

This document is an unofficial English translation of a part of the Japanese original text of the Notice of the 101st Annual General Meeting of Shareholders of H₂O RETAILING CORPORATION. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this English translation and the Japanese original, the latter shall prevail.

(Securities Code 8242)
June 8, 2020

Naoya Araki
President and Representative Director
H₂O RETAILING CORPORATION
8-7 Kakuda-cho, Kita-ku, Osaka

Dear shareholders:

Notice of the 101st Annual General Meeting of Shareholders

We would like to inform you that we will hold the 101st Annual General Meeting of Shareholders, the details of which are given below.

Please exercise your voting rights by mail or via the Internet or similar means. You are kindly requested to read the “Information regarding Exercising Voting Rights” (pp. 3-4) and exercise your voting rights by 6:00 p.m. on Monday, June 22, 2020.

Basic Philosophy of the H ₂ O Retailing Group	To remain indispensable to the local communities through our activities of providing a model of lifestyle to local residents
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Details

1. **Date and Time:** Tuesday, June 23, 2020, 10:00 a.m.

2. **Venue:** Main Hall, Umeda Arts Theater

19-1 Chayamachi, Kita-ku, Osaka

* Please see the access map at the end this document.

3. **Agenda of the Meeting:**

Matters to be Reported

1. Reports on the Business Report, Consolidated Financial Statements, and Financial Statements for the 101st fiscal term (from April 1, 2019 to March 31, 2020)
2. Report on the audit results of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee

Matters to be Resolved

Proposal No. 1: Election of Five (5) Directors (excluding Directors who are Audit and Supervisory Committee Members)

Proposal No. 2: Election of Five (5) Directors who are Audit and Supervisory Committee Members

Proposal No. 3: Payment of Bonuses to Directors

4. **Notes Regarding How to Exercise Voting Rights:**

Please refer to the “Information regarding Exercising Voting Rights” (pp. 3-4).

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- ◎ When attending the meeting, please submit the enclosed voting card to a receptionist at the venue of the meeting.
 - ◎ “Matters concerning the Company’s stock options, etc.” in the business report, “notes to consolidated financial statements” in the consolidated financial statements and “notes to financial statements” in the financial statements are posted on the Company’s website (<https://www.h2o-retailing.co.jp/ja/ir/stock/meeting.html>) based on the provisions of laws and regulations and Article 16 of the Company’s articles of incorporation. Therefore, such information is not included in the documents attached to this convocation notice. The business report, the consolidated financial statements and the financial statements which are audited by the Audit and Supervisory Committee and the accounting auditor include the documents mentioned in those attached to this convocation notice and the matters stated in the Company’s website as above.
 - ◎ If necessity arises to amend the reference document for the shareholders meeting, the business report, the consolidated financial statements, or the financial statements by the day prior to the shareholders meeting, any matters amended will be posted on the following website (<https://www.h2o-retailing.co.jp/ja/ir/stock/meeting.html>).
 - ◎ **We already ended the practice of handing out gifts to attendees of the Annual General Meeting of Shareholders. Thank you for your understanding.**

Information regarding Exercising Voting Rights

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

<p>▶ Exercising voting rights by attending the Annual General Meeting of Shareholders Please submit the enclosed Voting Card at a receptionist at the venue of the Meeting. Please bring this convocation notice with you.</p>
<p>▶ Exercising voting rights by mail Please return the enclosed Voting Card (with approval or disapproval indicated for each proposal) to reach us before the exercise time limit. Any vote without approval or disapproval indicated for a particular proposal will be counted as a vote for approval of the pertinent proposal.</p> <p>Exercise time limit: 6:00 p.m. on Monday, June 22, 2020</p>
<p>▶ Exercising voting rights via the Internet or similar means Please access the voting website which is designated by the Company either by entering the URL (https://evote.tr.mufig.jp/) or by scanning the QR code on the Voting Card with your smartphone and exercise your voting rights before the exercise time limit. If you have any questions, etc., please contact the Help Desk.</p> <p>Exercise time limit: 6:00 p.m. on Monday, June 22, 2020</p>

■ Handling of multiple votes cast by the same shareholder

- (1) If a voting right is exercised both by mail and via the Internet or similar means, the vote cast via the Internet will be considered to be the valid vote.
- (2) If a voting right is exercised via the Internet twice or more, the last vote cast will be considered to be the valid vote. If a voting right is exercised via a personal computer, smartphone, and/or mobile phone, the last vote cast will be considered to be the valid vote.

■ Information regarding the Electronic Voting Platform

For nominee shareholders (including their standing proxies), such as trust banks or custodian banks, the Electronic Voting Platform is also available if they sign up in advance. The platform is operated by ICJ, Inc., a joint venture company established by Tokyo Stock Exchange, Inc. and other companies.

- ◎ If you are able to attend the annual general meeting of shareholders, it is not necessary to follow the procedures to exercise voting rights by mail or via the Internet or similar means.
- ◎ If you choose to exercise your voting rights by proxy, the proxy will be requested to submit a letter of proxy and a Voting Card to a receptionist at the venue of the Meeting. Only a shareholder who has voting rights at the meeting can serve as a proxy.

■ Exercising voting rights via the Internet or similar means

Scanning the QR code with your smartphone

- (1) Scan the QR code.
Use your smartphone to scan the login QR code found at the bottom right of the enclosed Voting Card.

- (2) Choose the method you wish to use to exercise your voting rights.
A screen asking you to choose how you wish to vote on proposals will be displayed. Choose your desired method.
- (3) Vote on each proposal.
Follow the instructions on the screen to vote on each proposal to complete the process.

You may only scan the QR code to exercise your voting rights once. If you attempt to log in again, you will need to enter the login ID and temporary password printed on the right-hand side of the Voting Card in order to do so.

Entering your login ID and temporary password

- (1) Access the voting website.
<https://evote.tr.mufg.jp/>
- (2) Enter the login ID and temporary password found on the Voting Card.
- (3) After entering a new password and then reentering the same password to confirm, follow the instructions on the screen to vote for each proposal to complete the process.

*Costs arising from accessing the voting website (e.g., Internet connection fees, packet charges) will be borne by shareholders who access the website.

*The voting website will not be available for use from 2:00 a.m. until 5:00 a.m. daily.

For inquiries about the system etc., please contact:

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

Reference Document for the Shareholders Meeting

Proposals and reference matters

Matters related to Director nomination and compensation

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

The Audit and Supervisory Committee reviewed each proposal referred to this Meeting and confirmed the administration method of the Nominating and Compensation Advisory Committee and pertinent matters and found nothing to point out in particular.

In accordance with the basic principles, the nomination standards for Director candidates—the “concept of diversity and balance of the Board of Directors” and “standards of independence of outside directors”—have been defined as described below.

(For your reference)

“Concept of diversity and balance of the Board of Directors”

Internal director candidates will be nominated among the personnel of the Company's Group who have appropriate capabilities, experience, and knowledge of planning and execution of the Group's management strategies, financing and accounting, and compliance matters and are regarded as appropriate human resources to sustainably increase the corporate value of the Group and those who are representatives of main subsidiaries, while outside director candidates will be nominated among persons experienced in the corporate management in any industry, attorneys at law, and persons who have expertise useful for the Company Group's business, etc., so that the Board of Directors will maintain an appropriate size to keep its diversity and balance as well as to enable rapid decision-making. At least one Director who is Audit and Supervisory Committee member will be nominated among persons who have profound experience and extensive knowledge concerning financing and accounting.

“Standards of independence of outside directors”

The Company's outside directors will be determined to be independent, unless they fall under any of the following items:

1. Any person who conducts transactions with the Company and its subsidiaries (hereinafter the “Company Group”) as main clients (see Note 1), its executive director, executive officer or equivalent, manager or other employee (hereinafter the “Executive Person”);
2. Any person who is a main client of the Company Group (see Note 2) or its Executive Person;
3. Professionals, including attorney at law, certified public accountant, tax accountant or consultant, who receives money or other property benefits in excess of certain amount (see Note 3), in addition to the remuneration as director or corporate auditor given by the Company Group;
4. Any person who belongs to the audit corporation which is an accounting auditor of the Company Group and actually performs the audit work;
5. The Company's main shareholder (the person holding 10% or more of the voting rights, including indirect holding) or its Executive Person;
6. Any Executive Person of a company of which the Company Group is a main shareholder;
7. In the case where the Company Group's executive director, director who is a full-time Audit and Supervisory Committee member or full-time corporate auditor concurrently works as outside director or outside corporate auditor of other company, any Executive Person of the company;
8. Any Executive Person of the Hankyu Hanshin Toho Group (including the Company Group);
9. Any person who is granted donation by the Company Group in excess of certain amount

- (see Note 4), or in the case where any organization, including corporation and association, is granted such donation, its Executive Person;
10. Any person who has fallen under any of above items 1 through 9 during the past five years (in the case of the Company Group's Executive Person in above item 8, during the past 10 years);
 11. Any person whose spouse or relative within the second degree falls under any of above items 1 through 10 (excluding items 3 and 4, limited to the Important Person (see Note 5)); and
 12. Any person for whom it is found that there are specific reasons to cause a conflict of interest between the person and the Company.

Note 1: "Any person who conducts transactions with the Company Group as main clients" means the Company Group's client who provides products or services to the Company Group and the amount of the client's transactions with the Company Group in the latest business year exceeds 100 million yen or 2% of the client's consolidated annual sales, whichever is larger.

Note 2: "Any person as main client of the Company Group" means: (1) a client to whom the Company Group provides products or services and the amount of the Company Group's transactions with the client in the latest business year exceeds 2% of the Company's consolidated annual sales; or (2) a client to whom the Company Group owes debts and who loans more than 2% of the Company Group's consolidated total assets to the Company Group as of the end of the latest business year.

Note 3: "Certain amount" means: (1) in the case where an individual personally provides the Company Group with professional services and receives consideration (excluding remuneration as director or corporate auditor) from the Company Group in the latest business year, 10 million yen a year; or (2) in the case where the individual belongs to the organization, including corporation and association, which provides the Company Group with services and receives consideration from the Company Group in the latest business year, 2% of the organization's annual total revenues.

Note 4: "Certain amount" means 10 million yen a year in the latest business year.

Note 5: The "Important Person" means an executive person who is a director, executive officer of a company with nominating committee, executive officer or general manager or higher ranking position, or an executive person who has the authority equivalent to that of the foregoing persons.

Nominating and Compensation Advisory Committee

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

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

Proposal No. 1: Election of Five (5) Directors (excluding Directors who are Audit and Supervisory Committee Members)

The terms of office of all five (5) Directors (excluding Directors who are Audit and Supervisory Committee members; hereinafter the same in this proposal) will expire at the conclusion of this Annual General Meeting of Shareholders. It is hereby proposed that five (5) Directors will be elected.

The Director candidates are given below.

Candidate No.	Name	Present position in the Company
1	Atsushi Suzuki	Chairman of the Board <input type="text" value="Subject to re-election"/>
2	Naoya Araki	President and Representative Director <input type="text" value="Subject to re-election"/>
3	Katsuhiko Hayashi	Representative Director and Executive Vice President <input type="text" value="Subject to re-election"/>
4	Kazuo Sumi	Director <input type="text" value="Subject to re-election"/>
5	Toshihiko Yamaguchi	<input type="text" value="To be newly elected"/>

Candidate No.	1	
Atsushi Suzuki		(Date of birth: April 5, 1956)
Subject to re-election	Number of company shares held by the candidate:	24,900
Brief history of positions and duties		
April 1980	Joined Hankyu Department Stores, Inc.	
October 2000	Executive Manager, SC Division, Hankyu Department Stores, Inc.	
April 2003	Representative Director and Senior Managing Executive Officer, Hankyu Shopping Center Development Co., Ltd.	
April 2006	Executive Officer, Hankyu Department Stores, Inc.	
October 2008	Executive Officer, Hankyu Hanshin Department Stores, Inc.	
April 2013	Director and Managing Executive Officer, Hankyu Hanshin Department Stores, Inc.	
March 2014	Director, H ₂ O RETAILING CORPORATION	
April 2014	President and Representative Director, H ₂ O RETAILING CORPORATION	
April 2020	Chairman of the Board, Chair of the Board, H ₂ O RETAILING CORPORATION (present position)	
Reason that he is nominated as Director candidate		
Mr. Atsushi Suzuki served as President until March 2020 and has been serving as Chairman since April 2020. He has profound experience and broad knowledge as a management executive, and we have determined that he is appropriate for the sustainable improvement of the Group's corporate value. Therefore, he continues to be nominated as Director candidate.		

Candidate No.	2	
Naoya Araki		(Date of birth: May 14, 1957)
Subject to re-election	Number of company shares held by the candidate:	11,800
Brief history of positions and duties		
April 1981	Joined Hankyu Department Stores, Inc.	
April 2003	General Manager, Suburban Store Development Office, Hankyu Department Stores, Inc.	
April 2004	Executive Officer, Hankyu Department Stores, Inc.	
October 2008	Executive Officer, Hankyu Hanshin Department Stores, Inc.	
June 2010	Director and Executive Officer, Hankyu Hanshin Department Stores, Inc.	
March 2012	President and Representative Director, Hankyu Hanshin Department Stores, Inc.	
June 2012	Representative Director, H ₂ O RETAILING CORPORATION	
April 2020	President and Representative Director, H ₂ O RETAILING CORPORATION (present position)	
April 2020	Chairman and Representative Director, Hankyu Hanshin Department Stores, Inc. (present position)	
Status of concurrent important positions held		
Chairman and Representative Director, Hankyu Hanshin Department Stores, Inc.		
Reason that he is nominated as Director candidate		
Mr. Naoya Araki served as President of Hankyu Hanshin Department Stores, Inc. as the core company of the Company Group. We have determined that he is appropriate for the sustainable improvement of the Group's corporate value based on his abundant experience, track record, and insight, in addition to his exertion of strong leadership in the Group's management strategy as President of the Company. Therefore, he continues to be nominated as Director candidate.		

Candidate No.	3	
Katsuhiko Hayashi		(Date of birth: January 20, 1958)
Subject to re-election	Number of company shares held by the candidate:	13,600
Brief history of positions and duties		
April 1982	Joined Hankyu Department Stores, Inc.	
April 2002	General Manager, Public Relations Office, Hankyu Department Stores, Inc.	
April 2005	General Manager, Compliance Office, Hankyu Department Stores, Inc.	
June 2009	Director and Executive Officer, H ₂ O RETAILING CORPORATION	
June 2009	Executive Officer, Hankyu Hanshin Department Stores, Inc.	
April 2012	Director and Executive Officer, Hankyu Hanshin Department Stores, Inc.	
April 2014	Director and Managing Executive Officer, H ₂ O RETAILING CORPORATION	
April 2014	Director and Managing Executive Officer, Hankyu Hanshin Department Stores, Inc.	
April 2015	Representative Director and Senior Managing Executive Officer, H ₂ O RETAILING CORPORATION	
April 2015	In charge of the General Affairs and Human Resources Office (present position) and the Public Relations Office, H ₂ O RETAILING CORPORATION	
April 2015	Representative Director and Senior Managing Executive Officer, Hankyu Hanshin Department Stores, Inc.	
April 2017	Representative Director and Executive Vice President, H ₂ O RETAILING CORPORATION (present position)	
November 2019	President and Representative Director, H ₂ O Foods Group Co., Ltd. (present position)	
Status of concurrent important positions held		
President and Representative Director, H ₂ O Foods Group Co., Ltd.		
Reason that he is nominated as Director candidate		
Mr. Katsuhiko Hayashi has achieved excellent results in business administration and has good capabilities and knowledge concerning planning and implementation of compliance matters. At the same time, he is responsible for the food business, which is the core business of the Group, and we have determined that he is appropriate for the sustainable improvement of the Group's corporate value based on his abundant experience, track record, and insight. Therefore, he continues to be nominated as Director candidate.		

Candidate No.	4	
Kazuo Sumi		(Date of birth: April 19, 1949)
Subject to re-election	Number of company shares held by the candidate:	24,700
Brief history of positions and duties		
April 1973	Joined Hankyu Corporation (currently Hankyu Hanshin Holdings, Inc.)	
June 2000	Director, Hankyu Corporation	
June 2002	Managing Director, Hankyu Corporation	
June 2003	President and Representative Director, Hankyu Corporation	
October 2007	Director, H ₂ O RETAILING CORPORATION (present position)	
June 2017	Chairman and Representative Director, Group CEO, Hankyu Hanshin Holdings, Inc. (present position)	
Status of concurrent important positions held		
Chairman and Representative Director, Group CEO, Hankyu Hanshin Holdings, Inc.		
Chairman and Representative Director, Hankyu Corporation		
Outside Director, ASICS Corporation		
Reason that he is nominated as Director candidate		
Mr. Kazuo Sumi has profound experience as Chairman and Group CEO of Hankyu Hanshin Holdings, Inc., and currently delivers various opinions, recommendations, etc., from the viewpoint of management strategy of the Hankyu Hanshin Toho Group. Therefore, he continues to be nominated as Director (non-executive director) candidate so that his capabilities, experience, etc. will be utilized in the management of the Company Group.		

Candidate No.	5	
Toshihiko Yamaguchi		(Date of birth: August 21, 1963)
To be newly elected	Number of company shares held by the candidate:	3,500
Brief history of positions and duties		
April 1986	Joined Hankyu Department Stores, Inc.	
April 2009	Store Manager, Kawanishi Hankyu Department Store of Hankyu Hanshin Department Stores, Inc.	
April 2011	Sales Service Executive Manager, Yurakucho Hankyu Department Store of Hankyu Hanshin Department Stores, Inc.	
August 2011	Sales Service Executive Manager, Hankyu Men's Tokyo of Hankyu Hanshin Department Stores, Inc.	
April 2012	Store Manager, Hankyu Men's Tokyo of Hankyu Hanshin Department Stores, Inc.	
April 2014	Executive Officer, Hankyu Hanshin Department Stores, Inc.	
April 2018	Director and Executive Officer, Hankyu Hanshin Department Stores, Inc.	
April 2020	President and Representative Director, Hankyu Hanshin Department Stores, Inc. (present position)	
Status of concurrent important positions held		
President and Representative Director, Hankyu Hanshin Department Stores, Inc.		
Reason that he is nominated as Director candidate		
Mr. Toshihiko Yamaguchi is currently President, Hankyu Hanshin Department Stores, Inc. as the core company of the Company Group, after serving as store manager at major stores and officer in charge of planning and sales. We have determined that he is appropriate for the sustainable improvement of the Group's corporate value based on his abundant experience, track record, and insight. Therefore, we have nominated him as Director candidate.		

Notes:

1. Mr.Kazuo Sumi (a candidate to be a Director) holds a concurrent position as the Representative Director and Chairman of Hankyu Corporation. The Company has real estate lease contracts with Hankyu Corporation.
2. The Company has no special interest with other candidates.
3. On October 1, 2007, our trade name changed from Hankyu Department Stores, Inc. to H₂O RETAILING CORPORATION in line with the transition to a holding company structure (based on the management integration with The Hanshin Department Store, Ltd.). At the same time, a company split was conducted to have the Department Store Business succeeded to a newly established company (Hankyu Department Stores, Inc.).
On October 1, 2008, Hankyu Department Stores, Inc. acquired The Hanshin Department Store, Ltd. through an absorption-type merger, and the trade name changed to Hankyu Hanshin Department Stores, Inc.

Proposal No. 2: Election of Five (5) Directors who are Audit and Supervisory Committee Member

The terms of office of all four (4) Directors who are Audit and Supervisory Committee Member will expire at the conclusion of this Annual General Meeting of Shareholders. To strengthen our corporate governance system further, it is hereby proposed that the number of Directors as Audit and Supervisory Committee members will be increased by one and that five members will be appointed. The Audit and Supervisory Committee has approved this proposal. The candidates for Directors who are Audit and Supervisory Committee Members are as follows:

Candidate No.	Name	Present position in the Company
1	Toshimitsu Konishi	Director Standing Audit and Supervisory Committee Member Subject to re-election
2	Naoshi Ban	Outside Director Audit and Supervisory Committee Member Subject to re-election Outside Director Independent Officer
3	Kenjiro Nakano	Outside Director Audit and Supervisory Committee Member Subject to re-election Outside Director Independent Officer
4	Mayumi Ishihara	Outside Director Audit and Supervisory Committee Member Subject to re-election Outside Director Independent Officer
5	Nobuko Sekiguchi	To be newly elected Outside Director Independent Officer

Note: Candidates marked as Independent meet each condition of the standards of independence of outside directors. Mr. Naoshi Ban, Mr. Kenjiro Nakano, and Ms. Mayumi Ishihara have been designated and reported as independent officers specified by the Tokyo Stock Exchange. Furthermore, if Ms. Nobuko Sekiguchi is elected, she will be designated as an independent officer stipulated by the Tokyo Stock Exchange and will be notified.

Candidate No.	1	
Toshimitsu Konishi		(Date of birth: April 17, 1944)
Subject to re-election	Number of company shares held by the candidate:	22,900
Brief history of positions and duties		
April 1967	Joined Hankyu Department Stores, Inc.	
September 1988	Accounting Manager, Hankyu Department Stores, Inc.	
June 2000	Director, Hankyu Department Stores, Inc.	
April 2002	President and Representative Director, Hankyu Food Industry Co., Ltd.	
June 2002	Advisor, Hankyu Department Stores, Inc.	
June 2004	Full-time Auditor, Hankyu Department Stores, Inc.	
October 2007	Standing Auditor, H ₂ O RETAILING CORPORATION	
October 2008	Auditor, Hankyu Hanshin Department Stores, Inc. (present position)	
June 2016	Director and Standing Audit and Supervisory Committee Member, H ₂ O RETAILING CORPORATION (present position)	
Status of concurrent important positions held		
Auditor, Hankyu Hanshin Department Stores, Inc.		
Reason that he is nominated as Director candidate		
<p>Mr. Toshimitsu Konishi has been involved in the finance and accounting business of the Company for about 30 years and has considerable knowledge of finance and accounting. We have determined that he is appropriate for the sustainable improvement of the Group's corporate value based on his abundant experience, track record, and insight. Therefore, he continues to be nominated as Director candidate who is Audit and Supervisory Committee member.</p>		

Candidate No.	2	Outside Director	Independent Officer
Naoshi Ban		(Date of birth: September 30, 1946)	
Subject to re-election		Number of company shares held by the candidate:	10,000
Brief history of positions and duties			
April 1969	Joined Mitsubishi Logistics Corporation		
June 2000	Director, Mitsubishi Logistics Corporation		
June 2001	Managing Director, Mitsubishi Logistics Corporation		
June 2003	President and Representative Director, Mitsubishi Logistics Corporation		
June 2008	Chairman and Representative Director, Mitsubishi Logistics Corporation		
June 2010	Chairman of the Board, Mitsubishi Logistics Corporation		
April 2013	Advisor and Director, Mitsubishi Logistics Corporation		
June 2013	Advisor, Mitsubishi Logistics Corporation		
June 2015	Director, H ₂ O RETAILING CORPORATION		
June 2016	Director and Audit and Supervisory Committee Member, H ₂ O RETAILING CORPORATION (present position)		
April 2018	Special Advisor, Mitsubishi Logistics Corporation (present position)		
Status of concurrent important positions held			
Senior Advisor, Mitsubishi Logistics Corporation			
Reason that he is nominated as Director candidate			
<p>Mr. Naoshi Ban experienced the President and Chairman of Mitsubishi Logistics Corporation. As Director (outside director) and Audit and Supervisory Committee member, he proactively delivers his opinions and suggestions at the Board of Directors' meetings and other opportunities from a perspective based on a wealth of experience and wide-ranging insights in corporate management. We have determined that his experience will contribute to the enhancement of the corporate value of the Group in the supervision and audit of the Group's management, and he continues to be nominated as Director (outside director) candidate who will also serve as Audit and Supervisory Committee member. He satisfies the conditions of the standards of independence of outside directors. Accordingly, the Company has designated and reported him as an independent officer specified by the Tokyo Stock Exchange.</p> <p>The Company owned 554,500 shares of Mitsubishi Logistics Corporation, which, however, have been all sold, and as of the end of March 2020, the Company does not own any shares of Mitsubishi Logistics Corporation. Furthermore, Mitsubishi Logistics Corporation does not hold any shares of the Company as of the end of March 2020.</p>			

Candidate No.	3	Outside Director	Independent Officer
Kenjiro Nakano		(Date of birth: August 13, 1947)	
Subject to re-election		Number of company shares held by the candidate:	2,600
Brief history of positions and duties			
April 1971	Joined the Sumitomo Bank, Limited.		
April 1998	Director, the Sumitomo Bank, Limited		
June 2002	Managing Executive Director, the Sumitomo Mitsui Banking Corporation		
June 2004	Managing Director and Managing Executive Officer, the Sumitomo Mitsui Banking Corporation		
June 2005	Senior Managing Director and Senior Managing Executive Officer, the Sumitomo Mitsui Banking Corporation		
April 2006	Representative Director and Deputy President, the Sumitomo Mitsui Banking Corporation		
April 2008	Deputy Chairman and Representative Director, the Sumitomo Mitsui Banking Corporation		
June 2010	President and Representative Director, Keihanshin Real Estate Co., Ltd. (presently Keihanshin Building Co., Ltd.)		
June 2013	Outside Director of Maruichi Steel Tube Ltd. (present position)		
June 2016	Chairman and Director, Keihanshin Building Co., Ltd. (present position)		
June 2016	Director and Audit and Supervisory Committee Member, H ₂ O RETAILING CORPORATION (present position)		
Status of concurrent important positions held			
Chairman and Director, Keihanshin Building Co., Ltd. Outside Director of Maruichi Steel Tube Ltd.			
Reason that he is nominated as Director candidate			
<p>As Director (outside director) and Audit and Supervisory Committee member, Mr. Kenjiro Nakano proactively delivers his opinions and suggestions at the Board of Directors' meetings and other opportunities from a perspective based on a wealth of experience and wide-ranging insights in financial institution management. We have determined that his experience will contribute to the enhancement of the corporate value of the Group in the supervision and audit of the Group's management, and he continues to be nominated as a Director (outside director) candidate who will also serve as Audit and Supervisory Committee member. Sumitomo Mitsui Banking Corporation, which Mr. Kenjiro Nakano had previously assumed the post of director, is currently the main bank of the Company. It has passed ten years since he left his post of Board Director of Sumitomo Mitsui Banking Corporation in June 2010, and he has not been an advisor to the Sumitomo Mitsui Banking Corporation during that time. He satisfies the conditions of the standards of independence of outside directors. Accordingly, the Company has designated and reported him as an independent officer specified by the Tokyo Stock Exchange.</p>			

Candidate No.	4	Outside Director	Independent Officer
Mayumi Ishihara		(Date of birth: May 3, 1963)	
Subject to re-election		Number of company shares held by the candidate:	500
Brief history of positions and duties			
April 1997	Registered as a lawyer with Osaka Bar Association		
April 1997	Joined Oh-Ebashi LPC & Partners		
June 2013	Outside Auditor, Morishita Jintan Co., Ltd.		
February 2016	Outside Director, Morito Co., Ltd. (present position)		
April 2016	Outside Director (Audit and Supervisory Committee Member), OS Co., Ltd. (present position)		
June 2016	Director and Audit and Supervisory Committee Member, H ₂ O RETAILING CORPORATION (present position)		
June 2018	Outside Director (Audit and Supervisory Committee Member), Morishita Jintan Co., Ltd. (current position)		
Status of concurrent important positions held			
Outside Director (Audit and Supervisory Committee Member), Morishita Jintan Co., Ltd.			
Outside Director, Morito Co., Ltd.			
Outside Director (Audit and Supervisory Committee Member), OS Co., Ltd.			
Reason that she is nominated as Director candidate			
<p>Ms. Mayumi Ishihara has no experience in corporate management other than as an outside director in the past. However, as Director (outside director) and Audit and Supervisory Committee member, she proactively delivers her opinions and suggestions at the Board of Directors' meetings and other opportunities from a perspective based on a wealth of experience and wide-ranging insights as a lawyer. We have determined that her experience will contribute to the enhancement of the corporate value of the Group in the supervision and audit of the Group's management. Therefore, Ms. Mayumi Ishihara continues to be nominated as a Director (outside director) candidate who will also serve as Audit and Supervisory Committee member. She satisfies the conditions of the standards of independence of outside directors. Accordingly, the Company has designated and reported her as an independent officer specified by the Tokyo Stock Exchange.</p>			

Candidate No.	5	Outside Director	Independent Officer
Nobuko Sekiguchi		(Date of birth: July 3, 1968)	
To be newly elected	Number of company shares held by the candidate:	0	
Brief history of positions and duties			
November 2005	Joined Capcom Co., Ltd.		
October 2007	Accounting Manager, Capcom Co., Ltd.		
April 2011	Corporate Officer in Management of Corporate Planning, Capcom Co., Ltd.		
April 2016	Managing Corporate Officer in Manager of Corporate Planning & Manager of Human Resources Division, Capcom Co., Ltd.		
March 2019	Left Capcom Co., Ltd.		
June 2019	Outside Director, Duskin Co., Ltd. (present position)		
Status of concurrent important positions held			
Outside Director, Duskin Co., Ltd.			
Reason that she is nominated as Director candidate			
Ms. Nobuko Sekiguchi was in charge of accounting, business planning, and personnel system reform at Capcom Co., Ltd., after having experience in a business company and management consultancy. We have determined that her experience will contribute to the enhancement of the corporate value of the Group in the supervision and audit of the Group's management. Therefore, we have nominated her as a candidate for Director (outside director), and Audit and Supervisory Committee member. She satisfies the conditions of the standards of independence of outside directors. Accordingly, the Company will designate and report her as an independent officer specified by the Tokyo Stock Exchange if she is elected.			

Notes:

1. The Company has no special interest with any candidate.
2. Matters concerning candidates for outside directors are as follows:
 - (1) The number of years of service after having assumed the position of the Company's outside director
Mr. Naoshi Ban will have been in office for five years from his appointment as an outside director until the conclusion of this Annual General Meeting of Shareholders. Mr. Kenjiro Nakano and Ms. Mayumi Ishihara will have been in office for four years from their appointment as outside directors until the conclusion of the General Meeting of Shareholders.
 - (2) Outline of the liability limiting agreement
The Company has concluded a contract with Mr. Naoshi Ban, Mr. Kenjiro Nakano, and Ms. Mayumi Ishihara for the liability specified in Article 423, Paragraph 1 of the Companies Act, up to the amount stipulated by law. The contract will continue if this proposal is approved and each of them is re-elected. Furthermore, if this proposal is approved and Ms. Nobuko Sekiguchi is elected, the Company will enter into a contract with Ms. Sekiguchi for the limited amount stipulated by law regarding the liability specified in Article 423, Paragraph 1 of the Companies Act.
3. The Company changed its trade name from Hankyu Department Stores, Inc. to H₂O RETAILING CORPORATION on October 1, 2007, in transition to a holding company structure accompanying business integration with Hanshin Department Store, Ltd. At the same time, the Company performed a corporate split to transfer the department store business to the newly established Hankyu Department Stores, Inc.
Furthermore, Hankyu Department Stores, Inc. merged with Hanshin Department Store, Ltd. on October 1, 2008, and changed its trade name to Hankyu Hanshin Department Stores, Inc.

Proposal No. 3: Payment of Bonuses to Directors

It is hereby proposed that in consideration of the business performance for the current period, conventional bonuses to Directors and other circumstances, a bonus in the total amount of 19.35 million yen will be paid to four (4) Directors at the end of the current period (Mr. Atsushi Suzuki, Mr. Naoya Araki, Mr. Katsuhiko Hayashi, and Mr. Tadatsugu Mori), and that the amount paid to each Director will be left to the discretion of the Board of Directors.

We appreciate your understanding.