategy Meeting 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 Group Management Strategy Meeting based on the “Regulations of Decision-Making Process for the Group,” and determined by the President and CEO.
- (3) Executives make regular reports to the Board of Directors on the status of execution of their areas of responsibility.

#### 7. Framework for internal audits

- (1) The Company has established the Internal Audit Division. Internal audits are conducted in accordance with the “Regulations of Internal Audits” and performed by the Internal Audit Division in cooperation with each section, to audit the legal compliance, appropriateness, etc. of executed business duties.

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

#### 8. Matters concerning Audit Committee staff

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

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

- (1) In accordance with the provisions of the “Audit Committee Standards” and requests of the Audit Committee, the Audit Committee receives reports from the Executives and employees of the Internal Audit Division, etc. on the status of execution of duties, the financial and accounting status, and the status of the internal control systems of the Group as a whole on a regular or timely basis. In addition, the Audit Committee receives reports on the status of each company from the Corporate Auditors of each Group company.
- (2) The Full-time Audit Committee Member receives reports as appropriate on matters necessary for auditing and reports their content to the Audit Committee. The Audit Committee receives regular reports on the operational status of the “Isetan Mitsukoshi Group Hotline,” the contents informed through the system, and the investigation results.

#### 10. Policy for processing auditing fees

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

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

- (1) The Audit Committee exchanges opinions with Representative Executives and each of the other Executives. In addition, information is shared and opinions are exchanged through meetings between the Chairman of the Board of Directors and all External Directors who are not Audit Committee Members.
- (2) The Full-time Audit Committee Members participate in important internal meetings such as the Group Management Strategy Meeting to understand the processes of making important decisions and the state of executed duties by Executives, etc.

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

## **7. Policies on determination of surplus dividend**

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

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

Through the current Medium-Term Management Plan (fiscal 2025 to fiscal 2030), beginning in fiscal 2027, we will pay out dividends at a level of at least 5% of dividends on equity (DOE), based on progressive dividends that are maintained or increased relative to the previous year. We will adopt a flexible approach when deciding on and implementing the acquisition of treasury stock, including the amount and timing.

### **(Reference) Policy on cross-shareholdings**

#### 1) Policy regarding cross-shareholdings by the Company

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

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

Regarding the exercise of voting rights for cross-shareholdings, an overall judgment is made as to whether or not an exercise of such rights would spur sustainable corporate value of the said company or contribute to sustainable growth and enhancement of the corporate value of the Group over the mid- to long-term. Such voting rights are duly exercised for each agenda item.

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

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

## 8. Measures regarding corporate governance

### (1) Basic views

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

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

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

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

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 2025			
	<p>■ Chairman</p> <p>Director Ochi</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>9      98.8%</p>	<p>■ Main agenda</p> <ul style="list-style-type: none"> <li>Resolutions and reports required under the Companies Act, Articles of Incorporation, etc.</li> <li>Discussion from a long-term perspective with an eye to the next Medium-Term Management Plan</li> <li>Monitoring of current Medium-Term Management Plan and important business execution</li> <li>Monitoring of the internal control system</li> </ul>

Nominating Committee	Role: Deliberations and decision-making regarding the nomination of officers			
	Status of activities in fiscal 2024			
	<p>■ Chairperson</p> <p>Director Iwamoto</p>	<p>■ No. of members and structure</p> <p>4 [All External Directors (100%)]</p>	<p>■ No. of meetings held and rate of attendance</p> <p>6      100%</p>	<p>■ Main agenda</p> <ul style="list-style-type: none"> <li>Deliberations on the reappointment and succession plan of the President and CEO</li> <li>Determination of candidates for Directors</li> <li>Deliberations on resolutions regarding the appointment of committee members and officers, including Executives</li> </ul>

Compensation Committee	Role: Decision-making regarding compensation for officers											
	Status of activities in fiscal 2025											
	<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           <ul style="list-style-type: none"> <li>● Deliberations and decisions on the compensation system for officers</li> <li>● Decisions on individual compensation amounts for Directors and Executives</li> <li>● Monitoring of the operation status of the executive compensation system</li> </ul> </th> </tr> <tr> <td>Director Ando</td> <td>3 [All External Directors (100%)]</td> <td>7</td> <td>100%</td> </tr> </table>	■ Chairperson	■ No. of members and structure	■ No. of meetings held and rate of attendance		■ Main agenda <ul style="list-style-type: none"> <li>● Deliberations and decisions on the compensation system for officers</li> <li>● Decisions on individual compensation amounts for Directors and Executives</li> <li>● Monitoring of the operation status of the executive compensation system</li> </ul>	Director Ando	3 [All External Directors (100%)]	7	100%		
■ Chairperson	■ No. of members and structure	■ No. of meetings held and rate of attendance		■ Main agenda <ul style="list-style-type: none"> <li>● Deliberations and decisions on the compensation system for officers</li> <li>● Decisions on individual compensation amounts for Directors and Executives</li> <li>● Monitoring of the operation status of the executive compensation system</li> </ul>								
Director Ando	3 [All External Directors (100%)]	7	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 2025											
	<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           <ul style="list-style-type: none"> <li>● Formulation of audit policies and audit plans</li> <li>● Reports from internal control departments</li> <li>● Reports from the Internal Audit Office</li> <li>● Reports from the Independent Auditor</li> <li>● Interviews with executive departments on the status of business execution</li> </ul> </th> </tr> <tr> <td>Director Ishizuka</td> <td>4 [External Directors: 3 (75%)]</td> <td>18</td> <td>100%</td> </tr> </table>	■ Chairperson	■ No. of members and structure	■ No. of meetings held and rate of attendance		■ Main agenda <ul style="list-style-type: none"> <li>● Formulation of audit policies and audit plans</li> <li>● Reports from internal control departments</li> <li>● Reports from the Internal Audit Office</li> <li>● Reports from the Independent Auditor</li> <li>● Interviews with executive departments on the status of business execution</li> </ul>	Director Ishizuka	4 [External Directors: 3 (75%)]	18	100%		
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Director Ishizuka	4 [External Directors: 3 (75%)]	18	100%									

### (3) 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 Group Management Strategy Meeting 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.

### (4) Initiatives and activities for improving effectiveness

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 fourteen times in fiscal 2025, with an aim of eliminating “information asymmetry” among Directors. Specifically, we held “regular meetings for External Directors” (three times), “meetings for Non-executive Directors,” (two times), “opportunities for the exchange of opinions between External Directors and the President and CEO” (one time), and “discussion with key division heads regarding the formulation of the next Medium-Term Management Plan” (three 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. Furthermore, beginning in fiscal 2025, we held “expanded Audit Committee

meetings” (three times) between all External Directors and each Executive, with a view to ensuring that External Directors understand the current status of the Company. In addition, we set aside ample time for discussions, including “broad discussions on strategy” (two times) aimed at further enhancing corporate value.

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 orientations prior to their assumption of office, and ensure opportunities for them to visit our important business bases, in order to foster their understanding of the Company’s current status and issues. 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 order to understand the environment surrounding the Group and its strategies and plans.

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

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

The process for the Company’s effectiveness evaluation is designed under the leadership of the Chairman of the Board of Directors served by an independent External Director. For fiscal 2025, the first year of the current Medium-Term Management Plan, it was decided to follow the execution process using third-party organizations that was established in fiscal 2024 with no major changes to the plan, and to continue monitoring evaluations.

**■ Effectiveness evaluation efforts by the Board of Directors and the three statutory committees in fiscal 2025**

**(1) Implementation processes**

April to August 2025	September 2025	December 2025
<ul style="list-style-type: none"> <li>• Discuss the concept design for the current year’s effectiveness evaluation</li> </ul>	<ul style="list-style-type: none"> <li>• Board of Directors Meeting Report 1: Review of the previous fiscal year, schedule for the current fiscal year, and implementation points</li> </ul>	<ul style="list-style-type: none"> <li>• Distribute questionnaires</li> </ul>
Late December 2025	Mid-January 2026	Late January 2026
<ul style="list-style-type: none"> <li>• Collect questionnaires</li> <li>• Aggregate and analyze results</li> </ul>	<ul style="list-style-type: none"> <li>• Interview Non-executive Directors</li> </ul>	<ul style="list-style-type: none"> <li>• Interview Directors (including Executive Directors)</li> </ul>
Early February 2026	Mid-February 2026	March 2026
<ul style="list-style-type: none"> <li>• Hold a CEO meeting</li> <li>• Hold a Board of Directors Chairperson meeting</li> <li>• Hold a meeting for External Directors</li> </ul>	<ul style="list-style-type: none"> <li>• Board of Directors Meeting Report 2: Evaluation results report, proposed Board of Directors policy, proposed action plan, and agenda items for the following fiscal year</li> </ul>	<ul style="list-style-type: none"> <li>• Board of Directors Meeting Report 3: Board of Directors policy, action plan, schedule for the following fiscal year, and management approach</li> </ul>

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

The evaluation method consists of distributing questionnaire surveys based on discussions at meetings of the Board of Directors to all Directors and Executives. The questionnaire items and content were generally the same as the previous fiscal year, designed to identify changes and issues in terms of continuity when reviewing and evaluating fiscal 2025, the first year of the Medium-Term Management Plan. To further improve the effectiveness of the Board of Directors, we added evaluation questions about the Chairperson of the Board of Directors in fiscal 2023, evaluation questions about the Chairpersons of the three statutory committees in fiscal 2024, and self-evaluation questions for Directors in fiscal 2025.

Individual interviews were conducted separately after the questionnaire surveys, with a particular focus on the key points below.

(Conducted for all Directors and Executives, approx. 1 hour per person)

- Broad discussions aimed at realizing an individual customer business and important themes to monitor
- Effective use of offsite meetings
- Appropriate monitoring and secretariat actions aimed at revitalizing discussions

**(3) Evaluation results**

<Summary of results based on questionnaire surveys and interviews>

- The results to many of the questions showed that more than a certain percentage responded that the Board of Directors and the three statutory committees were either “appropriate” or “generally appropriate,” and the average score for all questions increased from the previous fiscal year. Overall, the Company confirmed that their effectiveness is sufficiently ensured and determined that there is no need to make any major changes to how we proceed with management and agenda setting in the following fiscal year.
- A certain degree of affirmation was obtained with executive action that sets the direction of strategy and the monitoring of risk-taking. However, there was found to be room for improvement in the executive-side approach to risk and sharing of discussion content.

- We obtained affirmation that off-site meetings including “meetings for External Directors” were beneficial, and that, in particular, resolution was increased through discussions on the “individual customer business” and “urban development” that were held in fiscal 2025. In the following fiscal year, we will consider holding ongoing discussions with more specific discussion points.

**(4) Policy and action plan**

Based on the results of the evaluation, the Company decided to continue the same policy and action plan from the previous fiscal year, upon a total of three discussions “among internal Directors,” and “among External Directors, Executives,” and “the Board of Directors.”

## Consolidated Balance Sheet

(As of March 31, 2026)

(Millions of yen)

Account item	Amount	Account item	Amount
<b>Assets</b>	<b>1,217,975</b>	<b>Liabilities</b>	<b>597,818</b>
<b>Current assets</b>	<b>298,786</b>	<b>Current liabilities</b>	<b>371,140</b>
Cash and deposits	74,399	Notes and accounts payable	120,964
Notes and accounts receivable, and contract assets	163,983	Short-term borrowings	17,033
Marketable securities	874	Income taxes payable	16,729
Inventories	26,125	Contract liabilities	102,133
Other	37,150	Gift certificates	26,151
Allowance for doubtful accounts	(3,747)	Accrued bonuses	11,448
<b>Fixed assets</b>	<b>919,170</b>	Allowance for customer-discount points	2,161
<b>Tangible fixed assets</b>	<b>716,270</b>	Allowance for redemption of gift certificates	11,256
Buildings and structures	136,967	Other	63,262
Land	540,112	<b>Long-term liabilities</b>	<b>226,678</b>
Construction in progress	21,193	Corporate bonds	20,000
Right-of-use assets	2,966	Long-term debt	31,200
Other	15,030	Deferred tax liabilities	131,870
<b>Intangible fixed assets</b>	<b>40,626</b>	Net defined benefit liability	25,567
Software	17,058	Other	18,039
Other	23,567	<b>Net assets</b>	<b>620,156</b>
<b>Investments and other assets</b>	<b>162,273</b>	<b>Shareholders' equity</b>	<b>573,107</b>
Investment securities	110,807	Common stock	51,576
Long-term loans receivable	5,443	Capital surplus	256,886
Guarantee deposits	33,794	Retained earnings	300,869
Net defined benefit asset	3,540	Treasury stock	(36,224)
Deferred tax assets	4,782	<b>Accumulated other comprehensive income</b>	<b>45,824</b>
Other	4,060	Unrealized gain on other securities	19,371
Allowance for doubtful accounts	(156)	Deferred gains/losses on hedge	1
<b>Deferred assets</b>	<b>19</b>	Foreign currency translation adjustments	22,101
Corporate bond issuance cost	19	Remeasurements of defined benefit plans	4,350
		<b>Stock acquisition rights</b>	<b>286</b>
		<b>Non-controlling interests</b>	<b>937</b>
<b>Total assets</b>	<b>1,217,975</b>	<b>Total liabilities, net assets and non-controlling interests</b>	<b>1,217,975</b>

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

**Consolidated Statement of Income**  
(From April 1, 2025 to March 31, 2026)

(Millions of yen)

Account item	Amount	
Net sales		545,626
Cost of sales		208,904
Gross profit		336,722
Selling, general and administrative expenses		256,702
Operating income		80,020
Nonoperating income		
Interest and dividend income	1,490	
Share of profit of entities accounted for using equity method	6,292	
Other	3,240	11,024
Nonoperating expenses		
Interest expenses	851	
Loss on retirement of fixed assets	1,550	
Transfer from allowance for loss on collected gift certificates	203	
Other	1,851	4,457
Recurring income		86,587
Extraordinary gain		
Gain on sale of non-current assets	322	
Gain on sales of investment securities	732	
Gain on sale of stocks of subsidiaries and affiliates	10,646	11,700
Extraordinary loss		
Loss on disposal of fixed assets	54	
Impairment loss	1,191	
Loss on closing of stores	253	
Business structure improvement expenses	484	
Transfer from provision for contract loss	500	2,485
Income before income taxes		95,803
Corporate taxes	21,625	
Deferred taxes	(1,911)	19,713
Net income		76,089
Loss attributable to non-controlling interests		6
Net income attributable to parent company shareholders		76,096

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

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

(From April 1, 2025 to March 31, 2026)

(Millions of yen)

Account item	Amount
<b>Cash flow from operating activities</b>	<b>90,655</b>
<b>Cash flow from investment activities</b>	<b>21,634</b>
<b>Cash flow from financing activities</b>	<b>(76,922)</b>
<b>Translation adjustments related to cash and cash equivalents</b>	<b>141</b>
<b>Changes in cash and cash equivalents</b>	<b>35,508</b>
<b>Beginning balance of cash and cash equivalents</b>	<b>41,834</b>
<b>Ending balance of cash and cash equivalents</b>	<b>77,343</b>

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

## Consolidated Statement of Changes in Net Assets

(From April 1, 2025 to March 31, 2026)

(Millions of yen)

Account item	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
<b>Balance as of April 1, 2025</b>	<b>51,546</b>	<b>284,022</b>	<b>246,332</b>	<b>(28,519)</b>	<b>553,382</b>
<b>Changes during current period</b>					
Issuance of new shares	29	29	—	—	59
Dividends from surplus	—	—	(21,549)	—	(21,549)
Net income attributable to parent company shareholders	—	—	76,096	—	76,096
Acquisition of treasury stock	—	—	—	(35,110)	(35,110)
Disposal of treasury stock	—	0	—	238	239
Cancellation of treasury stock	—	(27,167)	—	27,167	—
Change of scope of application for consolidation and equity method	—	—	(9)	—	(9)
Net changes other than shareholders' equity during current period	—	—	—	—	—
<b>Total change during current period</b>	<b>29</b>	<b>(27,136)</b>	<b>54,537</b>	<b>(7,705)</b>	<b>19,725</b>
<b>Balance as of March 31, 2026</b>	<b>51,576</b>	<b>256,886</b>	<b>300,869</b>	<b>(36,224)</b>	<b>573,107</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, 2025</b>	<b>13,479</b>	<b>0</b>	<b>31,063</b>	<b>3,622</b>	<b>48,165</b>	<b>346</b>	<b>983</b>	<b>602,878</b>
<b>Changes during current period</b>								
Issuance of new shares	—	—	—	—	—	—	—	59
Dividends from surplus	—	—	—	—	—	—	—	(21,549)
Net income attributable to parent company shareholders	—	—	—	—	—	—	—	76,096
Acquisition of treasury stock	—	—	—	—	—	—	—	(35,110)
Disposal of treasury stock	—	—	—	—	—	—	—	239
Cancellation of treasury stock	—	—	—	—	—	—	—	—
Change of scope of application for consolidation and equity method	—	—	—	—	—	—	—	△9
Net changes other than shareholders' equity during current period	5,892	1	(8,961)	727	(2,340)	(59)	(46)	(2,447)
<b>Total change during current period</b>	<b>5,892</b>	<b>1</b>	<b>(8,961)</b>	<b>727</b>	<b>(2,340)</b>	<b>(59)</b>	<b>(46)</b>	<b>17,278</b>
<b>Balance as of March 31, 2026</b>	<b>19,371</b>	<b>1</b>	<b>22,101</b>	<b>4,350</b>	<b>45,824</b>	<b>286</b>	<b>937</b>	<b>620,156</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: 34

(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., Isetan (Singapore) Ltd., Isetan of Japan Sdn. Bhd., Mitsukoshi (U.S.A.) Inc., MICARD Co. Ltd.

In the fiscal year under review, Shanghai Mei Long Zhen Isetan Department Store Co., Ltd., Tianjin Isetan Co., Ltd., and Tianjin Binhai New Area Isetan Co., Ltd were excluded from the scope of consolidation as liquidation was completed.

(3) Name of principal nonconsolidated subsidiaries

Leotex Co., Ltd., Isetan Soleil Co., Ltd., Aiu Co., Ltd., LEO MART Ltd.

(4) Reason for exclusion of the above companies from scope of consolidation

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

### 2. Application of equity method

(1) Number of affiliates accounted for by the equity method: 8

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

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

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

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

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

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

3. Closing date of consolidated subsidiaries

The fiscal year ends on December 31 for the following consolidated subsidiaries: Isetan (China) Investment Co., Ltd., 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 contract loss

In order to prepare for possible losses relating to the fulfillment of contracts, provision is made based on a reasonable estimate.

(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 (6 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) 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: 939 million yen                  Fixed assets: 608,236 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. They take into account forecasts from multiple outside research institutes and outside industry organizations as well as current consumer trends.

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

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

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

2. Recoverability of a deferred tax asset

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

Deferred tax assets (before offsetting deferred tax liabilities): 37,780 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

Based on the fact that taxable income is being stably generated, and that the management environment is not expected to significantly change in the near future, deferred tax assets related to schedulable deductible temporary differences and unused tax losses are projected to be recoverable.

2) Key assumptions

Key assumptions in the projection of whether the management environment is expected to significantly change in the near future include the sales growth rate based on the prospect for consumer spending trends in Japan, and the outlook for demand from inbound visitors. They take into account forecasts from multiple outside research institutes and outside industry organizations as well as current consumer trends.

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

In the projection of the management environment, senior management makes the best decision using available data, including external information. On the other hand, if key assumptions need to be reviewed, and the management environment is expected to change significantly, there may be a material impact on the amount of deferred tax assets recorded in the following fiscal year.

[Additional Information]

(BIP Trust officer compensation system)

In order to further increase the commitment to achieving the Group's Medium-Term Management Plan, the Company adopts a performance-linked stock compensation system in the Medium-Term Management Plan (hereinafter referred to as the "System"). The System adopts a Board Incentive Plan (BIP) Trust as a mechanism for officer compensation.

(1) Summary of the System

The Company establishes a trust by contributing funds for acquiring the Company's shares to beneficiaries comprised of individuals covered by the System who meet the specified requirements. The number of the Company's shares expected to be granted to covered individuals based on stock reward regulations established in advance will be acquired by the trust from the stock market.

Subsequently, the Company's shares and cash equivalent to the liquidation proceeds of the Company's shares are granted and delivered to covered officers based on their position and achievement of performance targets in accordance with the stock reward regulations.

(1) The Company's own shares held in the trust

The Company's shares held in the trust are recorded as treasury stock under net assets at book value (excluding the amount of incidental expenses) in the trust. The book value and number of shares of the said treasury stock at the end of the fiscal year under review are 1,796 million yen and 817,936 shares, respectively.

[Notes to Consolidated Balance Sheet]

1. Accumulated depreciation of tangible fixed assets	404,659 million yen
2. Contingent liability	
Guarantee liabilities	
Loan guarantees for housing loans of employees	14 million yen
Debt guarantees for bank loans of subsidiaries and affiliates	
West Japan Railway Isetan Ltd.	5,400 million yen
Total of guarantee liabilities	5,414 million yen
3. Details of inventories	
Finished goods	24,678 million yen
Semifinished goods	350 million yen
Work in process	498 million yen
Raw materials and supplies	597 million yen
Total	26,125 million yen

[Notes to Consolidated Statement of Income]

1. Gain on sale of non-current assets

This is attributable to the sale of ships at our consolidated subsidiary, Lime Tree Cruises B.V.

2. Gain on sale of stocks of subsidiaries and affiliates

This is attributable to the partial sale of shares of our equity method affiliate, Shin Kong Mitsukoshi Department Store Co., Ltd.

3. Loss on disposal of fixed assets

This is attributable to the remodeling of the Sakae Store of Nagoya Mitsukoshi Ltd.

4. 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	398	QUEEN'S ISETAN (Kita-ku, Tokyo and other)
	Other	102	
Store	Buildings and structures	294	Hoshigaoka store (Nagoya-shi, Aichi)
	Other	133	
Store	Buildings and structures	156	Isetan Tachikawa store (Tachikawa-shi, Tokyo)
	Other	21	
Store	Buildings and structures	143	Small and middle size stores (Rifu-cho, Miyagi and other)
	Land	67	
	Guarantee deposits	42	
	Other	80	
	Total	1,440	

(Note 1) Of impairment losses recorded in the consolidated income statement, 248 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 a specified percentage.

5. Loss on closing of stores

This is attributable to the closing of small and middle size stores of Isetan Mitsukoshi Ltd. and other factors, mainly consisting of impairment losses of 248 million yen.

6. Business structure improvement expenses

This is attributable to severance expenses associated with the restructuring of Isetan (Singapore) 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 367,446,554 shares

2. Matters concerning dividends of surplus

(1) Amount of dividend payment

Resolution	Types of stock	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders June 24, 2025	Common stock	10,962	30.00	March 31, 2025	June 25, 2025
Board of Directors Meeting November 13, 2025	Common stock	10,587	30.00	September 30, 2025	December 12, 2025

(Note) The total dividends issued at the meeting of the Board of Directors held on November 13, 2025 includes 27 million yen of dividends on the Company's shares held in the BIP Trust for officer compensation.

(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 22, 2026.

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 22, 2026	Common stock	Retained earnings	14,062	40.00	March 31, 2026	June 23, 2026

(Note) The total dividends issued at the Ordinary General Meeting of Shareholders scheduled for June 22, 2026 includes 32 million yen of dividends on the Company's shares held in the BIP Trust for officer compensation.

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

260,900 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, 2026, 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	3,421	3,431	9
b. Available-for-sale securities	35,514	35,514	–
(2) Guarantee deposits	33,794	29,609	(4,185)
Total assets	72,731	68,555	(4,175)
(1) Corporate bonds	20,000	19,554	(446)
(2) Long-term debt	41,200	40,227	(972)
Total liabilities	61,200	59,781	(1,418)
Derivative transactions	1	1	–

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

(Note 2) The above table excludes securities without market prices, etc. The amount of such financial instruments in the consolidated balance sheet is 72,496 million yen.

(Note 3) The above table excludes the fair value of investment in limited partnerships and similar associations that is recorded at the net amount equivalent to equity in the consolidated balance sheets. The amount of investment in limited partnerships in the consolidated balance sheet is 249 million yen.

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

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

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

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

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

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

## (1) Financial instruments measured at fair value

Category	Fair value (Million yen)			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities				
Other securities				
Stock	35,514	–	–	35,514
Derivative transactions	–	1	–	1
Total assets	35,514	1	–	35,516

## (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	–	3,431	–	3,431
Guarantee deposits	–	–	29,609	29,609
Total assets	–	3,431	29,609	33,040
Corporate bonds	–	19,554	–	19,554
Long-term debt	–	40,227	–	40,227
Total liabilities	–	59,781	–	59,781

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

Marketable securities and investment securities

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

Derivative transactions

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

Corporate bonds

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

Guarantee deposits

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

Long-term debt

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

long-term debt as Level 2.

[Notes to Lease Properties and Other Real Estate]

1. Status of lease properties and other real estate

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

2. Market value of lease properties and other real estate

(Millions of yen)

	Amounts posted on the consolidated balance sheet	Market value as of the end of the fiscal year under review
Lease properties and other real estate	116,268	234,116

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, 2025 to March 31, 2026)

(Millions of yen)

		Reporting segment				Other	Total
		Department store	Credit & finance /customer organization management	Real estate	Subtotal		
Isetan Mitsukoshi Ltd.	Isetan Shinjuku Main Store	158,759	–	–	158,759	–	158,759
	Mitsukoshi Nihombashi Main Store	63,581	–	–	63,581	–	63,581
	Mitsukoshi Ginza store	42,337	–	–	42,337	–	42,337
	Isetan Urawa store	10,758	–	–	10,758	–	10,758
	Isetan Tachikawa store	10,624	–	–	10,624	–	10,624
Iwataya Mitsukoshi Ltd.	Iwataya Main store	30,163	–	–	30,163	–	30,163
Nagoya Mitsukoshi Ltd.	Sakae store	13,707	–	–	13,707	–	13,707
Niigata Isetan Mitsukoshi Ltd.	Niigata Isetan store	12,702	–	–	12,702	–	12,702
Other stores		92,795	–	–	92,795	–	92,795
Credit & finance /customer organization management		-	31,190	-	31,190	-	31,190
Real estate		-	-	19,893	19,893	-	19,893
Other		-	-	-	-	98,126	98,126
Revenue from contracts with customers		435,431	31,190	19,893	486,515	98,126	584,641
Revenue from other sources		14,287	4,403	7,280	25,970	4	25,974
Intersegment sales or transfers		(2,941)	(14,624)	(4,974)	(22,540)	(42,449)	(64,989)
Sales to outside customers		446,776	20,969	22,199	489,945	55,681	545,626

Note: The “Other” segment includes the services of other retail, manufacturing, exporting, importing, wholesaling, distribution, temporary personnel service, data processing service, media 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, 2025	Balance as of March 31, 2026
Receivables from contracts with customers	153,901	161,586
Contract assets	1,376	2,397
Contract liabilities	99,115	102,133

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, 2026, the Company has allocated the total transaction price of 79,427 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 6,971 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 | 1,764.68 yen |
| 2. Net income per share | 213.96 yen   |

- (Notes) 1. In the calculation of net assets per share, the number of shares of treasury stock deducted from the number of issued shares at the end of the period includes the Company's shares held in the BIP Trust for officer compensation (817 thousand shares).
2. In the calculation of net income per share, the number of shares of treasury stock deducted from the number of issued shares when calculating the average number of shares during the period includes the Company's shares held in the BIP Trust for officer compensation (775 thousand shares).

[Notes to Significant Subsequent Events]

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

It was agreed upon to transfer some of the shares of Shin Kong Mitsukoshi Department Store Co., Ltd. (hereinafter referred to as “Shin Kong Mitsukoshi”), an equity-method affiliate of the Company, to Shinfong Capital Co., Ltd. (hereinafter referred to as “Shinfong”), a special purpose company (SPC) established by a joint management partner of the Company in relation to the joint management of Shin Kong Mitsukoshi (hereinafter referred to as the “Share Transfer”), and the Share Transfer was completed. After completing the Share Transfer, Shin Kong Mitsukoshi will no longer be an equity-method affiliate of the Company.

1. Reason for the transfer of shares

Shin Kong Mitsukoshi was established in 1989 as a joint management company with the Shin Kong Group in Taiwan. It operates a department store business mainly in Taiwan and currently has fifteen stores. While the Company has held shares and operated as an equity-method affiliate since its establishment, it was decided to transfer some of its shares at this time as one of the Group’s measures for optimal management resource allocation. After repeated discussions with our joint management partner about an approach to a partnership that would contribute to optimal capital allocation for the Company, the sustainable growth of Shin Kong Mitsukoshi, and enhanced corporate value in the long run, it was decided to transfer the shares of Shin Kong Mitsukoshi to Shinfong.

2. Overview of the transferee of the shares

Shinfong Capital Co., Ltd.

3. Date of transfer

April 1, 2026

4. Overview of the equity-method affiliate selling the shares

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

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

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

Year of establishment: 1989

Business content: Department store business

Capital: 12,459 million NTD

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

End of fiscal year: December 31

5. Number of shares transferred, transfer price, capital gain or loss, and equity ratio after transfer

Number of shares transferred: 149,537,222 shares

Transfer price: 7,028 million NTD

Capital gain: Approx. 10.0 billion yen (estimated)

Equity ratio after transfer: 10.00%

INDEPENDENT AUDITOR'S REPORT

May 13, 2026

The Board of Directors

Isetan Mitsukoshi Holdings Ltd.

Ernst & Young  
ShinNihon LLC  
Tokyo Office

Designated Limited Partner  
Engagement Partner  
Certified Public Accountant  
Yoshihiro Sugimoto

Designated Limited Partner  
Engagement Partner  
Certified Public Accountant  
Kazunori Yoshida

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, 2025 through March 31, 2026.

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 (including regulations applied to financial statement audits of Public Interest Entities), and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

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

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

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

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Plan and execute the audit of the consolidated financial statements in order to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries that will serve as the basis for expressing an opinion on the consolidated financial statements..

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

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

#### Interest

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

## Nonconsolidated Balance Sheet

(As of March 31, 2026)

(Millions of yen)

Account item	Amount	Account item	Amount
<b>Assets</b>	<b>638,635</b>	<b>Liabilities</b>	<b>228,085</b>
<b>Current assets</b>	<b>123,847</b>	<b>Current liabilities</b>	<b>176,232</b>
Cash and deposits	49,867	Short-term borrowings	13,300
Short-term loans receivable from subsidiaries and affiliates	74,459	Short-term borrowings payable to subsidiaries and affiliates	158,906
Accrued income	7,214	Accounts payable	1,858
Other	5,895	Accrued expenses	1,499
Allowance for doubtful accounts	(13,589)	Accrued bonuses	236
<b>Fixed assets</b>	<b>514,768</b>	Income taxes payable	179
<b>Tangible fixed assets</b>	<b>2</b>	Other	250
Appliance and fixtures	2	<b>Fixed Liabilities</b>	<b>51,852</b>
<b>Intangible fixed assets</b>	<b>4</b>	Corporate bonds	20,000
Software	4	Long-term debt	31,200
<b>Investments and other assets</b>	<b>514,761</b>	Provision for loss on business of subsidiaries and affiliates	497
Investment securities	555	Other	154
Stocks of subsidiaries and affiliates	457,678	<b>Net assets</b>	<b>410,549</b>
Long-term loans receivable from subsidiaries and affiliates	55,620	<b>Shareholders' equity</b>	<b>410,262</b>
Deferred tax assets	902	<b>Common stock</b>	<b>51,576</b>
Other	3	<b>Capital surplus</b>	<b>341,785</b>
<b>Deferred assets</b>	<b>19</b>	Capital reserve	19,924
Corporate bond issuance cost	19	Other capital surplus	321,861
		<b>Retained earnings</b>	<b>53,125</b>
		Other retained earnings	53,125
		Retained earnings carried forward	53,125
		<b>Treasury stock</b>	<b>(36,224)</b>
		<b>Stock acquisition rights</b>	<b>286</b>
<b>Total</b>	<b>638,635</b>	<b>Total</b>	<b>638,635</b>

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

## **Nonconsolidated Statement of Income**

(From April 1, 2025 to March 31, 2026)

(Millions of yen)

Account item	Amount	
Operating revenues		
Dividend income	33,649	
Management service income	6,912	
Service revenue	744	41,306
Selling, general and administrative costs		7,421
Operating income		33,884
Nonoperating income		
Interest income	1,442	
Miscellaneous income	887	2,330
Nonoperating expenses		
Interest expenses	2,113	
Miscellaneous expenses	285	2,398
Recurring income		33,815
Income before income taxes		33,815
Corporate tax, corporate inhabitant tax, business tax	(3,907)	
Deferred taxes	3,735	(172)
Net income		33,988

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

## Nonconsolidated Statement of Changes in Net Assets

(From April 1, 2025 to March 31, 2026)

(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, 2025</b>	<b>51,546</b>	<b>19,894</b>	<b>349,028</b>	<b>368,923</b>	<b>40,686</b>	<b>40,686</b>
Changes during current period						
Issuance of new shares	29	29	-	29	-	-
Dividends from surplus	-	-	-	-	(21,549)	(21,549)
Net income for current period	-	-	-	-	33,988	33,988
Acquisition of treasury stock	-	-	-	-	-	-
Disposal of treasury stock	-	-	0	0	-	-
Cancellation of treasury stock	-	-	(27,167)	(27,167)	-	-
Net changes other than shareholders' equity during current period	-	-	-	-	-	-
<b>Total change during current period</b>	<b>29</b>	<b>29</b>	<b>(27,167)</b>	<b>(27,137)</b>	<b>12,438</b>	<b>12,438</b>
<b>Balance as of March 31, 2026</b>	<b>51,576</b>	<b>19,924</b>	<b>321,861</b>	<b>341,785</b>	<b>53,125</b>	<b>53,125</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, 2025</b>	<b>(28,520)</b>	<b>432,635</b>	<b>-</b>	<b>-</b>	<b>346</b>	<b>432,982</b>
Changes during current period						
Issuance of new shares	-	59	-	-	-	59
Dividends from surplus	-	(21,549)	-	-	-	(21,549)
Net income for current period	-	33,988	-	-	-	33,988
Acquisition of treasury stock	(35,110)	(35,110)	-	-	-	(35,110)
Disposal of treasury stock	238	239	-	-	-	239
Cancellation of treasury stock	27,167	-	-	-	-	-
Net changes other than shareholders' equity during current period	-	-	-	-	(59)	(59)
<b>Total change during current period</b>	<b>(7,704)</b>	<b>(22,373)</b>	<b>-</b>	<b>-</b>	<b>(59)</b>	<b>(22,432)</b>
<b>Balance as of March 31, 2026</b>	<b>(36,224)</b>	<b>410,262</b>	<b>-</b>	<b>-</b>	<b>286</b>	<b>410,549</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.

[Notes on Accounting Estimates]

Not applicable.

[Additional Information]

(BIP Trust officer compensation system)

The notes have been omitted as the same information is presented in [Additional Information] in the Notes to Consolidated Financial Statements.

[Notes to Nonconsolidated Balance Sheet]

Accumulated depreciation of tangible fixed assets	5 million yen
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Guarantee liabilities

Debt guarantees in respect to funds borrowed by subsidiaries and affiliates

West Japan Railway Isetan Ltd.	5,400 million yen
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Short-term receivables from subsidiaries and affiliates	13,010 million yen
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Short-term payables to subsidiaries and affiliates	2,988 million yen
--	-------------------

[Notes to Nonconsolidated Statement of Income]

Transactions with subsidiaries and affiliates

Turnover based on operating transactions

Operating revenues	41,306 million yen
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Selling, general and administrative expenses	812 million yen
--	-----------------

Other revenues	7,005 million yen
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[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	14,852,729	14,835,562	12,975,968	16,712,323

- Notes:
1. The number of shares increased by 13,877,000 shares due to acquisition of own shares according to resolution of the Board of Directors, by 926,200 shares due to acquisition of own shares through the BIP Trust for officer compensation, and by 32,362 shares due to requests for purchase of odd-lot shares.
  2. The number of shares decreased by 12,867,100 shares due to cancellation of treasury stock based on the provisions of Article 178 of the Companies Act, by 108,264 shares due to granting of shares to covered individuals from the BIP Trust for officer compensation, and by 604 shares due to requests for the additional purchase of odd-lot shares.
  3. The number of shares of common stock as of the end of the current term includes 817,936 of the Company's shares held in the BIP Trust for officer 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	74	million yen
Accounts payable	281	million yen
Accrued enterprise tax	56	million yen
Stock option expenses	66	million yen
Loss on valuation of stocks of subsidiaries and affiliates	10,402	million yen
Provision for loss on business of subsidiaries and affiliates	156	million yen
Allowance for doubtful accounts	4,281	million yen
Tax losses carried forward	1,804	million yen
Other	409	million yen
Sub-total deferred tax assets	17,533	million yen
Valuation reserve	(16,631)	million yen
Total deferred tax assets	902	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)	5,938	Accrued income	6,531
				Receipt of funds (Note 2)	37,100	Affiliates short-term loans receivable	10,000
				Borrowing of funds (Note 2)	35,573	Affiliates long-term loans receivable	51,200
				Advance payment of personnel expenses for loaned employees (Note 3)	3,627	Affiliates short-term borrowings	41,811
						Accrued expenses	229
Subsidiaries	Matsuyama Mitsukoshi Ltd.	Direct: 100%	Borrowing and lending of fund	Lending of funds (Note 4)	200	Affiliates short-term loans receivable	8,400
Subsidiaries	Iwataya Mitsukoshi Ltd.	Direct: 100%	Borrowing and lending of fund	Borrowing of funds (Note 2)	2,839	Affiliates short-term borrowings	7,280
Subsidiaries	MICARD Co. Ltd.	Direct: 100%	Interlocking directorate Borrowing and lending of fund	Lending of funds (Note 2)	639	Affiliates short-term loans receivable	38,410
Subsidiaries	MI TOMONO-KAI Co., Ltd.	Indirect: 100%	Borrowing and lending of fund	Repayment of funds (Note 2)	397	Affiliates short-term borrowings	78,367
Subsidiaries	Isetan Mitsukoshi System Solutions Ltd.	Direct: 100%	Borrowing and lending of fund	Receipt of funds	1,200	Affiliates short-term loans receivable	6,300
Affiliates	West Japan Railway Isetan Ltd.	Direct 40%	-	Debt guarantees	5,400	-	-

Transaction conditions and decision policies thereof

Notes:

- (1) Proceeds from management 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 personnel expenses for loaned employees paid by Isetan Mitsukoshi Ltd. were settled at cost.
- (4) An allowance for doubtful accounts of 8,400 million yen has been recorded for short-term loans receivable to said subsidiary.

In addition, provision of allowance for doubtful accounts of 200 million yen has been recorded in the fiscal year under review.

Provision for loss on business of subsidiaries and affiliates of 169 million yen has been recorded for the amount of excess liabilities of said subsidiary.

Provision for loss on business of subsidiaries and affiliates of 61 million yen has been recorded in the fiscal year under review.

[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	1,169.73 yen
2. Net income per share	95.57 yen

INDEPENDENT AUDITOR'S REPORT

May 13, 2026

The Board of Directors

Isetan Mitsukoshi Holdings Ltd.

Ernst & Young  
ShinNihon LLC  
Tokyo Office

Designated Limited Partner  
Engagement Partner  
Certified Public Accountant  
Yoshihiro Sugimoto

Designated Limited Partner  
Engagement Partner  
Certified Public Accountant  
Kazunori Yoshida

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 18th fiscal year from April 1, 2025 through March 31, 2026.

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, 2026, 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 (including regulations applied to financial statement audits of Public Interest Entities), 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 18th fiscal term from April 1, 2025 to March 31, 2026. 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, 2026.

## 2. Results of Audit

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

- 1) The business report and supplementary schedules thereto fairly present the financial condition of the Company in accordance with the laws, regulations and the Articles of Incorporation of the Company.
- 2) Regarding the execution of duties by Directors and Executives, there were no instances of misconduct or material matters in violation of laws, regulations, or the Articles of Incorporation of the Company.
- 3) The contents of resolutions by the Board of Directors with regard to the internal control system are reasonable. Additionally, regarding the description of the relevant internal control system in the business report and the execution of duties by Directors and Executives under the relevant internal control system, there are no matters to be pointed out.

### (2) Results of audit of the nonconsolidated statutory reports and supplementary schedules thereto

The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC are fair and reasonable.

### (3) Results of audit of the consolidated statutory reports

The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC are fair and reasonable.

May 13, 2026

Audit Committee of Isetan Mitsukoshi Holdings Ltd.

Full-time Audit Committee Member Yuki Ishizuka

Audit Committee Member Tomoko Ando

Audit Committee Member Kenji Sukeno

Audit Committee Member Naosuke Fujita

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