



Isetan Mitsukoshi Holdings Report 2020

Integrated Report



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Editorial Policy

The Isetan Mitsukoshi Group has been issuing the Integrated Report since fiscal year 2018, with the aim of having all of its stakeholders, including its shareholders and investors, understand the story of its value creation, in which the Group continues to grow sustainably by taking advantage of its universal values and strengths. This Report has been compiled by integrating financial information and non-financial information and referring to materials including the Guidance for Collaborative Value Creation that was announced by the Ministry of Economy, Trade and Industry. We will issue this Report every year, refining it to make it a constructive tool for dialogues with all stakeholders.



Period Covered

FY2019 (April 1, 2019 to March 31, 2020) is the primary target period, but we have also included the latest information as of the date of publishing whenever possible.

Reporting Boundary

Isetan Mitsukoshi Holdings Ltd. and Group companies

Caution Concerning Forward-Looking Statements

Statements related to financial forecasts and future predictions in this Integrated Report are determined by the Company based on currently available information, and there are accompanying underlying potential risks, uncertainty, and other factors. Please be aware that there is the possibility that actual performance will differ greatly from these outlooks due to changes in various factors.

Our Philosophy

In 2018, the Isetan Mitsukoshi Group took the opportunity of the 10th anniversary of its business integration to formulate Our Philosophy, which describes the meaning of the Group's existence and our ideal image of the Group. Our Philosophy explains the direction of the Isetan Mitsukoshi Group as a corporate entity connecting people and bridging times. Based on Our Philosophy, we are advancing measures to become department stores for the new era leveraging the power of IT, stores, and people (platform operators).

"Our" refers to the Isetan Mitsukoshi Group itself and everyone working there. Our Philosophy is a guiding principle to which we should always return that shows how each one of us should change.

Since its foundation, the Isetan Mitsukoshi Group has continued to evolve, changing its business models to adapt to the changing times and connecting customers to goods and events. We will continue to change ourselves by seizing the recent rapid change of the environment as an opportunity to create new business models for the next era.

We will step up our efforts to increase the attractiveness of the Isetan Mitsukoshi Group for all stakeholders, by becoming a new facilitator connecting customers, goods and events all over the world, like no other existing department store, in addition to taking advantage of the strengths we have cultivated to date.

Our philosophy

Connecting people and bridging times

Strive to change.

1. Observe and study your surrounding facts
for constant growth.

2. Innovate and stay ahead of times.

3. Respect others.
Be inspired by diverse views and ideas.

be a new one.

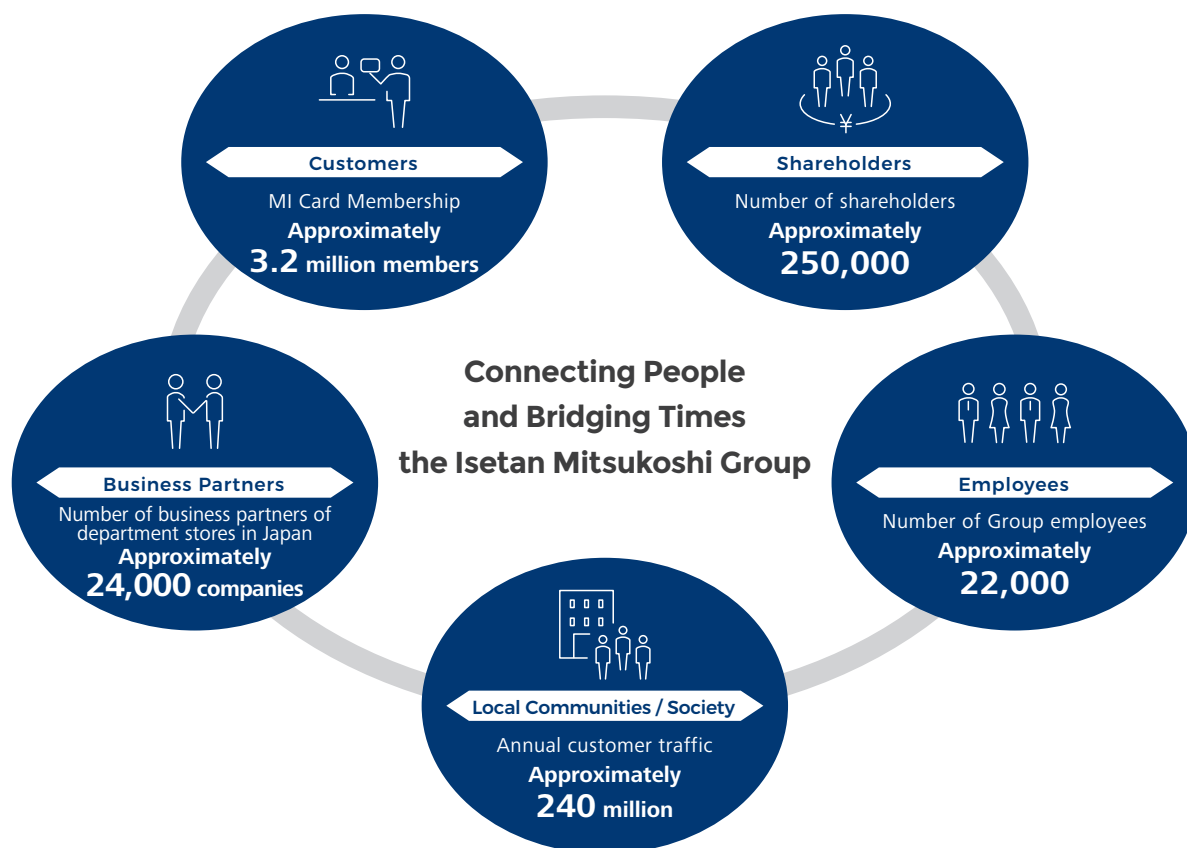
The Isetan Mitsukoshi Group

Numerical Facts About the Isetan Mitsukoshi Group

The Isetan Mitsukoshi Group is one of the largest retail groups in Japan, encompassing approximately 22,000 employees and about 50 Group companies.* It engages in business activities in four segments: the department store business, the sales of which account for around 80% of total sales, the credit & finance business/customer organization management business, the real estate business, and other businesses.

The Group has the four brands of Mitsukoshi, Isetan, Iwataya, and Marui Imai, operating 21 department stores and around 100 small and midsize stores all over Japan and a total of 31 overseas stores, which are located mainly in China and Southeast Asia.

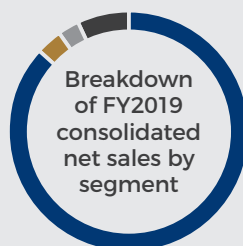
* Includes nine equity method affiliates



**FY2019
consolidated net sales**

1,119.2 billion yen

Ranked **7th**
among retailers in Japan



Department store business	86.9%
Credit & finance business/ customer organization management business	3.2%
Real estate business	3.0%
Other businesses	6.9%

116 years after the Department Store Declaration in 1904,
the Isetan Mitsukoshi Group, which connects people and bridges times,
will continue to evolve to become department stores
for the new era making use of the power of IT, stores, and people.

Businesses of the Isetan Mitsukoshi Group



Department Store Business

The Group develops a wide range of store networks in Japan and overseas centered on those in the Tokyo Metropolitan area, the largest market in Japan.



Real Estate Business

The Group redevelops real-estate properties in Japan that it owns. It also strengthens the business of operating commercial facilities in Japan and other countries.



Finance Businesses

MI Card members with purchasing power constitute approximately 16% of all households with an annual income of 20 million yen or more.

Stores of the Isetan Mitsukoshi Group

The Four brands

Mitsukoshi **Isetan**
Marui Imai **Iwataya**

Iwataya —
Iwataya Main Store
Iwataya Kurume Store

Mitsukoshi

Mitsukoshi Nihombashi Main Store
Mitsukoshi Ginza Store
Mitsukoshi Yebisu Store
Sapporo Mitsukoshi
Sendai Mitsukoshi
Nagoya Mitsukoshi
Sakae Store
Nagoya Mitsukoshi
Hoshigaoka Store
Hiroshima Mitsukoshi
Takamatsu Mitsukoshi
Matsuyama Mitsukoshi
Fukuoka Mitsukoshi

Marui Imai

Marui Imai Sapporo Main Store
Hakodate Marui Imai

Isetan

Isetan Shinjuku Main Store
Isetan Tachikawa Store
Isetan Urawa Store
Shizuoka Isetan
Niigata Isetan
JR Kyoto Isetan*

*Includes equity method affiliates

Stores in Japan

21 department stores in Japan

Approximately **100** small and midsize stores

Overseas stores

31 overseas stores

16 Isetan Mitsukoshi stores

15 Shinko Mitsukoshi stores

History of Challenges Taken On by the Isetan Mitsukoshi Group

Launch of the Department Store Business

1673 Foundation of Echigoya

Takatoshi Mitsui founded Echigoya, a kimono shop. This shop was the first to begin sales based on cash payment and honest, fixed prices indicated on labels. It also started a business selling cloth in cut pieces according to customer needs, which expanded its customer base.



Drawing of the Echigoya Draper Shop in Surugacho
Artist: Okumura Masanobu

1886 Foundation of Iseya Tanji Kimono Fabric Shop

The store focused on obi and patterns, providing unique products such as kimono with the Goshuden pattern. It gained popularity mainly among the fashionable.



Iseya Tanji Kimono Fabric Shop

1754 Foundation of Beniya

Koemon Nakamuta founded Beniya, the kimono shop that was the predecessor of Iwataya. It was renamed Iwataya in 1764.



A drawing of Iwataya when it was a kimono shop

1872 Foundation of Marui Imai

Toshichi Imai, the founder of Marui Imai, opened a haberdashery near Sosei Bridge. He opened Imai Gofukuten (a kimono shop) in 1874.



Imai Gofukuten

History of Mitsukoshi

1888 Opening of Mitsukoshi Yofuku Ten (a western clothing store)

In 1888, when signs of the westernization of clothes began to be seen, we opened a western clothing store ahead of others.



Exterior view of Mitsukoshi Yofuku Ten

1895 Beginning the in-store display of products for sale

We began to display products in glass cases, so that customers were free to look at and select them.



In-store display of products (2nd floor of the main store)

1899 Establishment of an out-of-store sales and mail order service department

In response to the development of telecommunications and transportation infrastructure, we enhanced our out-of-store sales in regional towns and cities and commenced mail order operations, expanding our trade zone.



Mail order

1904 The Department Store Declaration

With the goal of transforming from a traditional kimono shop into a modern retailer, we declared our intent to transform our business into a department store, resulting in the establishment of Japan's first department store.



A national newspaper advertisement announcing the Department Store Declaration.

1907 Establishment of the New Fine Art Department

The New Fine Art Department was established in Osaka and Nihombashi. We create opportunities for artists to publish their work and deliver excellent culture and art.



Establishment of the New Fine Art Department (declaration)

1914 Completion of Mitsukoshi Main Store's new building

A modern department store building in the Renaissance style was completed, with Japan's first escalator and an elevator, and the first food department in a department store in Japan.



New Main Store building at the time of its completion

1927 Opening of Mitsukoshi Hall (now Mitsukoshi Theater)

We opened Mitsukoshi Hall to help address the shortage of theaters at the time and contribute to the development of Japanese culture. It was the only theater in a department store.



Mitsukoshi Hall

1888 1895 1899 1904 1907 1914 1927

Meiji Restoration

Foundation of Modern Department Stores

Postwar Economic Boom

1933 1956 1960 1963 1968

History of Isetan

1933 Relocation of Isetan Main Store to Shinjuku

We relocated the main store from Kanda, where we were founded, to Shinjuku, a promising area where trade zone expansion was expected.



The Shinjuku Main Store at the time of its opening

1956 Teenagers' shop

We collected fashion items for teenage girls as a new category. It was at this shop that the tartan-checked paper bag was born.



Teenagers' shop

1963 Standardization of a size system for women's ready-to-wear clothing

We created sizes for clothing that fit the Japanese physique, in conjunction with other department stores. These clothing sizes later became standardized in department stores.



Standardization of a size system for women's ready-to-wear clothing

1968 Opening of the Isetan Shinjuku Main Store Otoko-no Shinkan

As men became interested in fashion, we opened the Otoko-no Shinkan (the new building for men), a first in Asia.



Opening of the Otoko-no Shinkan

1994 Opening of Kaiho-ku

We opened the Kaiho-ku (liberation area), a space for sharing information. The goal of this new initiative was the incubation of up-and-coming designers and the bringing of the products they designed to the world.



Kaiho-ku

In this era of significant change, we have overcome several challenges by transforming ourselves and creating new business models.

Throughout its history, Mitsukoshi has accumulated experience through its customer-first principle and attempts to transform itself. The foundation of these activities is the spirit of cordiality, the willingness to work for the good of customers, which is something that has remained unchanged since our foundation.

Isetan also takes on new challenges by devising creative measures based on its customer-first principle, which it has held since its foundation. Against many different backdrops throughout Isetan's history, we have continued to propose unique value involving clothing, food, and housing.

While facing a tough environment, we anticipate changes in society and customer needs and continue to propose new lifestyles in new eras by connecting people and bridging times. This policy is in the DNA of the Isetan Mitsukoshi Group.

History of the Isetan Mitsukoshi Group

2008 Establishment of Isetan Mitsukoshi Holdings Ltd. through business integration

As the market environment grew tougher, due in part to the population decline and the increasingly fierce competition, we integrated the businesses to maximize our use of the two companies' management resources and take advantage of their strengths.



Business integration
(news conference in 2007)

2009 Establishment of regional operating companies as spin-offs

- Establishment of Hakodate Marui Imai
- Establishment of Sendai Mitsukoshi
- Establishment of Nagoya Mitsukoshi
- Establishment of Hiroshima Mitsukoshi
- Establishment of Takamatsu Mitsukoshi
- Establishment of Matsuyama Mitsukoshi

2010

- Establishment of Niigata Isetan Mitsukoshi
- Establishment of Iwataya Mitsukoshi

2011

- Establishment of Isetan Mitsukoshi
- Establishment of Sapporo Marui Mitsukoshi

2012 Small stores

We open small stores focusing on the specific strengths of Isetan Mitsukoshi, aiming to increase points of contact with customers.

2012-
ISETAN MIRROR Make & Cosmetics
Isetan Haneda Store

2015-
Isetan Salone
Isetan Salone Men's



Maturation Period

2008

2018 Real estate business

Aiming to further improve the value of some of the most valuable real-estate properties in Japan, which are owned by the Isetan Mitsukoshi Group, we strengthen the development of stores and commercial facilities from a medium- to long-term perspective, thereby increasing points of contact with customers.

2018 FOOD & TIME ISETAN YOKOHAMA
mi:ts KOKUBUNJI

Planned in 2021 FOOD & TIME ISETAN OFUNA



FOOD & TIME ISETAN
YOKOHAMA



mi:ts KOKUBUNJI

2018 New online businesses

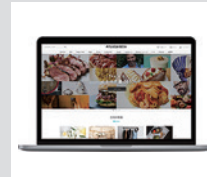
We provide customers with new customer experiences by developing new online businesses that take advantage of the strengths of the Isetan Mitsukoshi Group.

2018 ISETAN DOOR
2019 meeco
MOO:D MARK by ISETAN
Isetan Mitsukoshi Furusato Nozei
Hi TAILOR



2020 Redesign of the Isetan Mitsukoshi Online Store

We have redesigned the Isetan Mitsukoshi Online Store to provide greater convenience and comfort by integrating the online shopping sites of Isetan and Mitsukoshi and information about in-store events into a single website. You can now check information about both Isetan and Mitsukoshi at a single website. Guided by the concept of keeping Isetan Mitsukoshi in your hands at all times, we have also released an app to ensure we are able to provide an optimal customer experience.



1960 The industry's first parking building

Anticipating motorization ahead of others, we built the industry's first parking building.



The industry's first parking building

2003 Otoko-no Shinkan remodeled into the Men's Building

We remodeled the entire building into a building for men who purchase and coordinate their clothes on their own, instead of having others choose and purchase clothes for them.



Front entrance of the Men's Building

The Isetan Mitsukoshi Group's Process of Value Creation

Since its foundation, the Isetan Mitsukoshi Group has continued to evolve by innovating its business models to adapt to the changing times and connecting customers to goods and events.

While the environment surrounding the industry has been changing rapidly, the Isetan Mitsukoshi Group will continue to innovate more than ever, taking these environmental changes as an opportunity.

We will connect our brands, customers, human resources, real estate, and domestic and overseas stores, which are our strengths, with businesses using the power of IT, stores, and people to create department stores in the new era. In addition, by responding to the changing needs and issues of society, we will build relationships of trust with all stakeholders, including our customers, shareholders, investors, business partners, employees, and local communities. Through these efforts, we will enhance our corporate value and continue to grow sustainably.

Business strategies

Business structure

Opportunities and risks

Strengths

Management capital

Fixed capital

Number of department stores in Japan and other countries

52

Intellectual capital

Brands of Mitsukoshi, Isetan, Marui Imai, and Iwataya

Expertise in sales and store development

Human capital

Number of Group employees

Approximately 22,000

Our Philosophy

Connecting people and bridging times

Major changes in social trends

Demographic changes

Acceleration of decline in birthrate and aging of population
Population concentration in urban areas and depopulation of rural areas
Economic growth of Asia and Africa, etc.

Evolution of digital technologies

Environmental changes attributed to the IT revolution
Expansion of the sharing economy, etc.

Growing interest in a sustainable society

Online businesses

Offline businesses

Brands

Customers

Human Resources

Real Estate

Stores in Japan and Overseas

Policies Behavioral standards Governance Material issues

P.25

Financial capital

Social capital

Customer base

Natural capital

Changes in the environment surrounding the Isetan Mitsukoshi Group

Changes in customer structure

Expansion of the world's affluent population
Rise of the Millennial Generation
Increase in demand from inbound tourists, etc.

Environmental changes caused by IT

Seamless linkage to cater to customer needs
Diversification of purchase and payment methods
Changes in logistics and supply chains
Changes in customer needs (from goods to events and experiences)

Achievements to be made

Values we provide

Providing a
**supreme customer
experience**,
both online
and offline

**Department Stores
in the New Era**
that make use of
the power of IT,
stores, and people
(platform operators)

1
Business model
innovation

2
New online
businesses

3
Expansion of
real estate
business

Real estate
business

4
Cost structure
reform

Finance
businesses

Providing a
**new customer
experience**
by combining the
Group's strengths
with digital
technologies

**Connecting
People
and Local
Communities**



**Connecting a
Sustainable
Society and
the Times**



**Improving the
Satisfaction of
Employees**



Our Vision

**The Sustainable growth of
the Isetan Mitsukoshi Group**



**Connecting People and
Local Communities**
**Connecting a Sustainable
Society and the Times**
**Improving the Satisfaction
of Employees**

SUSTAINABLE DEVELOPMENT GOALS



Sustainable Development Goals (SDGs)

A set of international development goals for the period from 2016 to 2030 specified in the 2030 Agenda for Sustainable Development adopted at the UN Sustainable Development Summit in September 2015



Connecting People Toward a Stage of the Next Ten Years

TOSHIHIKO SUGIE
President and CEO

**We will keep moving forward,
aiming to be department
stores for the new era.**

First, I would like to express my sincere sympathy to those who have been affected by COVID-19, their families, and their loved ones, and I extend my heartfelt condolences for those who have passed away. I would also like to extend my deepest gratitude to the medical personnel and others who are working hard and cooperating daily to prevent the spread of infection.

Since FY2019, all the employees of the Isetan Mitsukoshi Group have been working together to advance growth strategies and structural reforms under the three-year plan (FY2019 to FY2021). The main goal of the plan is to become department stores for the new era that leverage the power of IT, stores, and people (platform operators).

We had felt that our efforts were effective, with progress being made at a better-than-expected rate in the seamless integration of online e-commerce services and offline brick-and-mortar store services, which is one of the key initiatives of the three-year plan. And then the COVID-19 pandemic happened.

The COVID-19 pandemic has not only triggered the loss of foreign tourists in Japan but also changed customers' lifestyles drastically, as digitalization accelerated rapidly in everyday lives as well as business settings. Even if we are able to return to a normal life in the future, we will not break away from this lifestyle using digital technology.

We temporarily closed all of the Group's stores following the Government's declaration of a state of emergency, and we were unable to attend to customers for around two months. I felt strongly at that time that we were right to be so strongly

and Bridging Times New Growth to be Achieved Over

concerned, which made us feel it was necessary to accelerate the ongoing reforms, and that we were going in the right direction.

Backcasting to formulate a new three-year plan based on a long-term plan

In response, we have decided to revise the three-year plan that we have been advancing. We are planning to formulate a long-term plan that clarifies our goals of what we wish to be in ten years. We will then backcast to formulate a new three-year plan (FY2021 to FY2023), which we will announce. We made this decision because the global changes in society and the things that people value, accelerated by the COVID-19 pandemic, made us painfully aware that our business model must evolve significantly to adapt along with the changing times.

The profit margin of our department store business has not been able to reach 5%, no matter how hard we try. The break-even point for sales is high, and the impact of weather, worsened business confidence, and other negative factors are reflected in our profit immediately and directly, which destabilizes the Group's management base. Because sales from the department store business account for the majority of the Group's sales, the evolution of our business model has been a momentous task that was necessary to stabilize management. We believed it was necessary to determine what we aspire to be ten years from now and implement measures step by step to achieve our goals.

Another significant factor behind this decision is our transition to being a company with a nominating committee, etc., which took place in June 2020. Immediately after the transition, our outside directors joined discussions about the formulation of a medium- to long-term plan. We have since frankly discussed how the Group

should overcome the pandemic, the vision we should have for ten years from now, and how we should formulate a medium- to long-term plan based on the above, while listening to harsh but valuable opinions. Employees also participated in the discussions in the formulation phase, which we have been advancing through the exchange of opinions.

In this process, the management team first shared their rough ideas on their image for the Group in ten years with all employees. Based on this rough plan, each layer of employees discussed the future in detail towards the formulation of a specific plan. I feel that this process of formulation, in which the management team, including the outside directors, and employees work as one, has enabled us to share our concerns and awareness of problems. We will promote long-term, drastic reforms that will include asset reshuffling and changing the business portfolio to enable sustainable growth, while also keeping an eye on the short-term perspective to push our performance back on the path toward recovery.

I hope that our stakeholders will understand and support our new plan when we announce it.

The business environment is expected to become more severe in the next ten years.

How will our business environment have changed in that ten years?

One thing we know for sure is that the demographics will have changed. As you know, the population in Japan is declining. Even if urban areas maintain a certain population, rural areas will see their populations age and decline. This will result in the decline of the consumer population, inevitably shrinking the retail market.

This will happen in overseas markets as well. In Asia, the population will continue to increase in only a handful of countries and regions,

We Will Meet Customer Needs to Further Our Growth.

including the Philippines. The populations of China, Singapore, and other key nations will take a downward turn. It is apparent that, if the Isetan Mitsukoshi Group does not change, this situation will be tough, as these countries are main markets.

The pandemic has placed well-established global apparel companies in a predicament. I believe this reflects the fact that many of the companies like us that have been involved in the fashion industry are not changing with the times, and have been unable to respond to the diversification of consumption.

At the same time, as a result of asking themselves what they truly need, many people have come to choose sustainable goods, attaching importance to quality rather than quantity, and to shop less frequently. The trends surrounding these changes in consumer spending will increase in the future.

Catering to customer needs by integrating brick-and-mortar stores with digital technologies

Our reaction to this future has not been only fear.

In the last several years, we have reviewed our stores, assuming that the populations in the trade areas of our brick-and-mortar stores will decrease 20% to 30% in the medium to long term due to the population decline. Based on the compact city vision, which anticipates the cities and lifestyles of the future, we plan to continue operating our stores which are expected to play central roles in future urban development.

Regarding customer needs, I believe that individuality, which has been important, will remain a core criteria for selecting products. However, the

things that make people feel wealthy change with the times. Therefore, we must respond to these changes adroitly and sensitively, to continue to change our product mix so that it is always suited for the times.

Further, regretting our adherence to our successful experience and rejection of change, we are proactively proceeding with digitalization, aiming to build an environment that will enable us to offer the goods valued by customers and cater to their needs in the coming ten years. Digitalization will enable us to implement the tasks necessary to cater to customer needs quicker, easier, and at lower cost. The tasks would require large investments if we were to try to implement them only at stores.

In this era, with the flood of information, there is an issue in the promotion of digitalization. There are mixed opinions on the internet, which makes people impossible to judge by themselves what is good and difficult to understand the value of goods. I think that, all considered, people will solve this problem.

If a trusted person recommends a product, the fact that this person recommends the product adds to its value and spreads the word about it. At present, in our brick-and-mortar stores, we are designing sales floors to take advantage of our characteristics. We are also implementing measures to ensure that our employees know what is sold on the sales floors managed by each brand, so that they are able to suggest appropriate products that suit customer needs. As a result, we have begun to see examples where products suggested by our employees, who have tens of thousands of followers on social media, contribute to sales.

I am sure that we will be able to focus on people and provide satisfaction to customers, satisfaction with the items they buy and also the people that they buy them from, because of our brick-and-mortar stores. We select high-quality products that customers really want to buy, and we enable trusted people to sell these products. I believe that if we are able to take this initiative online while adding to its strength, we can enable customers from a wider area to enjoy the same



A dialogue with employees

high-quality shopping experiences they would have in brick-and-mortar stores.

Our brick-and-mortar stores are important places where our key content is available. They will be places for people to consume experiences.

Our brick-and-mortar stores, such as those in Shinjuku, Nihombashi, and Ginza, will remain important for us as places where our key content is available. Selling well in brick-and-mortar stores will be an important factor in the attraction of customers to strengthen online sales.

For example, the Snoopy exhibition we hold at the Ginza Store is a highly popular event. It attracts a large number of customers every time we hold it. Unfortunately, during the latest exhibition, we had to take measures to control the spread of COVID-19, including limiting the number of people admitted to the venue. However, the ability of customers to come to the store before the pandemic gave them the confidence to purchase products online. In addition, if products are sold at an event that is so popular that there needs to be a restriction of admission, and those products are made available online, customers who are unable to come to the store are motivated to buy them, which contributes to sales.

This is exactly the value that the Group can provide, and one of our assets, as a Group with brick-and-mortar stores. We will continue to position our brick-and-mortar stores as the source of our business. Discerning employees from the stores will act as valuable sources of highly credible information encouraging online customers to purchase the products we offer.

Department stores not just provide high value-added, high-quality products but also serve as community centers. A survey conducted in a rural area has found that customers desire to eat at restaurants and purchase food items in addition to buying products.

In response, Matsuyama Mitsukoshi is advancing a plan to conduct a large-scale renovation of its store,

transforming it into a facility that is something more than a department store, which will be visited and used daily by visitors to Matsuyama and residents of the area. For example, the lower floors will consist mainly of food departments, including a food market and a cafe. There will be a hotel and departments offering beauty and healthcare content on the upper floors, all of which will be operated in collaboration with local companies. On middle floors, we will concentrate the elements that previously made up the department store. There we have opened a digital salon connected to the Isetan Shinjuku Main Store and the Mitsukoshi Nihombashi Main Store via the internet. At this salon, customers are served and given suggestions by stylists from sales floors of the Isetan Shinjuku Main Store and the Mitsukoshi Nihombashi Main Store in real time. They will be able to order, try on, and purchase products that are unavailable at Matsuyama Mitsukoshi.

By offering this new place for shopping on a floor where the goods needed daily by local people are available, we will not have any difficulty attracting customers. Even a floor operated in the traditional ways of a department store that would be inefficient by itself can be used in a new way to





generate profits. We intend to work together with local governments and advance this development project as a new regional model.

Providing shopping experiences online, with the high-quality customer services of a department store available anytime, anywhere

Globally, there are few examples of high value-added goods being offered to customers seamlessly through the integration of online and offline stores. A department store in Europe operates a similar business. However, we found that it wasn't an illuminating guide for us, partly because its wide trade area includes the entire Euro zone and even some Arab countries.

While there is no precedent, we are trying to identify how to sell high value-added products online to customers in Japan, who are said to be most demanding in the world. We are experimenting daily and working to solve difficult questions.

Amid these circumstances, we launched a new app in June 2020 and began to acquire online members. In November, the Isetan Mitsukoshi Remote Shopping App was launched to enable customers to purchase products from brick-and-mortar stores receiving the same customer services as they would in-stores, wherever they are. I think that by accumulating data on interactions with customers through this app, we will eventually be able to have an AI answer easy questions from the customers.

The combination of these proactive initiatives

and our customers' quick progress in digital literacy, as they refrained from going out due to the pandemic, has resulted in the expectation that our online sales for FY2020 will exceed the targeted 25.0 billion yen and even be greater than 30.0 billion yen.

However, while sales were growing steadily, we began to see new issues that should be addressed immediately. One of them is the need to streamline distribution adequately. If online sales continue to grow, distribution could be the bottleneck. We believe this needs to be improved immediately.

Using the Group's strengths to achieve sustainable growth

The question we must address immediately is how to improve our business portfolio from its current status, in which sales from the department store business make up most of the Group's sales.

We should prioritize increasing the percentage of the real estate business. Fortunately, the Isetan Mitsukoshi Group owns many excellent properties in excellent locations. Now, however, the real estate business is producing little profit. We are determined to take actions to ensure that these excellent properties will steadily produce profits.

In addition, the Isetan Mitsukoshi Group engages in various other businesses, such as the finance business, construction painting, distribution, and system development, although these businesses are low-profile compared to the department store business.

For example, the finance business, which is operated by MICARD Co., Ltd., a credit card company, and MI TOMONOKAI Co., Ltd., which manages the Tomonokai customer organization, has a good customer base of 3.2 million affluent people in Japan. While other credit companies proactively utilize the data of their customers, we had positioned credit cards simply as a means of settlement for the department store business, without utilizing the data from them. If we can make effective use of that data, we will be able to develop synergy with various other businesses.

Further, Isetan Mitsukoshi Property Design Ltd., which engages in tenant management, construction painting, and design, makes high-quality Western furniture and interior ornaments as symbols of the era for the National Diet Building, the Supreme Court building, and other buildings. In recent years, the company

We Will Generate New Value by Integrating People and Digital Technologies.

made furniture for brand shops and worked on interior decorating and furniture production for a five-star hotel. With these and other projects, the company has been praised in its industry.

Isetan Mitsukoshi Business Support Ltd., which operates a distribution business, has also earned praise. Capable of managing distribution in four temperature zones, normal, refrigerated, frozen, and constant temperature distribution, the company is now producing results including contracted operations for food delivery services for a major supermarket chain in Japan.

Thus, the Isetan Mitsukoshi Group has a large number of companies which have the potential to grow in the future. Previously, businesses other than the department store business would be bracketed together as “other businesses.” Hereafter, we will focus on and monetize each one of them to enable them to grow as businesses that are comparable to the department store business and the real estate business, thereby improving the value of the overall Group further.

The power of a department store lies in its people. We will continue with the employee-first principle.

In the department store business model, the top-down approach is not universally effective. I think that the following story will help you understand this point very well. We often hear that a restaurant company or a convenience store chain has its new products tasted by the president before deciding to sell them. Imagine me tasting all of the new products from the food floor or trying on all the clothes and shoes. It is silly, isn't it?

The power of our employees working on the front lines is directly linked to our business performance. Therefore, on-site workers knowing the Company's situation and understanding its strategies and vision is most necessary.

This pandemic has been an opportunity to receive opinions and suggestions from

our locations. Above all, it has reinforced my understanding that the young employees working on the front lines are very concerned. This is because they think seriously about our customers. I think that my main job is to create an environment for these employees to be able to work earnestly.

Strengthening governance, which will also increase the force driving management significantly

I think that the Isetan Mitsukoshi Group has been moving forward at an accelerated rate since June 2020.

This is because we worked to strengthen our corporate governance and transitioned to being a company with a nominating committee, etc. As I mentioned above, the process of formulating the current medium- to long-term plan was a very difficult step that would have been impossible for the internal staff to complete alone.

At the meetings of our Board of Directors and other directors' meetings that we hold regularly, honest, frank opinions are shared on many proposals, which makes me feel that our level of discussion has improved one or two levels. While management has received many pieces of advice that have been harsh truths, I feel that discussions have surely been improving.

In this way, Isetan Mitsukoshi Holdings has taken this crisis as an opportunity, and we are now about to change significantly from within. I ask that all stakeholders understand this position of ours and continue to support us for many years to come from a long-term perspective.



Connecting People and Bridging Times

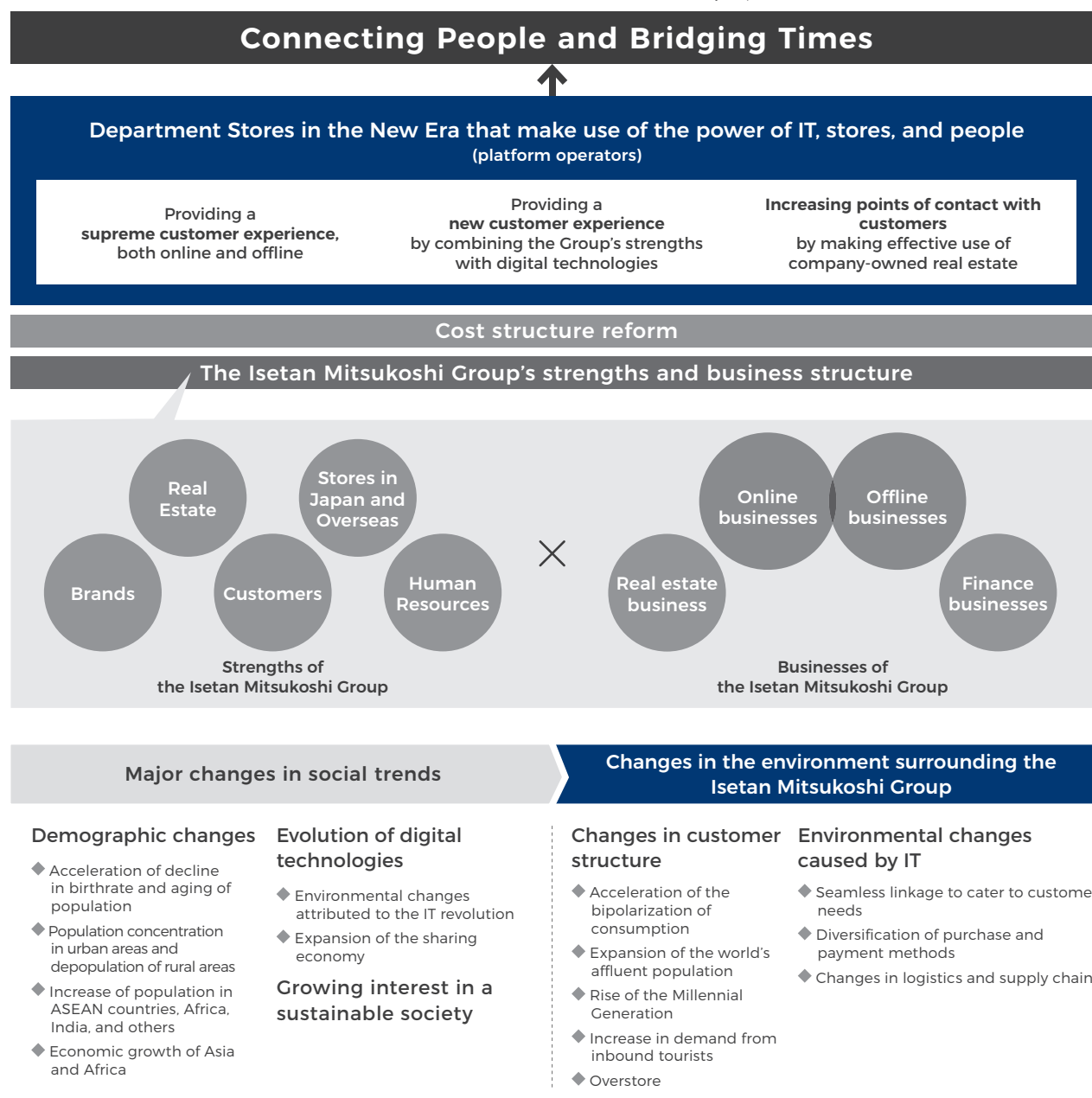
Taking environmental changes as business opportunities

Working to be department stores for the new era connecting customers with goods and events via platforms

More than 10 years have passed since the formation of the Isetan Mitsukoshi Group and the environment surrounding us has changed significantly. The Group has continued advancing its three-year plan (for FY2019 to FY2021) toward the next growth stage, in an environment of ongoing change, including

digitalization and population decline. We will continue growing as a department store for the new era by taking the risks and environmental changes surrounding us as opportunities and creating new businesses and value by taking advantage of our strengths: IT, stores and people.

*Three-year plan (FY2019 to FY2021) announced in November 2018



Positions of our management plans

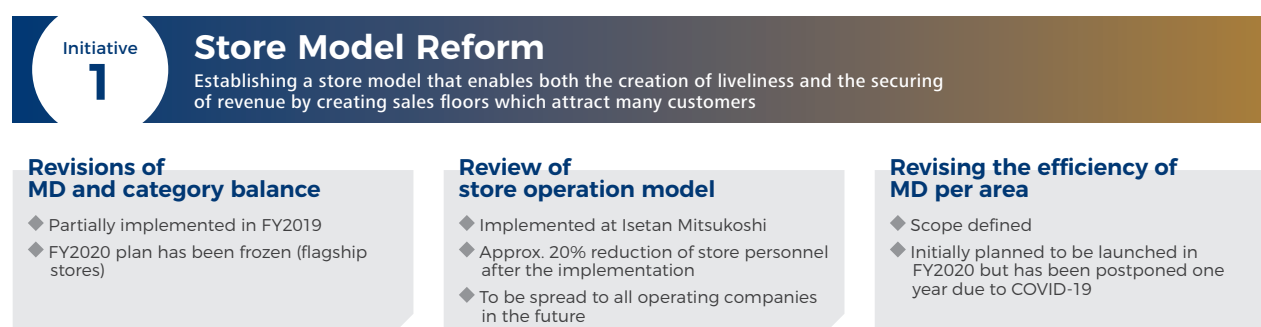
Suspension of the current medium-term management plan

In light of the ongoing and future changes in society and the spending environment caused by the COVID-19 pandemic, we have decided to adjust our strategies, speed up their implementation, and formulate a new medium-term plan based on a long-term

plan created by backcasting, while keeping our major direction unchanged. We are planning to announce the long-term plan and the new medium-term plan in May of 2021.



Progress of the major initiatives of the FY2019 to FY2021 medium-term management plan (retail business) *As of November 2020



Regarding the full-scale reform of the store model, which was long overdue, we are proceeding with initiatives for increasing revenue while also filling in the gaps between customer needs and the balance of implementation.

Concerning the revisions of MD and category balance, by FY2019 we had implemented large-scale remodeling at the Isetan Shinjuku Main Store and the Mitsukoshi Nihombashi Main Store, our flagship stores. While we were planning to continue revisions and remodeling on a brand-by-brand and MD-by-MD basis, we have frozen this plan for FY2020, due to the COVID-19 pandemic.

The goal of the review of the store operation model is

to improve human resource efficiency, which is essential for improving profitability. While we previously allocated very substantial funds to maintain the stores, we consolidated unprofitable sales floors offering self-selected products and reviewed our in-store operations at our flagship stores. This has resulted in an approx. 20% reduction of the in-store human resources needed to operate each store. We will introduce these initiatives within Group companies.

For the revision of the efficiency of MD per area, we have finished defining the scope. We will hereafter proceed in consultation with our business partners while also keeping appraised of the COVID-19 pandemic.

Initiative
2

Seamless Online and Offline Service Integration

Establishing a seamless platform that enables customers to go back and forth freely between the online and offline stores

1 Building an online platform

- ◆ Website integration and launch of a new app implemented in June 2020
- ◆ Acquisition of online members begun in earnest
- ◆ Increasing the number of products offered online

2 One-to-one initiatives

- ◆ Launch of a one-to-one app
- ◆ Promoting the acquisition of app members
- ◆ Enhancing communication with customers

3 Expansion of the e-commerce business

- ◆ Upward revision of the e-commerce sales forecast
- ◆ Sales expansion

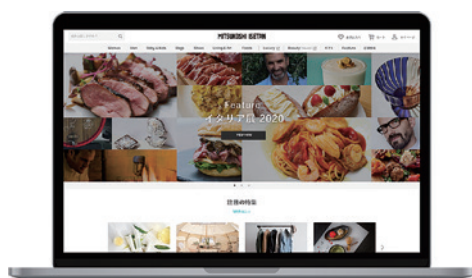
2 — 1 Building an online platform

Launch of an integrated website and an integrated app

In June 2020, we launched the Isetan Mitsukoshi Online Store App to be a platform providing the optimal customer experience.

We consolidated the websites and apps of Mitsukoshi and Isetan, which had been operated separately, into a single platform where shopping experiences and in-store event

information are offered, beyond the boundary between the brands. With this platform, we are gradually expanding our online services to provide more convenient, comfortable shopping experiences in the new era.



Integration of e-commerce and information

We have unified sources of Mitsukoshi and Isetan product and event information enabling more convenient access.



Birth of a seamless Isetan Mitsukoshi app

Guided by the concept of keeping Isetan Mitsukoshi in your hands at all times, we have released an app optimized for smartphones. It offers diverse features, including My Page and a feature enabling customers to make reservations for customer services.

Increasing the number of products offered online, aiming to improve quality and efficiency

We have been increasing the number of products offered online, to make the entire lineup of products available at our flagship stores available to online customers as well. In FY2019, we achieved the target of 100,000 products offered online. In FY2020, it has been increasing at a rate that will enable us to

achieve our target of offering 150,000 online. Hereafter, we will pursue quality and efficiency improvements instead of the expansion of scale, for example, by enhancing the lineup to better serve customer needs and by providing more detailed product information.

(Unit: Thousand products)

200

100

0

100,000

2019

Forecast
150,000

2020

2021

(Fiscal year)

■ Number of products offered online

From now, pursuing quality and efficiency instead of the number of products

2 One-to-one initiatives

“As a department store, what can we provide while customers’ lifestyles, workstyles, and consumption behaviors change significantly?”

At the Isetan Mitsukoshi Group, we do more than simply using e-commerce or digital technologies. We will suggest shopping styles that enable customers to shop remotely wherever they are,

through two-way communication between the customer and our stylists (sales clerks). We pay attention to the needs of each individual customer, providing one-to-one hospitality and product suggestions, something only available from a department store, at our online store, providing them the same shopping experience they would have in a brick-and-mortar store.

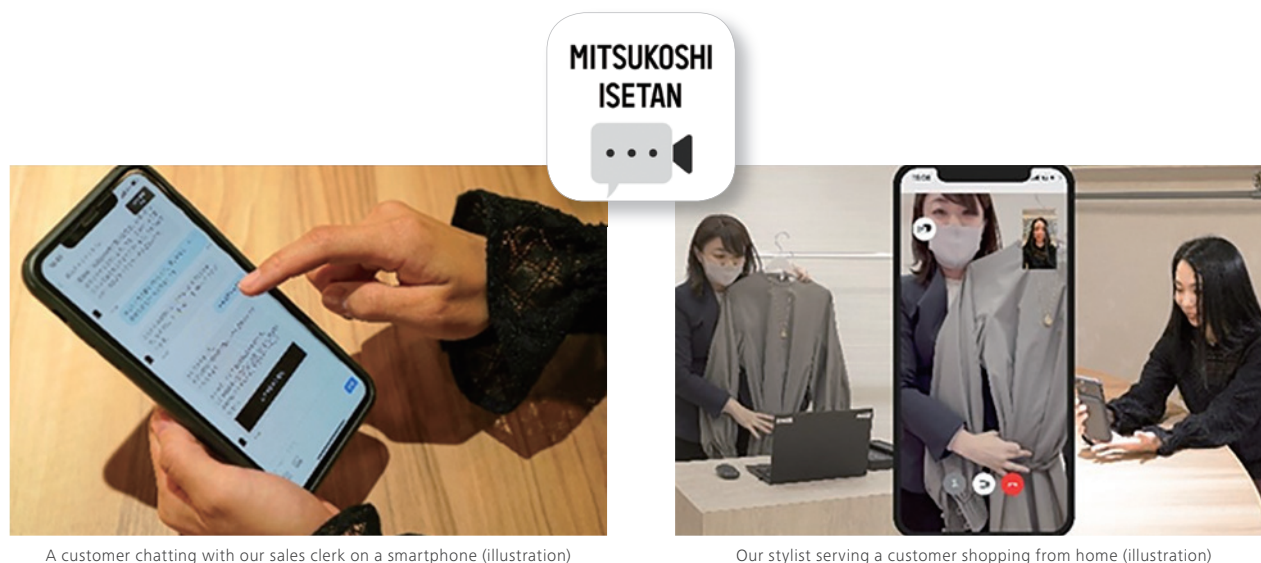
Remote shopping using a unique app

In November 2020, we launched the Isetan Mitsukoshi Remote Shopping App, which enables customers, wherever they are, to purchase products from our brick-and-mortar stores while receiving the same hospitality and customer services from our stylists (store clerks) that they would receive in-store.

Unlike conventional remote shopping services which lead customers from LINE to Zoom, this single app enables them to talk with our sales clerks using a live chat function and receive customer services from them in a video conference, as if they were in a brick-and-mortar store. Further, the newly developed Product

Registration Feature enables customers to add products they liked while talking with our sales clerk, to a dedicated cart immediately. This means they are able to purchase all of the products offered at Isetan Mitsukoshi (Isetan Shinjuku Main Store), including those not available online, from home using their smartphones.

We started this service by offering a selection of the ladies’ goods, men’s goods, select goods, and cosmetics at the Isetan Shinjuku Main Store. We are planning to sequentially expand the sales floors and stores that this online service covers.



A customer chatting with our sales clerk on a smartphone (illustration)

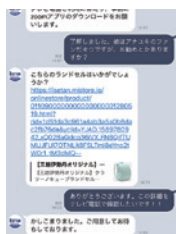
Our stylist serving a customer shopping from home (illustration)

The steps of Isetan Mitsukoshi Remote Shopping



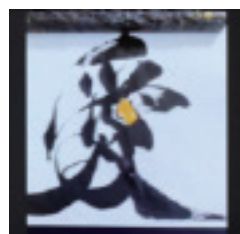
Remote shopping via Zoom

➤ Serving a customer who intends to buy a school bag



Using a mannequin of the same height as the child who will use the school bag, the sales clerk carefully explains the product and gives suggestions in response to questions asked in live chat.

➤ Remote sales session with Souun Takeda, a calligrapher



The store, customer, and the calligrapher's studio are connected with each other to communicate remotely. In this system, the calligrapher is able to write the characters requested by the customer, then and there, and sell it to the customer.

➤ Remote sales sessions by Matsuyama Mitsukoshi and the flagship stores



The digital salon opened at Matsuyama Mitsukoshi is connected to our flagship stores, enabling stylists from those stores to serve customers and suggest products to them.

➤ Remote sales session for the flagship stores' regular customers



A shop in the men's building and an overseas brand's workshop are connected online for remote product explanations and sales.

Other new attempts using digital technologies

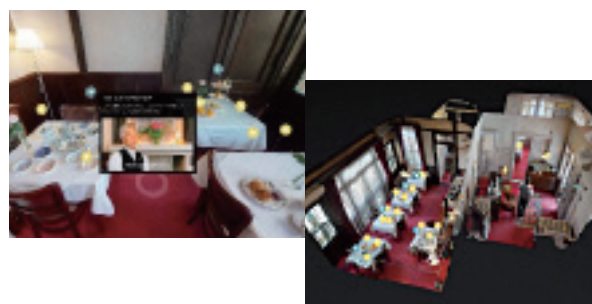
➤ Live commerce for introducing mid-year and year-end gifts

We held live commerce sessions introducing products that can be given as mid-year and year-end gifts. These sessions included product explanations given by our buyers together with their producers. The sessions were highly acclaimed for the suggestions they provided in the characteristic atmosphere of a live session only available online. We will continue to hold live commerce sessions in diverse fields.



➤ A virtual space in the British Fair in collaboration with a popular tearoom

We collaborated with a popular tearoom to open a virtual space on the official website of the British Fair. We opened it as the second venue of the British Fair held at our brick-and-mortar store. In this virtual space, we reproduced encounters with products, recreating what is possible in physical shopping spaces. It was a new experiment for the British Fair, done to show off examples of new ways to search for products and the virtual shopping experience of Isetan Mitsukoshi.



Aiming to provide a new customer experience — Opening the virtual Isetan Shinjuku Main Store in cyberspace —

We are expanding our new digital technology initiatives into the world of virtual reality*¹ as well. We are opening a virtual store (a store in a virtual space free from the constraints of time and space) and working to sell digital products (products from the department store converted into digital data and sold as products to be worn by avatars*²).


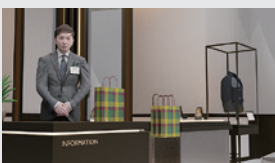


Specifically, in April 2020, we opened a virtual Isetan Shinjuku Main Store in Virtual Market4, one of the world's largest events held in virtual reality. In this store, customers are able to shop at anytime in the virtual world by controlling avatars, their alter egos. In addition, apparel and sundries are displayed as digital products in the store, and our employees through their avatars provide customer services. The digital products are purchased as goods to be worn by avatars. In addition, they are 3D computer graphics of products which are sold at the Isetan Shinjuku Main Store. If a customer likes a particular digital product, they are able to purchase the real-world version of the same product from our

online store, simply by clicking the digital one.

During the event, our brick-and-mortar stores closed early or were shut down due to the state of emergency. But our virtual store, which was free from the risk of infection and from any entry restrictions, attracted about 190,000 users, 20 times more than we expected. We believe that virtual stores like this will allow us to suggest diverse fashions without being constrained by inventory, leading to solutions to the issues surrounding the fashion business at its brick-and-mortar stores.

From the end of FY2020 to FY2021, we are proceeding with a plan to launch the Virtual Isetan Shinjuku Main Store platform on our own, in addition to opening stores on platforms created by other companies. We will try and provide a completely new customer experience combining content linked to brick-and-mortar stores and services that cannot be provided at physical stores.

The things you can do at the Virtual Isetan Shinjuku Main Store

 <p>1</p> <p>You can come to the store as an avatar whenever you want.</p>	 <p>2</p> <p>You can talk with the avatars of our sales clerks and receive customer services from them.</p>	 <p>3</p> <p>You can purchase digital products that are items to be worn by your avatar.</p>	 <p>4</p> <p>Digital products are linked to the Isetan Mitsukoshi online store, where you can purchase the real-world versions of the products.</p>
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*1 Technologies that create virtual spaces, created by computers and perceived as if they were reality; virtual realities created by applying the technologies

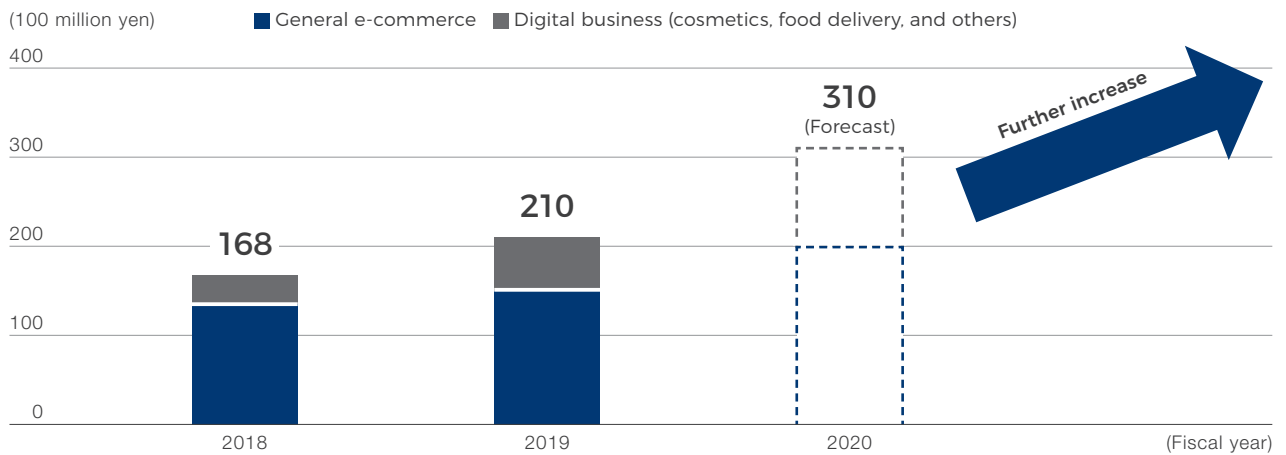
*2 Graphic representation of a user displayed in a virtual space on a computer network

2 — 3 Expansion of the e-commerce business

Previously, our online initiatives were aimed mainly at producing a seamless linkage for our customers to see the information we provide online and come to our brick-and-mortar stores. However, to respond promptly to the changes in customers' consumption behaviors due to the COVID-19 pandemic, we have also focused

our efforts on our e-commerce business that enables everything to be done online. As a result, our online sales have been far above their expected level. In FY2020, we expect online sales to reach 31.0 billion yen. They will continue to increase in and after FY2021.

Online sales



Initiative 3

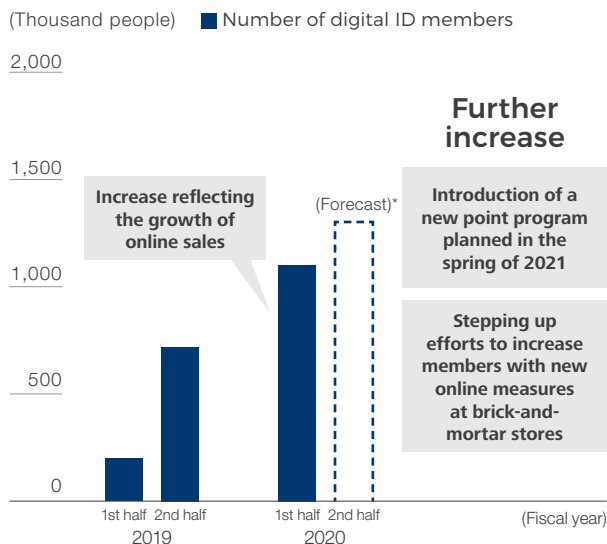
Group CRM

Increasing the number of digital ID members (identified customers) and app members to build a structure for providing optimal suggestions to each individual customer

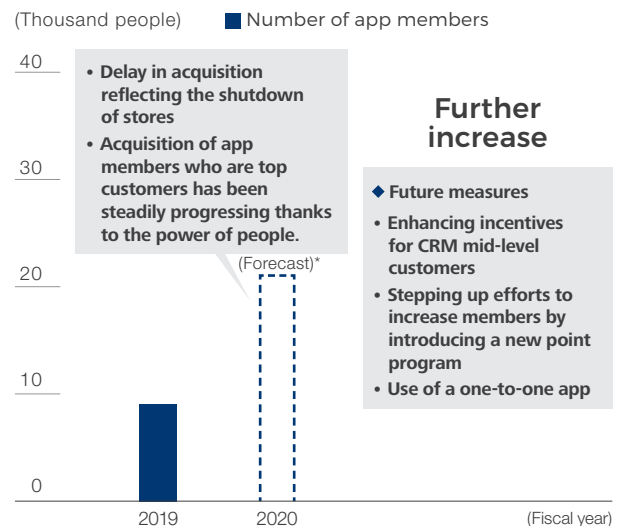
While the number of new digital ID members has been above the planned level in FY2020, its growth will accelerate because of the new point program planned to be introduced in the spring of 2021. Regarding app members, we have succeeded in acquiring top customers. However, the number of other customers has

been slightly below the targeted level in FY2020 due in part to the shutdown of stores. Moving forward, we will aim to further increase the number of members through various methods, such as enhancing incentives for mid-level customers in the CRM strategy.

Digital ID members (identified customers)



App members



*Forecast as of November 2020

CMO Message

What is Seamless Linkage for Isetan Mitsukoshi?

— Providing inimitable shopping experiences available only from Isetan Mitsukoshi —

TORU TAKEUCHI

Executive Vice President and Chief Merchandising & Marketing Officer



We began to take full-scale initiatives to achieve seamless linkage in FY2019. Since then, we have been establishing a structure to enable customers to have optimal shopping experiences both online and offline. In 2020, customers' lifestyles and workstyles changed greatly due to the significant impact of the COVID-19 pandemic. These changes have proved that our ongoing initiatives to achieve seamless linkage are the right path forward. We need to go through with these initiatives more precisely and more quickly, with confidence.

The strength of quantitative information combined with qualitative information

Our initiatives on digital technologies are based on the combination of quantitative and qualitative information, so that we can fully leverage the information we obtain in brick-and-mortar stores in addition to the big data obtained online.

For example, bags had been getting smaller in recent years, mainly the bags of luxury brands. However, because remote working opportunities have increased due to the pandemic, larger bags that are different from previous designs, such as A4-size bags and back packs for carrying PCs and documents, have begun to sell well. We can identify the probable existence of trends like this by watching customers in stores and listening closely to them, in addition to collecting data on what they searched for and what they bought. We check the quantitative information in stores and use this quantitative information to support qualitative information. Our brick-and-mortar stores are our great strength as we advance initiatives on digital technologies.

A wider range of shopping style options to choose from

Our previous business method provided customers with only one way of shopping. That is, we purchase products, display them, advertise them, admit customers during business hours, serve them, receive money from them, and they take the products home. Due to the advancement of digital technologies, however, this sequence is no longer meaningful. Instead, customers are now able to shop whenever, wherever, and however they want in accordance with their own lifestyles. New shopping styles include a system in which we first deliver products to them and then they decide which one of them to buy, like the Group's DROBE service. They also include a system in which we first serve customers and receive money from them before manufacturing and purchasing products that they first paid money for, just like made-to-order goods sales. Still another example is subscription services such as a wine subscription, in which

customers pay a fixed fee in advance before products are delivered to them on a monthly basis.

Using our discerning eye and demonstrating our capability to suggest the right products to customers, online

However, while the advancement of digital technologies has enabled us to provide a wider range of shopping style options and improve the convenience of shopping, these advanced technologies do not increase sales automatically. The key lies in our discerning eye that we have developed in brick-and-mortar stores. When we embarked upon the seamless linkage strategy, we strived to increase the number of products offered online to post all of the products from the Shinjuku Main Store. In FY2020, we worked on the strategy in accordance with the plan, with the number being forecast to exceed 150,000. Through more than six months of analysis that we conducted after a rapid expansion in online shopping due to the spread of COVID-19, we found that products that do not sell well in brick-and-mortar stores do not sell well online either, which is only natural. By offering 150,000 products, we are able to cover more than 90% of the hot-selling brands that are our targets. Therefore, we changed direction. Our goal now is to enhance the lineup of products that customers need, instead of mindlessly increasing the number, in consideration of the cost of posting them as well.

To achieve this, we should use our discerning eye to select the products we offer, which we have been demonstrating in our brick-and-mortar stores, and exercise our capability of suggesting selected products to customers in an appropriate, careful manner. We should demonstrate these skills online just as we do in physical stores. I have realized again that this is something that only we can do, because of our long experience operating department stores.

I have told you many things, but the most important point is that our main stores in Shinjuku and Nishinomiya will remain in the world's best department stores. We will increase the number of shopping styles available, improve our discerning eye and our capability to suggest the products needed by our customers, and offer our lineup of products and services online as well as in brick-and-mortar stores thanks to seamless linkage. The level of the shopping experience enabled by these initiatives will be determined by the level at the two main stores. Therefore, we should create a system which makes products easy to see and buy and ensures that customers enjoy shopping without being bored, both online and in physical stores. We will keep working hard to achieve these initiatives, which have yet to be realized by any department store anywhere in the world, as soon as possible.

Our Capital Policy

CFO Message

Continuing a Capital Policy Leading to Increased Corporate Value

HIDEHIKO IGURA

Director, Managing Executive Officer and Chief Financial Officer



Review of FY2019

The task I believe is the most important has remained unchanged since I became the CFO in April 2019. We must bring the three elements of the profitability of business, capital efficiency and the content of balance sheets closer to the optimal state in response to the continuously changing business environment. In the first year of the three-year plan that started that same year, while we were shifting from the previous strategy's focus on structural reforms to the innovation of the business model for the department store business and further cost structure reforms, we

began working to maintain a sound financial base under the basic policy of using the funds from operating cash flows for business activities and business investments.

Regarding shareholder returns, we undertook a 10.0 billion yen share buyback in the second half of FY2019 in comprehensive consideration of our financial condition and share prices, under the policy of improving the payout ratio and increasing the total return ratio over the medium to long term. We have also continued to secure funds for new growth investments by transforming our non-core businesses and assets into funds.

Changes in consolidated cash flows and net interest-bearing debt

(100 million yen)

	FY2018 results	FY2019 results	FY2020 forecasts
Cash flows from operating activities	283	163	▲210
Cash flows from investing activities	▲225	▲100	▲120
Cash flows from financing activities	▲91	203*	0
Net increase (decrease) in cash and cash equivalents	▲38	265	▲327
Balance of net interest-bearing debt (as of the end of the fiscal year)	866	989	1,370

*Including expenditures for the share buyback (10.0 billion yen)

*The forecast values are as of November 2020.

Measures taken in FY2020 to address the COVID-19 pandemic

Since the fourth quarter (January to March) of FY2019, COVID-19 has continued to have repercussions for the Isetan Mitsukoshi Group, and the future has remained uncertain. We enacted two measures in response to the emergency, the securing of liquidity on hand and the significant holding down of costs and investment cash outflows.

To secure liquidity on hand, it was our goal to secure a relatively large amount of operating funds based on a risk scenario that was created assuming that our business performance will remain affected by COVID-19 until the end of FY2020. For this purpose, we additionally issued commercial paper worth 30.0 billion yen at the end of March 2020. We also set an additional commitment line in the first quarter of FY2020.

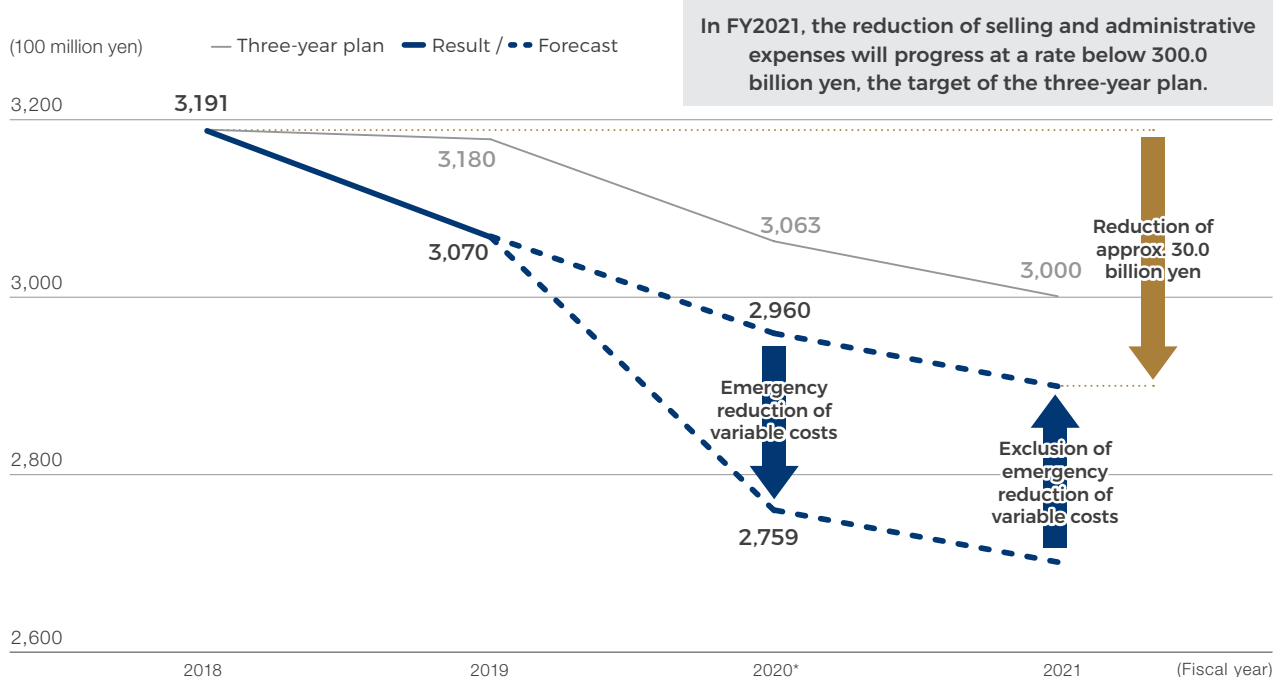
To hold down cash outflows, we appropriately increased expenditures for the safety and security of customers and employees in the pandemic. Also, we took the fiscal year plan for other costs and investments back to the drawing board and are uncompromising in reducing them by cancelling, downsizing, and postponing projects as much as possible, among other initiatives.

Future capital policy

As we suspended the three-year plan in November 2020, we are planning to announce a new three-year medium-term plan in May 2021. We are also planning to again announce the specific content of our and key financial KPIs at the same time as the above announcement.

While COVID-19 numbers continue to fluctuate, the pandemic is gradually entrenching a new normal lifestyle among customers. We are taking thorough measures to control the spread of infection, and a certain number of customers are coming to our stores, and the number of users of our online services has been increasing. The impact of COVID-19 remains uncertain, but basically, I would like to continue the fundamental policy that I have maintained since assuming office, maintaining a balance between aggressive and defensive measures to achieve our medium- to long-term vision, and speedily advance bold reforms of our business structure, with the goal of improving our corporate value over the medium- and long-term.

Changes in selling and administrative expenses



*The FY2020 forecast value was calculated including the fixed costs for the period of shutdown, which were transferred to extraordinary losses.

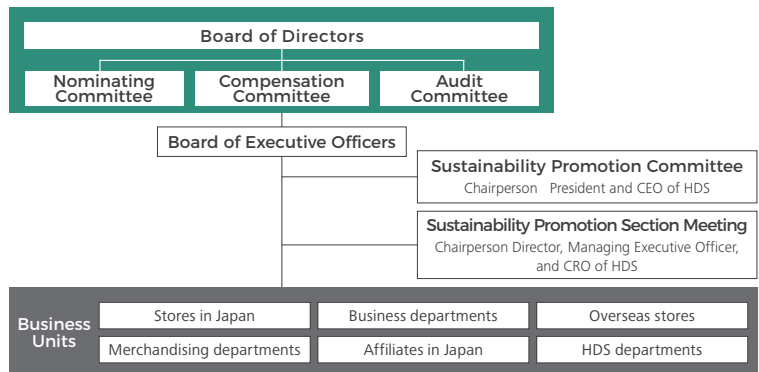
Sustainability Initiatives of the Isetan Mitsukoshi Group

System for Promoting Sustainability

In FY2018, the Isetan Mitsukoshi Group dramatically revised the Group structure for the management of conventional CSR activities, including environmental measures, from the viewpoints of the environment, society, and governance (ESG) and the sustainable development goals (SDGs). On this occasion, we established the Sustainability Promotion Committee chaired by the CEO. Under the leadership of senior management, the Committee aims to achieve sustainable business management by both solving social issues and improving corporate value through business.

Based on “the Isetan Mitsukoshi Group connecting people and bridging times” in “Our Philosophy,” the Group selected priority initiatives (material issues) in response to changes in the social and consumption environments, positioning the promotion of sustainability as a key issue for Group companies.

Organization for promoting sustainability in FY2020



Sustainability Promotion Committee

The Sustainability Promotion Committee seeks to promote and raise awareness for the measures and priority initiatives of our sustainability activities across the Isetan Mitsukoshi Group. Chaired by the CEO of Isetan Mitsukoshi Holdings, the Committee consists of the general managers of departments (business unit representatives) and affiliate representatives. The Committee met twice in FY2019.

Sustainability Promotion Section Meeting

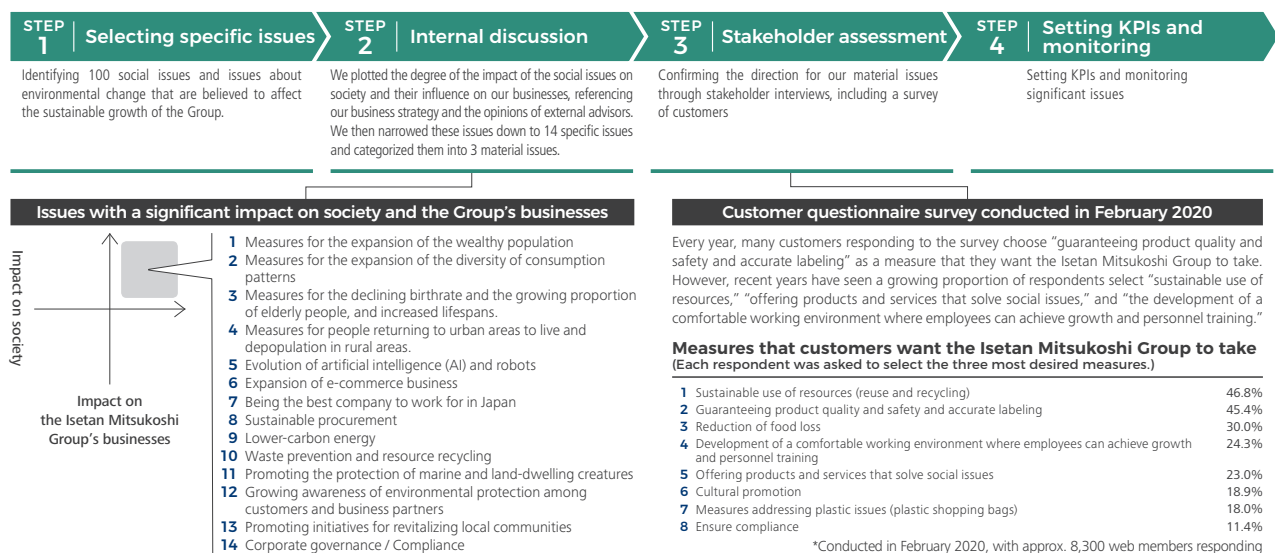
The Sustainability Promotion Section Meeting operates under the Sustainability Promotion Committee. Chaired by the CRO of Isetan Mitsukoshi Holdings, this Meeting for advancing sustainability measures consists of managers (business subunit chiefs), including the general managers of the general affairs departments of the Group companies and Group stores. The Committee met twice in FY2019.

Policies for the Promotion of Sustainability



Process for Selecting Priority Initiatives (Material Issues)

At the Isetan Mitsukoshi Group, priority initiatives (material issues) are identified based on discussions at management conferences and other meetings, the opinions of external advisors, and the findings of customer questionnaire surveys. We have selected three priority initiatives (material issues) from among the social issues we have identified and requests from our stakeholders, from the perspective of making the most of our strengths as a company running a department store business as our core business, through the process described below.



Three Priority Initiatives (Material Issues) on Sustainability




The Isetan Mitsukoshi Group promotes the following three priority initiatives based on group governance and communications, with the goal of continuing to be an entity which connects our customers around the world who are seeking affluence with people, local communities, the times and society.

Material Issue 1 Connecting People and Local Communities Connecting areas and producers including artists with customers	  
To help customers enrich their lifestyles, we take initiatives and connect people with many areas. This includes the creation of opportunities to feel the emotions and aesthetics of people and the introduction of the local cultures, traditions, and specialties of many regions.	Relevant stakeholders  Customers  Business Partners  The Community
Material Issue 2 Connecting a Sustainable Society and the Times Ensuring that a safe and secure environment can be handed down to future generations	   
To pass on a sustainable society to future generations, we are implementing initiatives to reduce our environmental impact, including the provision of safe, reliable products and services, the contribution to the building of a low-carbon society, and resource conservation.	Relevant stakeholders  Customers  Business Partners  Employees  The Community
Material Issue 3 Improving the Satisfaction of Employees Developing a comfortable working environment and investing in personnel	  
To achieve the goal of being the best company to work for in Japan, we are taking measures to build a workplace environment where employees are able to work with peace of mind. They include productivity improvement through operational reforms, the creation of an open workplace environment, and recommending that employees get enough rest.	Relevant stakeholders  Employees  Customers
Group Governance and Communication Promoting fair trade and business activities	
 	

Specific activities for priority initiatives (material issues)

Material Issue 1 | Connecting People and Local Communities

To help customers enrich their lifestyles, we take initiatives and connect people with many areas. This includes the creation of opportunities to feel the emotions and aesthetics of people and the introduction of the local cultures, traditions, and specialties of many regions.

Isetan Mitsukoshi Furusato Nozei* Connecting customers and local specialties from all over Japan	  
With the goal of providing customers with a catalyst for their discovery of the appeal of the diverse regions of Japan, Isetan Mitsukoshi Furusato Nozei (donating to the local government of a city, town, or village where one does not live) is an initiative introducing information about regions and their specialties by taking advantage of the nationwide network of the Isetan Mitsukoshi	Group. Return gifts are selected by buyers from the Isetan Mitsukoshi Group. As of December 2020, 114 local governments have expressed their intent to participate in this project and 89 have participated. We will continue to increase the number of participating local governments and return gift options in our effort to revitalize local industries.



Isetan Mitsukoshi Furusato Nozei

*Donating to the local government of a city, town, or village where one does not live



NIIGATA EPPIN



Restyle on the 3rd floor of the Isetan Shinjuku Main Store

NIIGATA EPPIN

Connecting gems from Niigata and customers all over Japan

Niigata Isetan Mitsukoshi



NIIGATA EPPIN is a project to convey the charm of Niigata (a province located in northeastern Japan) by providing the EPPIN (gems) of Niigata, filtered and gathered by Isetan Mitsukoshi. This shop was renovated and reopened in September 2020. We provide in-depth explanations about the producers and materials of the

products to the customers visiting this shop, attaching more importance to explaining the stories behind the products than selling the products. We also offer these products at the Isetan Mitsukoshi Online Store, to ensure that the gems of Niigata are introduced widely to customers all over Japan.

Restyle

Connecting people's minds via fashion

Isetan Shinjuku Main Store



Restyle, which is located on the 3rd floor of the Isetan Shinjuku Main Store, was renovated and reopened in August 2020. The sales floor consists of four zones themed on particular people, a strength of department stores. They are zones offering curators' selections, stylists' selections, designers' selections, and customers' selections. This provides customers with the opportunity to see a variety of aesthetic styles. To commemorate the

reopening, this shop held The Power of Choice event with the theme, "My idea of sustainability." Through The Power of Choice, the shop offered approx. 100 items from 15 global brands that represented designers' suggestions about the sustainability using clothes. Restyle will further expand the possibilities of fashion by acting as a platform for customers, employees, designers, and producers to share their feelings.

Material Issue

2

Connecting a Sustainable Society and the Times

To pass on a sustainable society to future generations, we are implementing initiatives to reduce our environmental impact, including the provision of safe, reliable products and services, the contribution to the building of a low-carbon society, and resource conservation.

Medium-Term Environmental Targets for 2030

Results for FY2019

Reduce total CO₂ emissions of the Isetan Mitsukoshi Group (SCOPE 1 and SCOPE 2) by 42%, with FY2013 emissions as the base fiscal year.

▲31.3%

(A coefficient for variation was applied after the adjustment.)

Formulation of Medium-Term Environmental Targets for 2030 and an initiative to formulate Long-Term Environmental Targets for 2050

Stores operated by Group companies



In FY2018, we formulated the Isetan Mitsukoshi Group Medium-Term Environmental Targets for 2030. The Group is working to reduce total CO₂ emissions under the banner of measures to address climate change as the group targets. Similar to the Paris Agreement, the Group has adopted FY2013 as the base fiscal year for its emissions reduction targets and

set targets higher than the Japanese government's. CO₂ emissions in FY2019 were 31.3% below the FY2013 level. The achievement percentage of the Medium-Term Environmental Targets for 2030 was 74.5%. In addition, we are creating a roadmap to achieve virtually zero CO₂ emissions as one of the Long-Term Environmental Targets for 2050.

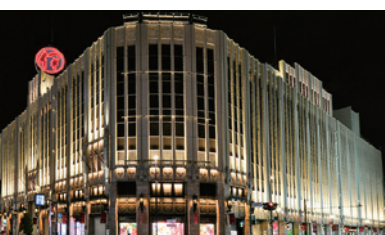
Introduction of LED lights in department stores in Japan

Stores operated by Group companies



We are proactively replacing lights in stores with LED lights as a measure to reduce total CO₂ emissions. In September 2020, we replaced the exterior lights of the Isetan Shinjuku Main Store with LED lights. This will enable us to reduce power consumption by approx. 50% from the previous level and cut total CO₂ emissions by approx. 26 tons every

year. In addition, we set the target of reducing the energy consumption (energy consumption per unit) of all of the Isetan Mitsukoshi Group's department stores in Japan by 20% compared to the FY2010 level, with the target year set as FY2020. We achieved this target in FY2019, when total CO₂ emissions were 24.2% below the FY2010 level.



Exterior lighting design of the Isetan Shinjuku Main Store

Encouraging customers to bring their own shopping bags

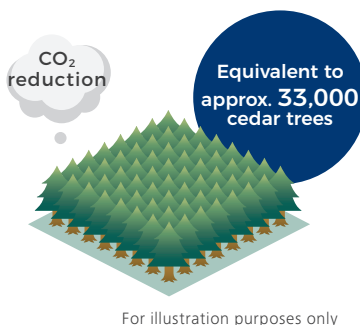
Stores operated by Group companies



At the Isetan Mitsukoshi Group's department stores in Japan, we began ending the use of our own plastic shopping bags gradually on July 1, 2020 in response to the mandatory fee for plastic shopping bags, instituted by a revised ministerial ordinance related to the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging. Customers declining to use plastic shopping bags from July to October 2020

resulted in the reduction of CO₂ emissions by 465 CO₂-t (equivalent to the amount of CO₂ absorbed by approx. 33,000 cedar trees)*. Moving forward, we will be even more sure to ask customers if they have their own shopping bags and continue to sell our original shopping bags. Through these activities, we will strive to habitualize the use of personal reusable plastic bags and make it a part of the standard lifestyle, together with customers.

*Calculated based on the 3R Kodo Mieruka Tool (tool for visualizing 3R activities) from Japan's Ministry of the Environment and Sugi-no ki Kansan (cedar tree equivalent) from the Forestry Agency of Japan



Material Issue

3

Improving the Satisfaction of Employees

To achieve the goal of being the best company to work for in Japan, we are taking measures to build a workplace environment where employees are able to work with peace of mind. They include productivity improvement through operational reforms, the creation of an open workplace environment, and recommending that employees get enough rest.

Employee satisfaction survey

Stores operated by Group companies



We conduct the employee satisfaction survey as a tool for two-way communication with employees, with the goal of achieving our target of being one of “the most comfortable companies to work in Japan”. In

FY2020, Group companies began conducting a common survey for group-wide cooperation. We conduct the survey every six months, two times a year, so that each company is able to continue to quantitatively improve.

Reduction of total working hours

Stores operated by Group companies



We continue to reduce total working hours to ensure the good physical and mental health of our employees. In April 2019, Group companies including Isetan Mitsukoshi Ltd. began to review regular working hours and set targets exceeding those required by law, such

as 50% usage of annual paid leave. To achieve this, we are more proactively using Office 365 and working to reform operations and improve productivity, including the promotion of paperless operations.

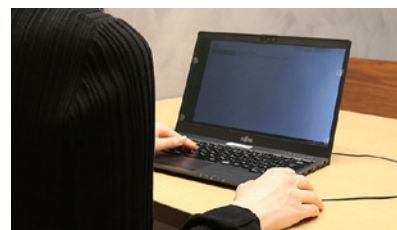
Encouraging remote work

Stores operated by Group companies



To enable employees to leverage diverse workstyles, Isetan Mitsukoshi Ltd. and other Group companies have introduced a work-from-home system. In response to the COVID-19 pandemic, we are working to enable even more employees to use this system. We have adjusted the staff attendance rates of Isetan Mitsukoshi Holdings Ltd. and other companies. We are also quickly improving our network environment to enable people to work from home. With these initiatives, we are establishing

an operational environment in the COVID-19 pandemic based on staggered attendance. In addition, the Group companies’ key meetings and presentations are conducted remotely, enabling staff to easily participate from distant areas and bringing about other positive changes that have led to the improvement of productivity and lively discussions. We will continue striving to improve productivity and to build a workplace environment where employees can work safely with peace of mind.



An employee working remotely

Promotion of diversity

Stores operated by Group companies



We are working to build an environment where all employees are able to actively participate, regardless of gender or type of employment. Isetan Mitsukoshi Soleil, Co., Ltd. is a special subsidiary company that proactively improves business efficiency by identifying operations that allow employees with intellectual disabilities to use their abilities and allocating these operations to them. These employees engage in operations that are incidental to sales at department stores (including the creation of gift-wrapping ribbons and labels). This has

led to the reduction of in-store operations equivalent to approx. 4,000 to 4,500 hours per month. We also proactively promote and redeploy female employees and work to create an environment enabling them to work comfortably, to expand opportunities for women to actively participate. Isetan Mitsukoshi Ltd. has set the target of increasing the percentage of female employees in management positions to 30% or greater by March 2023 (26% as of the end of FY2019). The company holds seminars and takes other measures to achieve this target.



Employees of Isetan Mitsukoshi Soleil, Co., Ltd. at work

*The company was renamed Isetan Mitsukoshi Soleil, Co., Ltd. in March 2011 as a result of the integration of Isetan and Mitsukoshi.

Prevention of harassment

Stores operated by Group companies



We take thorough measures to prevent harassment under the slogan, “Never harass, never let others harass, and never overlook harassment.” In addition to distributing an awareness-raising leaflet to all employees of the Group, we put up harassment prevention posters and include a harassment prevention program in various internal training programs. We provided e-learning training on the prevention of harassment to Group company employees in management and executive positions, including officers, in

Japan (3,700 employees) in January 2020 and to employees at large (12,000 employees) in November of the same year. We have also established a system for solving problems in a fair, prompt manner when a harassment complaint has been filed, including the establishment of a Harassment Hotline staffed by external counsellors, the establishment of a group hotline for whistleblowing, and a Harassment Prevention Committee with meetings that include employees and senior management from each company.



A leaflet raising awareness of harassment prevention

Measures to Prevent the Spread of COVID-19 Taken Group-Wide at the Isetan Mitsukoshi Group

Making the safety and peace of mind of customers and employees the top priority

During the state of emergency, the Isetan Mitsukoshi Group's department stores in Japan closed early or were shut down, with the safety and peace of mind of customers and employees and infection control as the Group's top priority.

After reopening all of the Group's department stores on Saturday, May 30, 2020, we continued to thoroughly discuss infection control measures and to prepare for their implementation, with the goal of establishing a safe, secure shopping environment. Our measures to prevent COVID-19 infections among our customers and employees are uncompromising and include the checking of body temperature at entrances, ensuring that all employees in stores wear masks, and the regular disinfecting of in-store equipment and other items.

Specific initiatives taken in stores, in shopping environments, and to ensure employee safety after reopening

To prevent the spread of COVID-19, we are taking the following measures in the Group's department stores in the Tokyo Metropolitan area and in other areas in Japan.

1 Requests for customers / 2 Countermeasures in stores / 3 Measures ensuring employee safety

1 Requests for customers

We have separated entrances and exits and ensured that employees check customers' body temperatures and ask them to sanitize their hands at the entrances and request that they wear masks in the stores. We take these measures to enable customers to shop with peace of mind, although the measures may inconvenience customers.

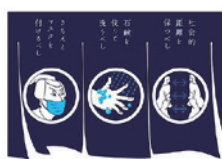
- **Measuring body temperatures at store entrances**
Measurement using infrared thermography cameras and non-contact thermometers
- **Limiting the number of customer entrances**
Closing some entrances and exits
- **Hand sanitization, etc.**
- **Wearing masks in the store**
- **Ensuring social distancing between customers**
- **Playing videos, etc. in the store to request that customers wear masks, wash their hands, and maintain social distancing**



Entrances and exits are separated to reduce contact between customers.



Customers' body temperatures are checked using thermography cameras installed in stores.



Video requesting that customers wear masks, wash their hands, maintain social distancing, etc.

2 Countermeasures in stores

For the safety and peace of mind of customers and employees, we regularly disinfect stores and disclose information about how crowded each store is via our website and the Isetan Mitsukoshi app, to avoid closed spaces, crowded places, and close-contact settings (the 3 Cs).

- **Installation of sheets and acrylic shields to prevent the spread of airborne droplets**
- **Closing some kids' spaces and rest areas**
- **Regular disinfection of in-store equipment and fixtures**
Carts, shopping baskets, handrails, store fixtures, counters, fitting rooms, hangers, and others
- **Preventing contact between employees and customers during payment**
Using cash trays to handle cash, cards, receipts, and others, and using disinfected pens when a signature is needed
- **Suspension of the provision of food and drinks in areas other than restaurants and dining areas**
Food and drink samples offered on the food floor, etc.
- **Informing customers about how crowded an event venue, etc. is**
Customers can check how crowded an event venue, etc. is on our website or the Isetan Mitsukoshi app.



An acrylic shield (Information desk in the Mitsukoshi Nishimbashi Main Store)

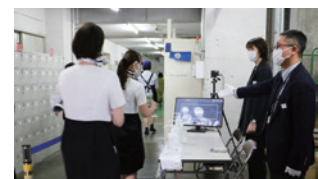


Information about how crowded event venues, etc. are provided on our website

3 Measures ensuring employee safety

To enable our employees to work with peace of mind, we take measures to prevent the spread of COVID-19, including checking their body temperatures and ensuring they sanitize their hands when they arrive at work, ensuring they wear masks on sales floors, and in staff-only areas and offices, and expanding the areas for them to rest.

- **Ensuring hand-washing, gargling, and disinfection**
- **Checking body temperatures at the staff entrance when employees arrive at work**
Infrared thermography cameras and non-contact thermometers
- **Ensuring that all employees wear masks on sales floors, and in staff-only areas and offices**
Some employees wear face shields.
- **Measures to avoid the 3 Cs within employee facilities**
- **Expanding rest areas**



Employees arriving at work



Employee cafeteria in the Isetan Shinjuku Main Store, where thorough measures are taken to prevent the spread of airborne droplets and avoid the 3 Cs



Tents set up on the roof of the Isetan Shinjuku Main Store to provide a rest area

Initiatives Taken in Response to the Spread of Covid-19

In response to the ongoing COVID-19 pandemic, the Isetan Mitsukoshi Group is taking diverse initiatives to improve the convenience of shopping as well as to support business operators and producers.

Charity and fundraising activities

#MinnaDeMask

During June to September 2020, we held the #MinnaDeMask charity project at the Isetan Mitsukoshi Online Store under the theme, "Make them smile in their minds with fashion." In this project, we connected 45 brands and sewing factories in Japan through the Isetan Mitsukoshi Group's network to produce and sell masks. We donated all of the revenue from this project to the

Japanese Red Cross Society. The project was aimed at delivering positive information about what's going on in the fashion industry and providing financial support to medical personnel in Japan and the people in sewing factories, whose jobs have been reduced due to the COVID-19 pandemic. Thanks to the support of many customers, the project was able to donate 3,112,727 yen.



#MinnaDeMask

Donation of MI points* to support the Japanese Red Cross Society

In June 2020, we made it possible to donate to the Japanese Red Cross Society on the website for exchanging MI points for prizes and goods. Donations made on the

website are used for all the activities of the Japanese Red Cross Society, including measures addressing the COVID-19 pandemic.

*A point program in which the MI Card Co. Ltd. issues points and operates and manages the program, in cooperation with Isetan Mitsukoshi Holdings' corporate group, including Isetan Mitsukoshi Ltd., and other companies and organizations



Website for giving support

Support for business operators and producers In stores and online

Supporting local restaurants using the infrastructure and knowledge of Shizuoka Isetan

In May 2020, Shizuoka Isetan sold boxed lunches featuring dishes from local restaurants. This was a collaborative project with restaurants in Shizuoka City whose businesses have suffered during the COVID-19 pandemic. The restaurants did not have knowledge about the preparation of boxed lunches and had difficulty securing sales staff. At the same time,

customers working for public offices and company offices were requesting that Shizuoka Isetan offer a wider variety of boxed lunches to continue to spark their interest. Buyers from Shizuoka Isetan shared their knowledge about the contents and prices of boxed lunches with the restaurants, resolving these problems and creating new sales opportunities.



Boxed lunches from local restaurants sold at Shizuoka Isetan

Isetan Mitsukoshi Furusato Nozei* Support for producers and local governments

In Isetan Mitsukoshi Furusato Nozei, where we leverage the nationwide network of the Isetan Mitsukoshi Group to introduce information and local specialties from many areas, we implemented a Project to Offer Special Return Gifts to Support Business Operators with the goal of supporting business operators who have had problems with their sales channels during the COVID-19 pandemic. We introduced foods and other products

that had been stranded by the disruption of retail distribution in urban areas, as special limited-time return gifts. In addition, we established Donate to Support Disaster Recovery: Support for the Fight Against COVID-19 to provide support for local governments all over Japan in their efforts to strengthen their measures to address the COVID-19 pandemic and other disasters. We solicited donations for the project.

*Donating to the local government of a city, town, or village where one does not live



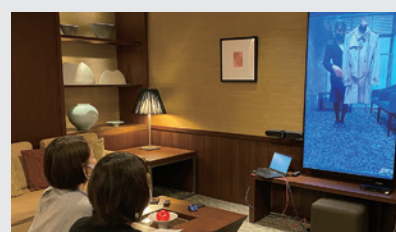
The Donate to Support Disaster Recovery: Support for the Fight Against COVID-19 website

Improving the convenience of shopping

Remote customer services Enjoy shopping while staying at home

Some stores of the Isetan Mitsukoshi Group began providing online customer services in May 2020. Customers are able to be served by our sales staff while staying at home. In July, we linked the Mitsukoshi Nihombashi Main Store with Matsuyama Mitsukoshi to begin providing online customer

services. These services enable customers to purchase limited-edition products offered only in stores in the Tokyo Metropolitan area, which they were unable to purchase before, and to order any other products they like. We will continue to enhance online measures to improve customer convenience.



Remote customer service provided at Matsuyama Mitsukoshi (for illustration purposes only)

Corporate Governance

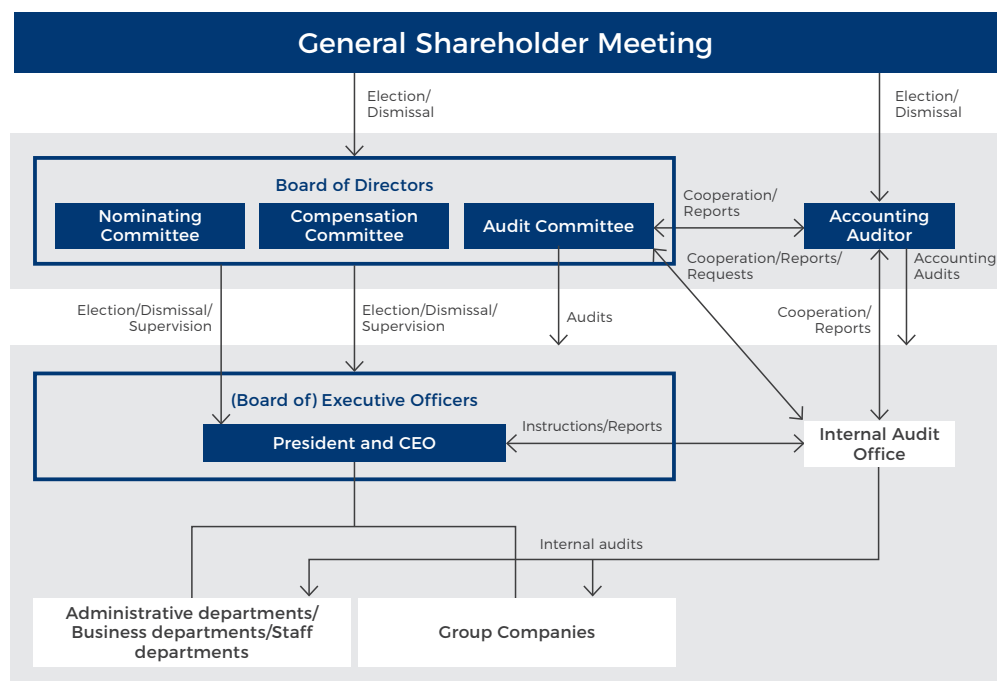
Basic Views

We work continuously to strengthen corporate governance with the goal of contributing to the sustainable growth of the Isetan Mitsukoshi Group and improving its corporate value over the medium to long term. As an initiative to achieve this, we transitioned from a company with the Audit & Supervisory Board to being a company with a nominating committee, etc. in June 2020. We view this transition as an opportunity to increase the transparency of our corporate activities and ensure thorough compliance throughout our management, as we work to be a corporate group that is trusted by all its stakeholders, including customers, shareholders, employees, business partners, and the people of local communities.

In addition, we will continue to take measures to create and deliver value in various forms to all stakeholders, including the acceleration of management decision-making, the strengthening of administrative supervision functions, and the enhancement of internal control systems.

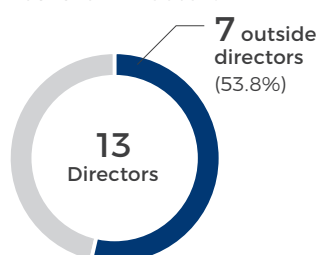
We will also strive to fulfill our accountability to our shareholders, investors, and other stakeholders by disclosing information about our management plan and the progress of it at general shareholders' meetings, biannual results briefings, our official website, and at other opportunities.

Corporate Governance System

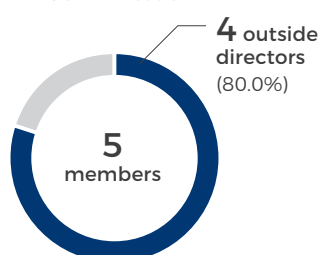


Structures of the Board of Directors and committees

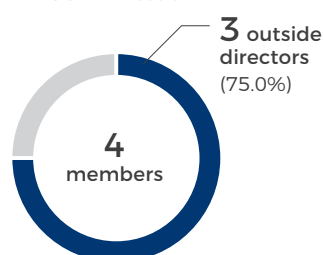
Structure of the Board of Directors



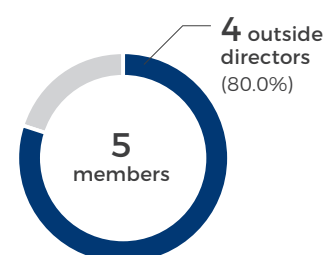
Nominating Committee



Compensation Committee



Audit Committee



Administrative Supervision Structure

Board of Directors

Functions, responsibilities, and structure of the Board of Directors

To further improve our governance, rooted in our fiduciary responsibility and accountability to our shareholders, we transitioned to being a company with a nominating committee, etc. in June 2020. With this institutional design change, we have clearly separated the supervision and business execution duties and made the Board of Directors a body dedicated to the determination of the Group's direction from a broad perspective and the supervision and monitoring of the execution of business, to strengthen the supervisory functions fulfilled by the Board of Directors.

For this purpose, we have changed the structure of the Board of Directors to make outside directors the majority of the board, thereby ensuring the structure is more appropriate for monitoring management. We have also stipulated in our internal rules that the Board of Directors should be chaired by a director who is not serving concurrently as an executive officer. It is now chaired by a non-executive director from inside the Company.

In addition, our Nominating Committee, Compensation Committee, and Audit Committee as mandatory committees, where outside directors constitute the majority, will implement important governance initiatives, including appointment and dismissal of top management, in a highly objective, transparent manner at the initiative of outside directors.

Structure of the Board of Directors

*13th term (June 2020 to the present)

Our articles of incorporation stipulate that the number of directors is to be 15 or less.

All outside directors fulfill the Company's criteria for independence.

Seven outside directors (Five men and two women)

Six internal directors (six men)

13 directors in total

Nominating Committee, Compensation Committee, and Audit Committee

Functions, responsibilities, and structure of each committee

(1) Nominating Committee

This committee determines resolutions to be submitted to the General Meeting of Shareholders regarding the selection and dismissal of directors and deliberates on resolutions regarding the members of the three mandatory committees and executive appointments, including executive officers, which are submitted to the Board of Directors. It also deliberates on CEO succession plans, criteria for the appointment and dismissal of officers, and other matters.

This committee shall be chaired by an outside director so that these deliberations and decision-making processes will be led

by outside directors in a highly objective, transparent manner. In addition, the president and CEO is also included as a member to improve the effectiveness of succession plans.

(2) Compensation Committee

The committee discusses issues and policy related to officer compensation plans, including the Company's approach to incentives for officers aimed at enhancing corporate value. It makes decisions, including on the compensation of individual officers. It shall be chaired by an outside director and shall not include the CEO among its members, thereby ensuring highly transparent, objective deliberation and decision-making related to compensation.

(3) Audit Committee

The Audit Committee supervises the Board of Directors through audits. Its activities include the auditing of the executive officers and directors' execution of their duties and the determination of the content of resolutions related to the appointment and dismissal of accounting auditors. This committee also works to enhance the audits of the Group by coordinating with the Internal Audit Division and the Audit & Supervisory Board members of Group companies.

This committee comprises outside directors, who constitute the majority, and an internal full-time non-executive director, who is familiar with internal information. To ensure its independence, the committee shall be chaired by an outside director who has served as a member of the committee for one year or longer. To ensure a smooth transition from the Audit & Supervisory Board, however, an internal full-time member chairs this committee in the period immediately after the Company's transition to a company with a nominating committee, etc.

Initiatives to improve the effectiveness of the Board of Directors

At present, we are engaged in the following initiatives to ensure lively discussion among the Board of Directors.

- We have limited matters requiring a resolution of the Board of Directors to the legally mandated matters, in principle, ensuring sufficient time for the discussion of management-related issues from a broad perspective, including management plans and strategic projects.
- At the meeting for prior explanations to outside directors, which is held several days before each meeting of the Board of Directors, full explanations are given by the proposing departments, which leads to lively discussion at the Board of Directors' meeting.
- We create multiple opportunities for all directors to discuss individual management issues, hold sessions led by outside directors, and take other initiatives to enable the sharing of information about the Group.

Evaluation of Board of Directors' effectiveness

Every year since FY2016 we have analyzed and evaluated the effectiveness of the Board of Directors

In FY2019, we conducted a questionnaire survey of all internal and outside directors and Audit & Supervisory Board members on an individual basis, to evaluate the Board of Directors both from quantitative and qualitative perspectives, including an evaluation of the composition of the Board, details of deliberations, operations including support from administrative bodies, and the processes for determining the nomination and compensation of officers. As a result, it was confirmed that the overall effectiveness of the Board of Directors has been ensured. However, the survey also revealed points that needed improvement, including the ways that agendas are set and the advance provision of information to outside directors. We have taken our transition to a company with a nominating committee, etc. as an opportunity to improve these points.

In FY2020, we will adopt third-party perspectives into the analysis and evaluation of effectiveness, with the goal of improving it further.

Policy on the nomination of officers

We stipulate the maximum age and the maximum reappointment term of officers on a position-by-position basis in the Regulations of Age Limits of Executive Officers in Office, to facilitate the appropriate replacement of officers. Based on this, the selection of executive officers, including representative executive officers and executive officers with special titles, and their reappointment after the expiration of the one-year term of the appointment contract shall be determined by the Nominating Committee by appropriately evaluating the quantitative results of respective executive officers during the term of their appointment contract, along with qualitative aspects, such as contributions to the achievement of Our Philosophy. This ensures the fairness and transparency of the appointment and dismissal of management executives.

Decisions on appointment and reappointment of the CEO

Before transitioning to a company with a nominating committee, etc., we took the following initiatives to ensure transparency and fairness of decisions on the appointment and reappointment of the CEO.

Decisions on the reappointment of the CEO

- When assuming the post, the CEO suggested his commitments (goals to definitely achieve) during his term of office, and the Nomination and Remuneration Committee deliberated the pros and cons of the commitments.
- In the following years, the CEO explained the status of the progress of the commitments, projections, and other aspects. After the CEO left the meeting room, the four outside directors as members of the committee deliberated on allowing the CEO to remain in office.

CEO succession plan

We were proactive in creating opportunities for outside directors to monitor candidates after the Nomination and Remuneration Committee reported the following details and we shared them on a regular basis.

- Creating a list of candidates for the next CEO (in the event of an emergency, replacement before the expiration of the term, or replacement due to the expiration of the maximum term)
- Clarifying the requirements for the CEO
- Plan to develop each candidate and proposed transfers of candidates to fields that they should experience

Regarding the development of candidates, the Company created a reserve group of CEO successor candidates by systematically providing educational opportunities such as the business leader program, a selective education program for employees in management positions, and the business executive program provided after the assumption of office as an executive officer.

As described above, we have worked on decisions regarding the reappointment of the CEO and the succession plan in a way that ensures transparency and fairness. After transitioning to being a company with a nominating committee, etc., we have continued to position these decisions as one of the most important tasks of the Nominating Committee. The Committee actively discusses its approach to the matter by collecting opinions from all outside directors other than the Committee members and taking other measures in the discussion process, in its efforts to further enhance existing initiatives.

Policy on the nomination of director candidates

Director candidates are nominated under a policy ensuring that the Board of Directors will include diverse members with broad and highly specialized knowledge and skills, as well as high ethical standards. Above all, in selecting outside directors, we chose people from different fields and industries, with a focus on people with practical experience in the business world, to actively absorb a wide range of opinions from objective and specialist perspectives and ensure well-balanced management.

Director candidates are determined at the Nominating Committee, which is comprised of a majority of outside directors and chaired by one of them, and their proposals are submitted to general meetings of shareholders. The Board of Directors determines executive officer candidates who will be senior management after deliberation by the Nominating Committee.

As described above, deliberation and decisions on nomination, which are important governance matters, are conducted upon the initiative of outside directors to ensure greater objectiveness and transparency. The Nominating Committee will strive to further clarify the criteria for the selection of the Company's officers.

Criteria for independence

The Company has established the Independence Standards for the Outside Officers of Isetan Mitsukoshi Holdings as its criteria for judging the independence of outside directors before appointing them as independent officers. Based on the Independence Standards, the Company appoints outside officers who do not fall under any of the following categories as independent officers.

- ① A person from the Group who executes its business
- ② A person for whom the Group is a major business partner, or an executive director, an executive or a manager thereof
- ③ A major business partner of the Group, an executive director, an executive, a manager or an employee of any other type thereof
- ④ A person who executes business at a principal lender to the Group
- ⑤ A consultant, an accounting expert, a legal specialist or the like who has received financial and other economic benefits from the Group exceeding a certain sum other than the remuneration for officers
- ⑥ A shareholder or executive officer of the Company who holds 5% or more of its total outstanding shares
- ⑦ Any person who has fallen under any of the categories ① to ⑤ above in the last three years
- ⑧ A spouse or a relative within a second degree of kinship who falls under any of the categories ① to ⑤ above

*A "principal lender" in the category ④ above refers to "any lender from whom the Group's balance of borrowings exceeds 2% of the Company's consolidated total assets as of the end of the fiscal year."

*A "certain sum" in category ⑤ refers to 10 million yen or more in any of the last three fiscal years.

Compensation of Directors

Basic principles related to compensation for officers

- ① Promotion of common interests between shareholders and officers
- ② Expansion of the effects of incentives for improving business results and shareholder value
- ③ Provision of compensation whose amount compares favorably with the standard of the overall industry (at the point of target achievement)
- ④ Guaranteed objectivity and transparency in evaluation and remuneration determination methods

Based on these principles for the compensation for officers, the Compensation Committee, which is a mandatory committee, deliberates and makes decisions related to compensation in a highly effective manner upon the initiative of outside directors, ensuring objectiveness and transparency.

Structure of compensation

Executive officers

*Including those who serve concurrently as directors

Basic salaries x 12 months	Bonuses Basic salaries x 5 months	Stock-based compensation Basic salaries x 3 months
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Non-executive directors

*Including outside directors

Basic salaries x 12 months	Stock-based compensation *Basic salaries x 1 month
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Bonuses

For executive officers, reflecting the principles for compensation, the following performance-based bonus has been introduced with the goal of strongly motivating them to achieve goals.

Indicator	Allocation ratio	Range of levels
Level of achievement of the consolidated operating income target for the fiscal year	60% (100% for the president and CEO)	0-200%
Qualitative evaluations (of individuals)	40% (0% for the president and CEO)	50-150%

Restricted stock (RS) compensation

FT to raise awareness of shareholder value improvement further, we revised the previous stock options as stock-based compensation and introduced RS compensation in FY2020.

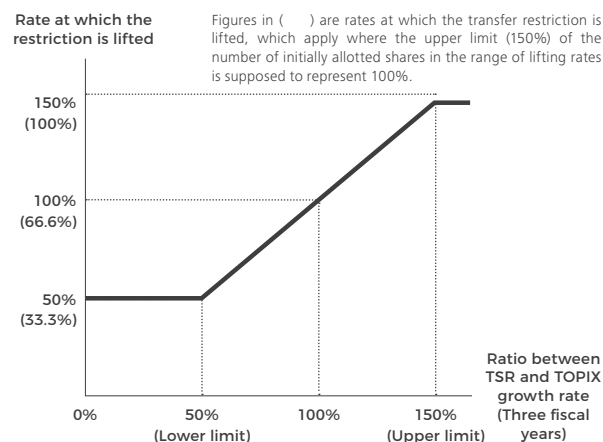
Period covered by the compensation 1 year

Transfer restriction period 30 years

*The transfer restriction is lifted in the case of resignation during the transfer restriction period for a reason which is deemed valid by the Board of Directors.

Restricted stock compensation linked to the share price performance (This scheme is not available to non-executive directors.)

To raise executive officers' awareness of share price improvement further, we have introduced RS compensation linked to the share price performance based on comparison of the Company's total shareholder return (TSR) and growth rate of Tokyo Stock Exchange Stock Price Index (TOPIX) over three fiscal years.



*The range has been set in a way that the restriction is lifted within a range of 50-150% in accordance with the ratio between TSR and TOPIX growth rate, supposing that the number of allotted shares for which the restriction is lifted represents 100% when the ratio between TSR and TOPIX growth rate is 100%. Accordingly, if the total number of shares allotted at the upper-limit level when RS is issued is supposed to represent 100%, the range of rates at which the restriction is lifted is 33.3% to 100%.

Policy on Cross-Shareholding

Policy on cross-shareholding

The basic policy of the Group is not to acquire or hold shares for the purpose of cross-holding, in principle, except where cross-shareholding is deemed conducive to the Group's sustainable growth and the improvement of its corporate value over the medium- to long- term. Regarding the shares we already hold for the purpose of cross-holding, the Board of Directors comprehensively examines factors including the purpose of holding individual issues, transaction status, and dividend earnings from quantitative and qualitative perspectives every year. To reduce cross-shareholding, we are gradually selling these shares in consideration of the market environment, the status of the issues we hold, and other factors.

Criteria for exercising voting rights related to cross-shareholding

The Company duly exercises the voting rights it holds due to cross-shareholding for each agenda item, comprehensively evaluating points, including the possibility that exercising the rights will lead the concerned companies toward the sustainable enhancement of corporate value and lead the Group toward sustainable growth and the enhancement of its corporate value in the medium to long term.

Policy in cases where cross-shareholders indicate their intention to sell shares

The Company does not engage in any act that prevents sales and the like, including the suggestion of transaction reduction, in cases where companies that own the Company's shares for the purpose of cross-holding (cross-shareholders) indicate an intention to sell and take similar actions.

Business Execution Structure

To accelerate the execution of its business, the Company appoints chief officers and people responsible for executing business at key divisions as executive officers and then establishes a Board of Executive Officers as an organ for executive decision-making and discussion. The Board of Executive Officers discusses and makes decisions concerning important Group issues, including matters over which authority has been delegated by the Board of Directors.

Chief Officer System

The Company appoints chief officers, whose duties are included among those of executive officers, who execute business. Chief officers take responsibility for internal and external execution in their respective areas of assignment. They also form cross-divisional projects to address issues of the Group as a whole, which are faced by multiple divisions, and oversee these projects as responsible persons, after being authorized by the CEO in each case. In addition, chief officers report (share) decisions regarding the execution of business and information about the execution of business in the domains they are in charge of and within the scope of authorities delegated to them, at meetings of the Board of Executive Officers on an as-needed basis, and they have primary accountability to the HDS Board of Directors.

Chief officers may serve concurrently as part-time directors of Group companies. These chief officers participate in the consensual decision-making process of the Board of Directors of the Group company, thereby supervising and taking comprehensive control of the process. They also give instructions and advice regarding preliminary consultations from other part-time directors (who work concurrently at the Group Corporate Strategy Office), thus taking comprehensive control of Group companies as a chief officer beyond the boundaries between them.

The chief officers are as follows.

■ CEO : Chief Executive Officer
Chief management executive

■ CMO : Chief Merchandising & Marketing Office
The CMO is in charge of the Group's business activities, including comprehensive policies regarding the Group's business partners (excluding those in the CFO's domain), and executes business within the scope of the authorities delegated by the CEO in each case.

■ CFO : Chief Financial Officer
The CFO is in charge of the Group's budgets and investments and executes business within the scope of the authorities delegated by the CEO in each case.

■ CRO : Chief Risk Officer
The CRO is in charge of taking overall control and leading the company when a serious risk or major risk occurs, and executes business within the scope of the authorities that have been delegated by the CEO in each case.

Board of Executive Officers

The Board of Executive Officers consists of all the executive officers to whom authorities are delegated by the Board of Directors. The purpose of this organization is to enable the president and CEO and the other executive officers to make specific decisions on the execution of business. They deliberate for the passing of resolutions and for the president and CEO's decisions on important matters, etc. related to the execution of business by the Company and the entire Group, and report matters that must be reported. In addition, matters that have been resolved, deliberated on, or reported on at the Board of Executive Officers' meetings and which are deemed important are reported to the Board of Directors.

About the Isetan Mitsukoshi Group P02-14	Medium-Term Management Plan P15-22	Capital Policy P23-24	Sustainability P25-28	Measures Addressing COVID-19 P29-30	Corporate Governance P31-44	Financial and Non-Financial Data P45-58
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Promotion Committees

Aimed at advancing the important projects of the Group, our promotion committees consist of members from across the Group and pursue the higher-level promotion of operations.

- Committee for Promoting Our Philosophy
- Compliance and Risk Management Promotion Committee
- Workstyle Reform Promotion Committee
- Sustainability Promotion Committee

Basic Policy for Internal Control Systems

The Group enforces the Basic Policy for Internal Control Systems stated below to guarantee that its businesses is administered appropriately and transparently, maximizing its value.

- | | |
|--|---|
| <ul style="list-style-type: none"> ① Compliance systems ② Risk management systems ③ Internal control systems regarding financial reporting ④ Information storage management systems ⑤ Systems for the efficient execution of duties | <ul style="list-style-type: none"> ⑥ Group company management systems ⑦ Items relating to Audit Committee staff ⑧ Items relating to reports to the Audit Committee ⑨ Policy for processing auditing fees ⑩ Systems relating to the guarantee of the effectiveness of the Audit Committee |
|--|---|

Visit the following website for details on the policy:

Perspectives of Our Outside Directors

I think that the strength of the Isetan Mitsukoshi Group lies in its broad, strong customer base and its corporate culture of putting customers first, which has been proven by its long history, and the accumulation of its hospitality-driven human resources. And now, the Group must add to these accumulated assets the capability of responding quickly to change.

The ongoing COVID-19 pandemic has greatly changed our lifestyles, values, and social structure. While this situation is a crisis, it is also an opportunity for the Company to change its business models because the landscape of the post-COVID-19 world will have changed greatly. I believe that the Group should accelerate the ongoing integration of online and offline services and quickly and boldly take on new challenges to make online services more convenient and enable both customers and employees to be happier in offline, brick-and-mortar stores. I think this is exactly the path for the Group to further improve its competitiveness and corporate value.

To achieve this, it is important to create a governance system that is suitable for the Company. In June 2020, the Company changed its form of governance, becoming a company with a nominating committee, etc. This marks the beginning of initiatives to strengthen governance. The Isetan Mitsukoshi Group must reflect its spirits in this form of governance. As outside directors, we would like to work together with the Company in its efforts to further strengthen its governance.

And it is people that are the foundation for the growth of any company. Within the Nominating Committee that I chair at present, we are discussing the succession plans of management, with a focus on the CEO. In creating a foundation for succession planning, it is important to begin developing human resources who are suitable for senior management positions while they are young. I would like to contribute to the Group's development of human resources as an outside director and the chairperson of the Nominating Committee.

MASAMI IJIMA

Outside Director,
Chairperson of the Nominating Committee,
Member of the Compensation Committee



This is my second year as an outside director of the Company, my first position in the retail industry. I served as the chairperson of the Nomination and Remuneration Committee, and since transitioning to being a company with a nominating committee, etc., I have been serving as the chairperson of the Compensation Committee and a member of the Nominating Committee.

I have been working in the manufacturing industry, where I have been engaged in the research and development of products and technologies for human interfaces, aiming to create products which can be used as an everyday part of life, which are exciting to use, and which can be used safely. From this perspective, I believe that governance is about attaining both compliance (defense) and innovation (offense) based on a sense of crisis for management.

Because this is the heyday of e-commerce and we must respond to the new normal that has been created by the COVID-19 pandemic, innovation is essential in retail business management. I would like to use my accumulated knowledge on the utilization of data to promptly achieve the Company's goal of becoming a platform operator leveraging the power of IT, stores, and people to seamlessly link online and offline services.

However, compliance is about observing laws and corporate ethics. At the Company, problems such as the unauthorized access of its official website have occurred. Being a platform operator as described above means being constantly exposed to the risk of cyberattacks, etc. I would like to predict these external risks by sharing awareness of them with employees and management.

In June 2020, the Company transitioned to a company with a nominating committee, etc., to speed up its decision-making and strengthen supervision. As the chairperson of the Compensation Committee, I began to do tasks such as reviewing the compensation of officers to link it more closely to business performance. Frontline employees have the ability to get things done, which has enabled the prompt implementation of initiatives during the COVID-19 pandemic, such as online customer services selling school bags. I would like to combine their abilities with my design capability from users' perspective, which I have cultivated over many years, to contribute to the Company's quick transformation into being the platform operator described above.

MIWAKO DOI

Outside Director,
Chairperson of the Compensation Committee,
Member of the Nominating Committee



Seven months since I assumed the post of outside director, I feel once again that the spirit of serving customers cordially has taken root deeply among the employees of the Isetan Mitsukoshi Group. I think this is a result of their painstaking efforts to continue the Group's good traditions. However, this strong point needs to be firmly supported by the Company's medium- to long-term strategies, especially in the department store industry, which is experiencing a period of significant change.

At a recent meeting of the Board of Directors, we discussed what the Group aspires to be in ten years, thereby clarifying the Group's direction, and discussed what form the medium-term management plan should take based on this image. As a result, we decided to suspend the current medium-term management plan and prepare a new three-year plan starting from FY2021, by considering the impact of COVID-19 and other factors. Moving forward, we will further discuss to finalize the content of the plan as soon as possible before steadily implementing it.

In any setting, the Board of Directors (Audit

Committee) needs to monitor the executive officers' appropriate execution of business. I think, however, that the real worth of governance will be proven by how skillfully the executive officers and the Board of Directors respond to situations and engage in fulfilling dialogue, while fulfilling their individual duties and maintaining positive tension between them.

I believe that, fortunately, the Company's accumulated efforts have enabled it to make considerable progress in its initiatives, including the revitalization of the discussions of the Board of Directors, which is central to governance. Under the current tough business environment, however, we must continue to improve governance.

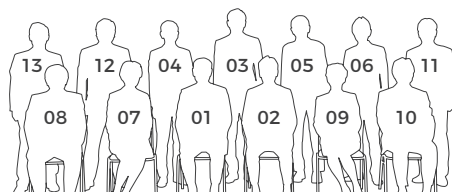
In this environment, as an outside director and a member of the Audit Committee, I would like to use my experience to contribute to the sustainable improvement of the Company's corporate value by committing myself to the substantive enhancement of its governance and other positive changes, from a social perspective.

**FUKUTAKA
HASHIMOTO**
Outside Director,
Member of the Audit
Committee



Board Members

(As of June 15, 2020)



Name	Position	Attendance of meetings of the Board of Directors (FY2019)	Number of years served as a director (Audit & Supervisory Board member)	Nominating Committee	Compensation Committee	Audit Committee
01 Ken Akamatsu	Directors Chairperson and Chairperson of the Board of Directors	15/15	3 years			
02 Toshihiko Sugie	President and CEO (Representative Executive Officer)	15/15	8 years	○		
03 Toru Takeuchi	Executive Vice President (Representative Executive Officer) and CMO	15/15	3 years			
04 Hidehiko Igura	Directors Managing Executive Officer and CFO	12/12	1 year			
05 Shigeru Nishiyama	Directors Managing Executive Officer, General Manager of the General Affairs Department, and CRO	—	—		○	
06 Toshinori Shirai	Directors	15/15 as a director or an Audit & Supervisory Board member	1 year as an Audit & Supervisory Board member			◎
07 Michiko Kuboyama	Directors Outside Independent	15/15	2 years			○
08 Masami Iijima	Directors Outside Independent	10/12	1 year	◎	○	
09 Miwako Doi	Directors Outside Independent	12/12	1 year	○	◎	
10 Takashi Oyamada	Directors Outside Independent	12/12	1 year	○		○
11 Takeo Hirata	Directors Outside Independent	12/15 as an Audit & Supervisory Board member	3 years as an Audit & Supervisory Board member		○	
12 Hidetoshi Furukawa	Directors Outside Independent		—	○		○
13 Fukutaka Hashimoto	Directors Outside Independent		—			○

*CMO: Chief Merchandising & Marketing Officer/ CFO: Chief Financial Officer/ CRO: Chief Risk Officer *◎: Chairperson

Directors

Ken Akamatsu Born September 5, 1952 — 01

Joined what was then Mitsukoshi, Limited in 1975. After serving as General Manager of the Administration Headquarters, he became Director and Managing Executive Officer of Isetan Mitsukoshi Holdings Ltd. when the Company was established in 2008. As General Manager of the Administration (Management) Headquarters, who is the chief control manager of the General Administration Division, the Accounting Division, the Administration and Property Division and the Logistic Planning Division, he focused on the development of infrastructure, cost reduction and the construction of a government system of the Group. He subsequently became Vice Chairperson of Shin Kong Mitsukoshi Department Store Co., Ltd. (Taiwan), an equity method affiliate of Isetan Mitsukoshi Holdings Ltd., in 2016 before serving as Chairperson and Representative Director of Isetan Mitsukoshi Holdings Ltd. and Isetan Mitsukoshi Ltd. in 2017. He has been serving as the Chairperson, Director, and Chairperson of the Board of Director of Isetan Mitsukoshi Holdings Ltd. since its June 2020 transition to being a company with a nominating committee, etc. In this capacity, he has used his wealth of knowledge and leadership to contribute to the improvement of the Company's corporate value and the continued strengthening of its governance.

Hidehiko Igura Born July 5, 1964 — 04

Joined what was then Isetan Co., Ltd. in 1987. Igura worked in the United States and Thailand where he was temporarily transferred in the period centered on the 1990s. He worked in the finance and accounting department and engaged in business restructuring during this period. After returning to Japan, Igura took charge of a wide range of duties, including M&A operations, collaboration with external parties, and structural reform projects, at the Corporate Planning Division of Isetan Mitsukoshi Holdings Ltd. and through his involvement in the management of MICARD Co., Ltd. He became the General Manager of the Corporate Planning Division of Isetan Mitsukoshi Holdings Ltd. in 2018, its CFO in April 2019 and its Director in June 2019. (He has been serving as Director, Managing Executive Officer, and CFO of the Company since June 2020.) He demonstrates ability in budgeting, investment, and other affairs of the overall Group and applies his broad experience and skills in finance and business administration to contribute to the improvement of the corporate value of the Group.

Toshihiko Sugie Born February 15, 1961 — 02

Joined what was then Isetan Co., Ltd. in 1983. After working in sales departments, such as household articles, women's clothing and accessories, and food, as well as the sales support department, Sugie became Director and Managing Executive Officer of Isetan Mitsukoshi Holdings Ltd. in 2012. He has since led the Group toward the goal of achieving targets set in management plans, taking responsibility for departments, such as those in charge of overseas, system, real estate and related businesses as General Manager of the Strategic Planning Headquarters. He assumed the post of President, Representative Director, and Executive Officer of Isetan Mitsukoshi Holdings Ltd. and Isetan Mitsukoshi Ltd. in April 2017. (He has been serving as the Director, President, and CEO (Representative Executive Officer) of Isetan Mitsukoshi Holdings Ltd. since June 2020). Sugie promotes corporate value enhancement across the Group with thorough knowledge of the department store business and overall Group operations, as well as his abilities and leadership cultivated through extensive experience in both the sales and planning departments.

Shigeru Nishiyama Born February 9, 1960 — 05

Joined what was then Isetan Co., Ltd. in 1982. He was in charge of the accounting department for many years. While temporarily transferred to subsidiaries in Japan and other countries, he worked for administrative, corporate planning, and other departments in addition to the accounting department, thus developing broad experience. He later served as a Standing Audit & Supervisory Board Member of Isetan Mitsukoshi Ltd., a chief control manager of related businesses in Japan, and in other positions, before he became General Manager of the General Administration Department of Isetan Mitsukoshi Holdings Ltd. in 2018. Since April 2020, he has been serving as General Manager of the General Affairs Department and the CRO of the Company, taking overall control of general affairs, accounting, personnel affairs, risk management, and compliance functions of the entire Group. (He became Director and Managing Executive Officer of the Company in June 2020.) He applies his knowledge cultivated mainly through his experience of working in operations departments to contribute to the improvement of the Group's corporate value.

Toru Takeuchi Born May 21, 1960 — 03

Joined what was then Isetan Co., Ltd. in 1983. He has engaged mainly in the sales of men's and women's clothing and led the sales department for many years, several of which he spent at business subsidiaries overseas. Takeuchi became President and CEO of Sapporo Marui Mitsukoshi Ltd. in 2013, General Manager of the Group Human Resources Headquarters of Isetan Mitsukoshi Holdings Ltd. in 2016 during his tenure as Managing Executive Officer of Isetan Mitsukoshi Holdings Ltd. and General Manager of the Department Store Business Planning & Operation Headquarters of Isetan Mitsukoshi Ltd. in 2017 during his term as the company's Director and Senior Managing Executive Officer. In April 2019, he became Representative Director, Executive Vice President, and CMO of Isetan Mitsukoshi Holdings Ltd. (and has been serving as the Director, Executive Vice President, (Representative Executive Officer), and CMO of the Company since June 2020). He exercises leadership in the business activities of the Group as a whole, including regarding merchandise policies, to contribute greatly to the improvement of the corporate value of the Group.

Toshinori Shirai Born January 28, 1959 — 06

Joined what was then Isetan Co., Ltd. in 1982. After working for the accounting department, he served as a person in charge of practical operations at the business administration departments of business locations in Japan and other countries. In 2003, he took charge of management system reforms at the corporate planning department of Isetan Co., Ltd. and began to serve as the execution leader for the establishment of Isetan Mitsukoshi Holdings Ltd. Since the establishment of the Company in 2008, he has continued to engage in PMI, the promotion of strategies, and the reform of the business structure as an Executive Officer. In June 2019, Shirai became a Standing Audit & Supervisory Board Member of the Company and began to develop a highly effective operations system for the transition to a company with a nominating committee, etc. In June 2020, he was appointed to be a Director and the Chairperson of the Company's Audit Committee. Taking advantage of his broad practical experience and knowledge of overall business management, he contributes greatly to the improvement of the Company's governance in cooperation with Outside Directors.

Outside Directors

Michiko Kuboyama* — 07

Born April 16, 1956

Joined Kao Soap Co. Ltd. (currently Kao Corporation) in 1980. Kuboyama worked mainly in the company's product development and marketing departments and served as the Director of its Product Public Relations Center. Today she is a Communication Fellow at the Lifestyle Research Center of Kao Corporation. Kuboyama serves concurrently as an Outside Director of other companies including Sumitomo Mitsui Banking Corporation. She also works successfully in many other fields, assuming posts such as visiting professor at the Tama Graduate School of Business based on her extensive marketing experience. In 2018, she assumed the office of Outside Director of Isetan Mitsukoshi Holdings Ltd. and provides useful advice and appropriate supervision on the execution of business from an independent standpoint at meetings of the Board of Directors of the Company, etc., where diverse perspectives including that of consumers are required.

*Ms. Michiko Kuboyama's official name on her family register is Michiko Iwasaki.

Takeo Hirata — 11

Born January 16, 1960

Joined the Ministry of International Trade and Industry (now the Ministry of Economy, Trade and Industry) in 1982. With a change of career in 2002, he became a Senior Member of the Executive Committee of the Japan Football Association. He currently contributes significantly to the promotion of the sports business as a professor in the Graduate School of Sports Sciences of Waseda University and serves as an Outside Company Auditor of Rakuten, Inc. He also became a Special Advisor to the Cabinet in 2013. He became an Outside Audit & Supervisory Board Member of Isetan Mitsukoshi Holdings Ltd. in 2017 and began exercising his wide-ranging and extensive knowledge in conducting audits of the Company to contribute to the continued strengthening of the governance of the Group. Since the June 2020 transition to a company with a nominating committee, etc., he has been serving as a Director of the Company. He provides useful advice and appropriate supervision on the execution of business from an independent perspective at meetings of the Board of Directors of the Company, where more diverse perspectives are required.

Masami Iijima — 08

Born September 23, 1950

Joined Mitsui & Co., Ltd. in 1974. Iijima became President and CEO of Mitsui & Co., Ltd. in 2009. He exercised his distinguished skills as manager of a leading general trading company in Japan and played an important role in its growth. Today Iijima serves as Representative Director and Chairperson of the Board of Directors at Mitsui & Co., Ltd. He is vital to the company's efforts to enhance corporate governance from his position as management supervisor. He serves concurrently as an outside officer of other corporations, including as Outside Director of Ricoh Co., Ltd. and External Board Director of SoftBank Group Corp. Iijima became an Outside Director of Isetan Mitsukoshi Holdings Ltd. in June 2019. Currently, he provides useful advice and appropriate supervision for the Company's execution of business from an independent perspective based on his broad knowledge.

Hidetoshi Furukawa — 12

Born July 16, 1955

Joined The Mitsui Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation) in 1979. He gained many years of global experience as an employee of the megabank. After serving as Deputy President and in other positions at the company, he became Representative Director, President, and CEO of SMBC Trust Bank Ltd. in 2015. He launched a new brand through the integration of the businesses of European and American financial institutions targeting the affluent population of Japan. Thus, he contributed significantly to the provision of revolutionary, high-quality services. In 2018, Furukawa became the Director and Chairperson of the company. He became an Outside Director of Isetan Mitsukoshi Holdings Ltd. in June 2020. In this capacity, he leverages his wealth of experience as a management executive of financial institutes and his financial expertise to provide useful advice and appropriate supervision on the Company's execution of business from an independent perspective.

Miwako Doi — 09

Born June 2, 1954

Joined Tokyo Shibaura Electric Co., Ltd. (currently Toshiba Corporation) in 1979. Doi has many distinguished achievements as an information technology specialist at Toshiba Corporation, a leading electronics manufacturer, where she has worked as an information technology researcher and manager. She serves concurrently as an Auditor at the National Institute of Information and Communications Technology, an Executive Director of Nara Institute of Science and Technology, and a Management Committee member of Tohoku University, as well as an Outside Director of Subaru Corporation and NGK Spark Plug Co., Ltd. She assumed the position of Outside Director of Isetan Mitsukoshi Holdings Ltd. in June 2019. Doi now provides useful advice and appropriate supervision for the Company's execution of business from an independent perspective based on her comprehensive knowledge in the field of information technology.

Fukutaka Hashimoto — 13

Born July 6, 1954

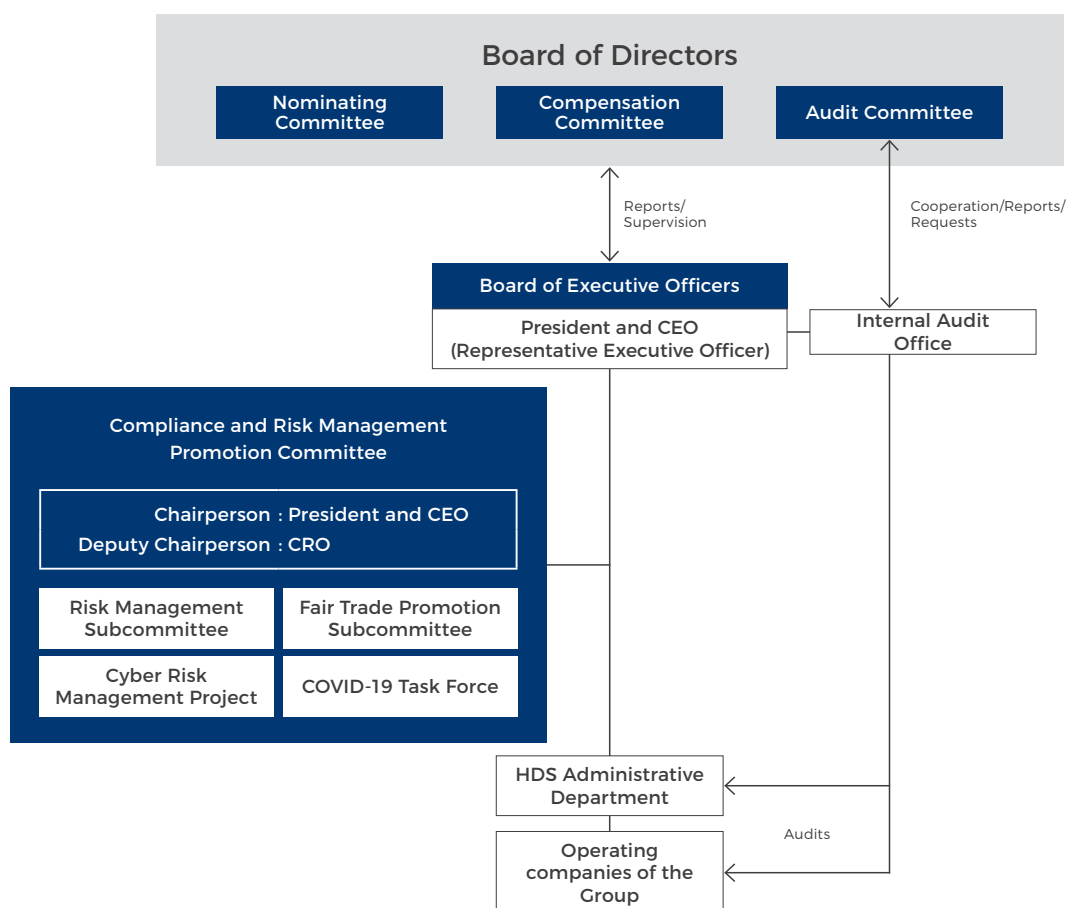
Joined the Shinya Takeru Law Office (currently Tokyo Hatchobori Law Office) in 1979. After working on the front lines as an attorney for many years, he was appointed Representative Partner Attorney and Director of Tokyo Hatchobori Law Office in 2008. In addition to serving as an Outside Corporate Auditor of several companies while working as an attorney, he has been striving to resolve issues faced by the nation by serving as a member of a third-party committee on the pension records issue and a special committee member of the Dispute Reconciliation Committee for Nuclear Damage Compensation, among other efforts. He became an Outside Director of Isetan Mitsukoshi Holdings Ltd. in June 2020. In this capacity, he uses his advanced, wide-ranging expertise, including his specialized knowledge in corporate legal affairs, to provide useful advice and appropriate supervision on the Company's execution of business from an independent perspective.

Takashi Oyamada — 10

Born November 2, 1955

Joined Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.) in 1979. Oyamada became President of the Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.) in 2016. He exercised his skills as manager of the one of the leading megabanks in Japan. He has rich financial knowledge gained through many years of experience at a financial institution. Oyamada serves concurrently as Special Advisor for MUFG Bank, Ltd. and outside director at companies including Mitsubishi Electric Corporation. He also occupies the positions of Representative Director and Vice Chair at the Japan Institute of International Affairs. Oyamada became an Outside Director of Isetan Mitsukoshi Holdings Ltd. in June 2019. Today he provides useful advice and appropriate supervision for the Company's execution of business from his highly specialized, independent perspective.

Compliance and Risk Management Systems



Compliance Systems

Our Views on Compliance

The Group believes that it is essential that employees incorporate compliance into their values, awareness and actions, and practice it to observe laws, ethics, social norms, rules and the like. For that purpose, the Group has established the Corporate Code of Ethics and Conduct for officers and employees based on Our Philosophy. The Group seeks to maintain and improve compliance systems to ensure the trust of society, in addition to working to share the Code throughout the company.

The Group has also established the Internal Audit Division as an independent body for auditing the legality and appropriateness of business.

The Group works to make compliance in everyday businesses known to all employees by posting the Compliance Guidebook, which prescribes laws that should be observed in relation to customers and business partners, and standards for ethical actions by employees, on the Intranet.

Compliance Systems

Initiatives for the protection of personal information

The Group has established and released a Privacy Policy for properly managing the personal information received from customers and using it legitimately. The Group meets the expectations of its customers and earns their trust in this way. The Group has also created Personal Information Management Rules based on the Privacy Policy. Under these rules, the Group uses the personal information of customers properly and protects and manages it strictly.

Establishment and application of systems preventing insider trading

The Group has established Insider Trading Prevention Rules for the handling of important, unreleased internal information. Under these rules, the Group takes initiatives for strictly managing information and raising awareness to prepare and apply management systems that equity markets and stakeholders find trustworthy.

The Group has developed systems for preventing insider trading, including compulsory advance notification by officers and other employees belonging to specified divisions who plan to trade shares and the like.

Establishment of an IR Policy

The Group has established and published an IR Policy to earn the trust and understanding of shareholders and investors through its investor relations activities (public relations activities for shareholders and investors). The goals of the Group are, based on this policy, to disclose information fairly and improve communication.

Establishment and application of systems promoting fair trade

The Group has established a Basic Policy on Fair Trade. Under this policy, the Group promotes the establishment of systems to avoid unfair trade restrictions and the like and their strict application to ensure that the Group remains a group of companies that competes fairly and freely and continues to extensively contribute to society.

Response to antisocial forces

At the Isetan Mitsukoshi Group, our Basic Policy for Internal Control Systems and the Isetan Mitsukoshi Group Procurement Policy state that the Group will have no relationship with antisocial forces, reject undue claims from them, and prevent damage which may be caused by them.

Example | Sound corporate culture

Training for people responsible for the prevention of unreasonable demands

The Group provides training for people responsible for the prevention of unreasonable demands to the people in charge of the job sites of Group companies to enable them to deal resolutely with any such demands made by antisocial forces. Participants in the training watch videos and attend lectures by officials from the Metropolitan Police Department and the Tokyo Center for Removal of Criminal Organizations, and commissioned instructors. They receive a certificate of course completion and practice what they learned after the completion of training.



Number of people who underwent training

2015	2016	2017	2018	2019
142	98	105	117	69

Establishment and operation of the whistleblowing system

The Group has established Group Hotline Rules to promptly

identify unfair actions and the like, and to make improvements in such cases. It has prepared an internal whistleblowing system called the Group Hotline to enable all Group employees to report the occurrence of unfair actions to an internal division in charge of whistleblowing and external law offices.

A cease and desist order received from the Consumer Affairs Agency based on the Act against Unjustifiable Premiums and Misleading Representations

MICARD Co., Ltd. was ordered by the Consumer Affairs Agency to take measures according to the Act against Unjustifiable Premiums and Misleading Representations (misleading representation of superiority and greater advantages) on July 8, 2019, for having made a partially improper representation in its membership campaigns for the MI Card and the Gold Card.

In response, the company paid a fine on April 3, 2020. The company provided training to all of its employees and has been taking thorough initiatives to prevent a recurrence.

Other companies in the Group are also making efforts to provide proper and accurate representations (information) to customers, in other words, to strengthen and fully enforce compliance by applying internal rules and manuals to representation in the media used for appeals and the like.

Risk Management Systems

| Promoting Risk Management

- The Isetan Mitsukoshi Group builds and maintains a system for independent risk management by the Group companies, based on the Basic Policy on Internal Control System Construction.
- Through integrated compliance and risk management, the Group prevents risks in all of its business domains and prepares to address risks in a cross-sectoral manner, in its efforts to improve its corporate value.
- To achieve sustainable growth for the future in a business environment with diversifying risks, the Isetan Mitsukoshi Group clarifies risks and continues to enhance its measures to address them, with the safety and security of customers, business partners, and employees as its top priority.

Promoting Risk Management

The Isetan Mitsukoshi Group has established a system for driving risk management by stipulating basic matters regarding risk management, the definition of an emergency, and other rules in its Basic Rules on Risk Management and by establishing the Compliance and Risk Management Promotion Committee.

Risk management systems

The Compliance and Risk Management Promotion Committee, whose goal is to drive risk management, meets regularly twice a year. In these meetings, which are some of the largest meetings in the Group, the Committee builds the foundation for the PDCA cycle of risk management.

Chaired by the CEO, the Committee selects and reviews serious risks to be addressed intensively. Its members, who are the general managers of departments and the presidents of Group companies, deliberate on measures to prevent the occurrence of risks and to address risks which have occurred, in their efforts to manage the risks of the entire Group. They also enhance daily monitoring to prevent the occurrence of risks and limit the impact of risks which have occurred, by sharing reported information based on plans for addressing risks and by updating their awareness of risks.

In FY2020, the Group established the position of Chief Risk Officer (CRO) to further enhance its risk management. The CRO promotes risk management by building and maintaining the risk management systems of the Group as a whole in both ordinary times and during emergencies, leveraging all of the internal departments in a cross-sectoral manner.

For risk management at ordinary times, the Group establishes, implements, and improves a variety of measures preventing

or minimizing risk and preventing escalation when risks do emerge. The Group has formulated a business continuity plan (BCP) to address natural disasters and other serious risks that significantly affect its corporate value. To prepare for and address these risks, the Group provides the education and training that form the foundation of its risk management.

Further, in the event of an emergency, the CRO is delegated by the CEO to select the optimal team members to establish an emergency task force for the given matter and lead the team in tackling the situation, including cooperation with external organizations.

Organizations improving the effectiveness of risk management

The Group takes effective measures to prevent the occurrence of serious risks identified by the Compliance and Risk Management Promotion Committee, through the following four subsidiary organizations, thereby implements a PDCA cycle of suggesting, promoting, and examining more specific countermeasures.

1. Risk Management Subcommittee

Based on the Three Lines of Defense Model of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (Internal Control — Integrated Framework), the individual lines of defense participate in this subcommittee to address risks surrounding the Group. In this capacity, it works to embody the Group's risk management policy.

By meeting regularly on a monthly basis, the Risk Management Subcommittee shares risk information and checks the progress of initiatives addressing risks in a timely manner. At the end of each fiscal year, it reports the

results of its activities to the Compliance and Risk Management Promotion Committee, leading to new risk policies of the Group.

2. Fair Trade Promotion Subcommittee

To prevent the violation of laws, regulations, and other rules in its operating activities, this subcommittee thoroughly informs employees of the relevant measures taken by the Group, which are based on the policies of the Japan Fair Trade Commission and other supervisory authorities.

It also provides thorough training to prevent serious violations of laws including the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors.

3. Cyber Risk Management Project

For the governance of the Group related to IT, this organization plans and promotes measures addressing cyber risks, enacts safety measures from manpower, organizational and technological perspectives and has established the Computer Security Incident Response Team (CSIRT). It works to protect information assets by continually training employees, including training related to email, to counter the threat of unauthorized access.

4. COVID-19 Task Force

Based on its business continuity plan, the Group has established the COVID-19 Task Force, which determines the common policies and countermeasures of the Group, ensuring that the safety and peace of mind of customers and employees is the top priority. The Task Force promotes initiatives to ensure both a system for safe operations and new workstyles based on thorough measures for the control of infection.

CRO Message

Reinforcing the Group's Risk Management System

SHIGERU NISHIYAMA

Director, Managing Executive Officer, and CRO



Our stance

Since our foundation, we have been changing our business model to suit the changes of the times. In this process, we have overcome many challenges. Amid this environment of ongoing major change, we work to innovate with the goal of becoming department stores for the new era, creating a bridge between customers and goods and experience via our platform, based on our philosophy of "Connecting people and bridging times." Meanwhile, we are seeing the expansion of risks which significantly affect our businesses. They include the major typhoons that have hit our country in succession beginning last year, earthquakes, the COVID-19 pandemic, and cyberattacks. To enable our sustainable growth for the future, we will further enhance our risk management by making the safety and security of our customers, business partners, and employees the top priority.

Pecific initiatives

We have set up the Compliance and Risk Management Promotion Committee headed by the CEO, which has propelled the Group's integrated risk management. To further enhance risk management, we established the position of Chief Risk Officer (CRO) in the current fiscal year. The duty of the CRO is to supervise and take control of the entire Group's handling of risk. As the CRO, I have established Group-wide risk management systems for both ordinary times and emergencies. I am leveraging all of internal departments in a cross-sectoral manner to move risk management forward.

Based on the Three Lines of Defense Model of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (Internal Control — Integrated Framework), we have clarified the roles of our three lines of defense—the stores and Group companies that address risks directly, the supervisory department that manages and provides guidance on the handling of risk, and internal audits that check that processes are appropriate. Through this, we

ensure cooperation in addressing risks in ordinary times. We have also plotted the risks that the entire Group may face on a risk map that we have created based on our own criteria, enabling the responsible departments to reflect measures for preventing the risks from occurring and addressing them promptly in their specific workflows. Further, in the event of an emergency that must be addressed by management, the CRO selects optimal team members to establish an emergency task force for the matter and leads the team.

In response to the ongoing COVID-19 pandemic, we established an emergency task force for the entire Group and decided to shut down almost all of our department stores during the state of emergency declared by the Japanese government in April and May. We thoroughly prepared during the period of the shutdown, and reopened our department stores after establishing a new system for store operations that made the safety and peace of mind of customers, business partners, and employees the top priority. Our measures to control infection have been highly acclaimed by our customers, making them feel that they are able to shop with peace of mind.

Future direction

I believe that, for companies, being defensive is not necessarily the only thing that risk management is about. Corporate value is greatly influenced by the company's ability to mitigate damage when it faces the occurrence of an unavoidable risk and it's ability to recover from the emergency in the shortest possible time. In addition, I believe that risk management is also important for our primary duties, enabling employees to work in a safe environment and enabling customers to shop with peace of mind. As the CRO, I will supervise and take overall control of the Group in a cross-sectoral manner, working to improve its corporate value, with an awareness that risk management is part of the process of honing our main business that all of us advance together.

Major Financial Data

	FY2009	FY2010	FY2011	FY2012
Net sales	1,291,617	1,220,772	1,239,921	1,236,333
Gross profit	360,685	342,005	347,788	347,410
Selling, general and administrative expenses	356,508	331,012	323,954	320,771
Operating income	4,177	10,993	23,834	26,639
Recurring income	19,730	27,093	38,452	34,217
Net income attributable to parent company shareholders	▲ 63,521	2,640	58,891	25,292
Total assets	1,238,006	1,237,775	1,227,947	1,223,677
Shareholders' equity	413,861	406,501	456,583	491,001
Net assets	425,120	418,152	468,479	505,127
Interest-bearing debt	197,283	213,925	173,264	181,263
Cash flows from operating activities	▲ 3,604	33,211	57,843	4,438
Cash flows from investing activities	47,443	▲ 24,419	▲ 15,939	▲ 26,312
Cash flows from financing activities	▲ 41,688	11,241	▲ 44,940	2,339
Capital investment	28,256	32,937	19,243	30,499
Depreciation	22,411	22,933	22,406	21,559
Net income per share (yen)	▲ 162.51	6.69	149.28	64.11
Net assets per share (yen)	1,049.09	1,030.60	1,157.37	1,244.54
Cash dividend per share (yen)	10.00	7.00	10.00	10.00
Gross profit margin	27.93%	28.02%	28.05%	28.10%
SG&A expense ratio	27.6%	27.1%	26.1%	25.9%
Operating profit margin	0.3%	0.9%	1.9%	2.2%
Return on equity (ROE)	▲ 14.3%	0.6%	13.6%	5.3%
Return on assets (ROA)	0.3%	0.9%	1.9%	2.2%
Rate of return on invested capital (ROIC)	—	0.9%	2.3%	2.5%
Shareholders' equity ratio	33.4%	32.8%	37.2%	40.1%
Payout ratio	▲ 6.2%	104.6%	6.7%	15.6%

In sections with "—", the value is not stated because data are not available.
Percentage figures are rounded off to one decimal place.

(Millions of yen)

FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
1,321,512	1,272,130	1,287,253	1,253,457	1,256,386	1,196,803	1,119,191
370,022	355,456	361,768	365,609	367,282	348,282	322,702
335,376	322,372	328,660	341,673	342,869	319,052	307,023
34,646	33,083	33,107	23,935	24,413	29,229	15,679
38,440	34,563	36,704	27,418	27,325	31,995	19,771
21,166	29,886	26,506	14,976	▲ 960	13,480	▲ 11,187
1,284,658	1,291,560	1,293,043	1,312,074	1,275,535	1,247,427	1,223,800
524,591	560,362	563,264	568,858	576,396	575,531	542,345
541,069	577,655	574,316	579,782	588,091	585,715	550,161
171,285	160,601	175,871	186,751	139,972	136,746	175,548
46,022	49,448	43,099	35,373	72,972	28,286	16,281
▲ 19,221	▲ 34,374	▲ 24,481	▲ 40,913	▲ 26,981	▲ 22,450	▲ 9,965
▲ 16,151	▲ 17,372	▲ 3,711	2,413	▲ 52,753	▲ 9,063	20,259
31,569	29,279	40,043	34,200	38,446	56,526	38,055
22,228	22,818	23,020	23,562	25,272	25,734	27,021
53.65	75.74	67.41	38.27	▲ 2.47	34.58	▲ 28.90
1,329.45	1,421.72	1,438.17	1,460.32	1,478.74	1,475.74	1,426.61
11.00	11.00	12.00	12.00	12.00	12.00	12.00
28.00%	27.94%	28.10%	29.17%	29.23%	29.10%	28.33%
25.4%	25.3%	25.5%	27.3%	27.3%	26.7%	27.4%
2.6%	2.6%	2.6%	1.9%	1.9%	2.4%	1.4%
4.2%	5.5%	4.7%	2.6%	▲ 0.2%	2.3%	▲ 2.0%
2.8%	2.6%	2.6%	1.8%	1.9%	2.3%	1.3%
3.1%	3.0%	3.0%	2.2%	2.3%	2.8%	1.5%
40.8%	43.4%	43.6%	43.4%	45.2%	46.1%	44.3%
20.5%	14.5%	17.8%	31.4%	—	34.7%	—

Consolidated Balance Sheets (Millions of yen)

ASSETS	Fiscal 2018 (As of March 31, 2019)	Fiscal 2019 (As of March 31, 2020)	LIABILITIES	Fiscal 2018 (As of March 31, 2019)	Fiscal 2019 (As of March 31, 2020)
Current assets			Current liabilities		
Cash and bank deposits	47,345	74,301	Notes and accounts payable	106,486	79,742
Notes and accounts receivable-trade	137,239	119,441	Short-term borrowings	22,446	21,401
Marketable securities	405	1,718	Commercial paper	4,000	50,000
Merchandise	45,487	38,128	Income taxes payable	4,848	2,897
Finished goods	112	24	Gift vouchers	79,814	77,374
Work in process	619	2,797	Reserve for bonuses	12,253	10,447
Raw materials and supplies	615	629	Allowance for point cards	9,690	9,870
Other current assets	38,542	39,007	Reserve for loss from redemption of gift vouchers	31,014	32,799
Less: Allowance for doubtful accounts	▲ 2,116	▲ 3,736	Other current liabilities	102,150	96,779
Total current assets	268,251	272,313	Total current liabilities	372,704	381,313
Property and equipment			Long-term liabilities		
Tangible fixed assets			Bonds payable	40,000	40,000
Buildings and structures, net	173,332	170,907	Long-term debt	70,300	64,146
Land	539,852	533,433	Deferred tax liabilities	123,970	128,011
Construction in progress	6,426	5,525	Net defined benefit liability	37,729	36,150
Right-of-use assets, net	–	4,914	Provision for loss on business of subsidiaries and affiliates	103	100
Other tangible fixed assets, net	20,142	20,191	Liabilities from application of equity method	1,402	1,651
Total tangible fixed assets	739,754	734,972	Other long-term liabilities	15,501	22,266
Intangible fixed assets			Total long-term liabilities	289,007	292,325
Software	19,867	18,044	Total liabilities	661,711	673,639
Goodwill	23	15			
Other intangible fixed assets	23,334	22,702	NET ASSETS		
Total intangible fixed assets	43,225	40,762	Shareholders' equity		
Investments and other assets			Common stock	50,573	50,790
Investment securities	122,849	108,743	Capital surplus	322,770	322,985
Long-term loans receivable	278	229	Retained earnings	202,040	183,644
Guarantee deposits	53,997	47,968	Less: Treasury stock	▲ 9,300	▲ 19,304
Net defined benefit assets	3,503	3,539	Total shareholders' equity	566,084	538,115
Deferred tax assets	9,975	10,110	Accumulated other comprehensive income		
Other assets	5,591	5,201	Net unrealized gains (losses) on other securities	6,448	1,523
Less: Allowance for doubtful accounts	▲ 162	▲ 173	Deferred gains (losses) on hedges	42	43
Total investments and other assets	196,034	175,618	Foreign currency translation adjustments	4,964	4,625
Total property and equipment	979,014	951,353	Remeasurements of defined benefit plans	▲ 2,008	▲ 1,962
Deferred assets			Total accumulated other comprehensive income	9,446	4,229
Bond issue costs	161	133	Stock acquisition rights	2,077	1,857
Total deferred assets	161	133	Non-controlling interests	8,106	5,958
Total assets	1,247,427	1,223,800	Total net assets	585,715	550,161
			Total liabilities and net assets	1,247,427	1,223,800

In sections with "–", the value is not stated because data are not available.
Data for the fiscal year ended March 31, 2020 are financial data disclosed on May 11, 2020

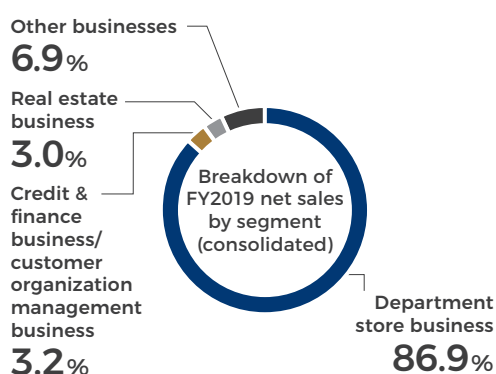
Consolidated Statements of Income (Millions of yen)

	Fiscal 2018 (From April 1, 2018 to March 31, 2019)	Fiscal 2019 (From April 1, 2019 to March 31, 2020)
Net sales	1,196,803	1,119,191
Cost of sales	848,521	796,489
Gross profit	348,282	322,702
Selling, general and administrative expenses	319,052	307,023
Operating income	29,229	15,679
Non-operating income	13,846	16,409
Non-operating expenses	11,080	12,316
Recurring income	31,995	19,771
Extraordinary gain	30,015	9,751
Extraordinary loss	46,766	31,826
Income (loss) before income taxes	15,244	▲ 2,303
Income taxes - current	5,878	4,544
Income taxes - deferred	▲ 3,213	5,767
Total income taxes	2,664	10,312
Net income (loss)	12,579	▲ 12,615
Net income (loss) attributable to non-controlling interests	▲ 900	▲ 1,428
Net income (loss) attributable to parent company shareholders	13,480	▲ 11,187

Consolidated Statements of Cash Flows (Millions of yen)

	Fiscal 2018 (From April 1, 2018 to March 31, 2019)	Fiscal 2019 (From April 1, 2019 to March 31, 2020)
Cash flows from operating activities	28,286	16,281
Cash flows from investing activities	▲ 22,450	▲ 9,965
Cash flows from financing activities	▲ 9,063	20,259
Effect of exchange rate changes on cash and cash equivalents	▲ 595	▲ 141
Net increase (decrease) in cash and cash equivalents	▲ 3,822	26,433
Cash and cash equivalents at beginning of year	53,969	50,147
Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation	–	▲ 0
Increase in cash and cash equivalents from merger with non-consolidated subsidiaries	–	79
Cash and cash equivalents at end of year	50,147	76,659

Breakdown by Business Segment and Net Sales and Operating Income (Consolidated)



FY2019 net sales and operating income

Department store business	Net sales	1,035.5 billion yen	YoY 93.2%
	Operating income	2.2 billion yen	YoY 14.4%
Credit & finance business/customer organization management business	Net sales	38.5 billion yen	YoY 98.7%
	Operating income	5.6 billion yen	YoY 88.3%
Real estate business	Net sales	35.3 billion yen	YoY 73.3%
	Operating income	5.9 billion yen	YoY 76.7%
Other businesses	Net sales	82.4 billion yen	YoY 92.6%
	Operating income	1.6 billion yen	(Operating loss of 0.3 billion yen in the previous fiscal year)

Environment

Environmental Policy

Yes

<https://imhds.disclosure.site/en/themes/86#992>

Climate Change

Policy on Climate Change

Yes

Included in the Isetan Mitsukoshi Group Environmental Policy
<https://imhds.disclosure.site/en/themes/86#992>

		Boundary* ¹	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
GHG Emissions* ²	GHG Scope 1	Group	t-CO ₂	27,350	27,281	25,644	24,234	22,573
	GHG Scope 2			217,632	207,287	184,541	172,185	147,921
	Subtotal (Scopes 1 and 2)			244,981	234,568	210,184	196,419	170,494
	GHG Scope 3 (15 categories) * ³			–	–	3,462,866	3,419,360	3,089,695
	Total (Scopes 1, 2 and 3)			–	–	3,673,050	3,615,779	3,260,189
CO ₂ Emissions* ²	Direct CO ₂ Emissions	Group	t-CO ₂	27,350	27,281	25,644	24,234	22,573
	Indirect CO ₂ Emissions			217,632	207,287	184,541	172,185	147,921
	Total			244,981	234,568	210,184	196,419	170,494
CO ₂ Emissions per Unit (Business hours × Total floor area)* ²		Group	–	48.7	47.6	44.7	43.3	39.3
Energy Consumption* ²	Electricity Used	Group	GJ	3,839,531	3,715,661	3,420,165	3,169,908	2,884,668
			Thousands of kWh	393,395	380,703	350,427	324,786	295,560
	Natural Gas Used			515,307	515,128	491,429	463,992	430,939
	District Heating and Cooling			105,017	110,985	102,179	104,192	99,815
	Diesel and Heavy Oil A Usage			18,773	18,312	11,940	11,596	10,769
	Steam		GJ	6,621	6,938	8,243	3,032	11,088
	Water Usage by Air-Conditioning Equipment			95,894	89,948	85,911	78,946	135,153
	Renewable Energy Used			655	632	583	586	545
	Total			4,581,798	4,457,603	4,120,450	3,832,252	3,572,976
Energy Consumption per Unit (Business hours × Total floor area)* ²		Group	–	910.3	904.0	876.2	844.4	823.5
Total Amount of Renewable Energy Purchased or Generated		Group	Thousands of kWh	67	65	60	60	55
Fluorocarbon Emissions* ⁴	HFC	Group	t-CO ₂	–	2,600	1,949	2,588	2,017
	HCFC			–	1,185	353	426	70
	CFC			–	1,059	802	565	1,524
	Total			–	4,846	3,106	3,584	3,614
ISO 14001 Certified Sites		Group	Sites	0	0	0	0	0
CDP Climate Change Scores		Group		–	–	B	A-	A-

1. Boundary: Boundary (Group) pertaining to the environment includes Isetan Mitsukoshi Holdings Ltd., Isetan Mitsukoshi Ltd., the Group department stores in Japan and (some) affiliates in Japan.

2. As a result of revising the range of aggregation and changing the emission factor from the fixed coefficient to the adjusted variation coefficient, CO₂ emissions and energy consumption have been changed retrospectively.

3. The boundary for "Scope 3," greenhouse gas emissions through supply chains, varies in each category.

Emissions have been verified by a third-party institution. Visit the following website for details.

4. Fluorocarbon Emissions: This refers to the amount of fluorocarbons of freezers, refrigerators and air-conditioning equipment used at our stores reported under the Act on Rational Use and Proper Management of Fluorocarbons. Values included in the "Report on Calculated Amount of Leaked Fluorocarbons" are published.

In sections with "–", the value is not stated because data are not available.

Percentage figures are rounded off to one decimal place.

"Isetan Mitsukoshi" in the boundary refers to Isetan Mitsukoshi Ltd. (companies in the Department Store Business located in the Tokyo Metropolitan area).

Resources and Waste

Resource Use Policy	Yes	Included in the Isetan Mitsukoshi Group Procurement Policy https://imhds.disclosure.site/en/themes/86#1012					
Waste Reduction Policy	Yes	Included in the Isetan Mitsukoshi Group Environmental Policy and the Isetan Mitsukoshi Group Procurement Policy https://imhds.disclosure.site/en/themes/86#992 https://imhds.disclosure.site/en/themes/86#1012					
Chemical Phase-Out and Management Policy	Yes	Included in the Isetan Mitsukoshi Group Procurement Policy https://imhds.disclosure.site/en/themes/86#1012					
Biodiversity Policy	Yes	Included in the Isetan Mitsukoshi Group Procurement Policy https://imhds.disclosure.site/en/themes/86#1012					
	Boundary ^{*1}	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Raw Materials Used (Resources for Packaging)	Group	t	4,950	4,794	4,679	4,451	4,735
Total Waste	Group	t	30,412	29,359	27,886	26,686	24,680
Waste Recycled	Group	t	21,930	21,524	20,410	19,497	17,993
% of Recycled Materials	Group	%	72.1	73.3	73.2	73.1	72.9
Waste Sent to Landfills	Group	t	8,482	7,835	7,476	7,190	6,686
Waste Sent to Landfills per Unit (Sales amount)	Group	t	7.3	6.7	6.6	6.5	5.9
% of Recycled Foodstuff Wastes	Group	%	72.5	77.6	75.9	76.8	75.8
NOx Emissions	Isetan Mitsukoshi	t	140	70	66	62	85
PM Emissions	Isetan Mitsukoshi	t	18	1	1	1	1

Water

Water Policy	Yes	Included in the Isetan Mitsukoshi Group Procurement Policy https://imhds.disclosure.site/en/themes/86#1012					
	Boundary ^{*1}	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Total Water Used ^{*5}	Group	Thousands of m ³	3,025	3,005	2,879	2,720	2,464
Total Wastewater	Group	Thousands of m ³	2,646	2,588	2,536	2,492	1,916

5. Including clean water, industrial water and well water.

Compliance

	Boundary ^{*1}	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Number of Environmental Fines and Penalties	Group	Violations	0	0	0	0	0
Total Cost of Environmental Fines and Penalties	Group	Yen	0	0	0	0	0

Society

Policies

Human Rights Policy	Yes	Included in the Isetan Mitsukoshi Group Human Rights Policy https://imhds.disclosure.site/en/themes/86#1063
Policy Against Child Labor	Yes	Included in the Isetan Mitsukoshi Group Procurement Policy https://imhds.disclosure.site/en/themes/86#1012
Policy Against Forced Labor	Yes	Included in the Isetan Mitsukoshi Group Procurement Policy https://imhds.disclosure.site/en/themes/86#1012
Equal Opportunity Policy	Yes	Included in the Isetan Mitsukoshi Group Procurement Policy https://imhds.disclosure.site/en/themes/86#1063
Policy Supporting the Right to Freedom of Association	Yes	Internal Regulation "Collective Labor Agreement" only
Policy Supporting the Right to Collective Bargaining	Yes	
Health and Safety Policy	Yes	Included in the Isetan Mitsukoshi Group Procurement Policy https://imhds.disclosure.site/en/themes/86#1012

Business Partners

	Boundary	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Number of Explanatory Forums for Business Partners	Isetan Mitsukoshi	Violations	1	1	1	1	1

Information Security

	Boundary	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
ISO 27001 Certification Sites	Group	Sites	2	2	2	2	2
ISO 20000 Certification Sites	Group	Sites	1	1	1	1	1
Number of JISQ15001 (Privacy Mark-Certified) Group Companies	Group	Companies	5	5	5	5	5
Number of Data Security Violations	Group	Sites	0	0	0	0	0
Total Cost of Fines for Information Security Violations	Group	Yen	0	0	0	0	0

In sections with "–", the value is not stated because data are not available.

Percentage figures are rounded off to one decimal place.

"Isetan Mitsukoshi" in the boundary pertaining to society/governance refers to Isetan Mitsukoshi Ltd. (companies in the Department Store Business located in the Tokyo Metropolitan area).

"Group" in the boundary pertaining to society/governance refers to Isetan Mitsukoshi Holdings Ltd., Isetan Mitsukoshi Ltd., the Group department stores in Japan and (some) affiliates in Japan.

"Overseas" in the boundary pertaining to society/governance refers to (some) affiliates based overseas.

Employees

		Boundary	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Number of Employees* ¹ (Employees and Region-based Employees)	Women	Isetan Mitsukoshi	Persons	5,167	5,254	5,181	4,957	4,598
	Men			2,890	2,826	2,617	2,405	2,186
	Total			8,057	8,080	7,798	7,362	6,784
Number of Temporary Employees* ¹ (Number of Part-Time Employees)	Women	Isetan Mitsukoshi	Persons	3,069	2,671	2,554	2,292	1,788
	Men			180	139	126	101	83
	Total			3,249	2,810	2,680	2,393	1,871
Average Number of Consecutive Years Served* ¹ (Employees)	Women	Isetan Mitsukoshi	Years	22.0	20.6	20.7	21.1	21.2
	Men			25.2	21.4	21.3	21.2	21.2
	Total			23.5	21.0	20.9	21.1	21.2
Average Age of Employees* ¹ (Employees)	Women	Isetan Mitsukoshi	Age	43.2	42.3	42.6	43.2	43.2
	Men			48.2	44.3	44.2	44.2	45.5
	Total			45.6	43.3	43.3	43.6	44.4
% of Disabled in Workforce* ²		Group	%	2.16	2.28	2.42	2.56	2.69
Number of Females Officers* ³		Group	Persons	3	4	3	4	5
Number of Females in Management Positions		Isetan Mitsukoshi	Persons	573	587	576	576	540
% of Females in Management Positions		Isetan Mitsukoshi	%	21.5	22.6	23.9	25.6	25.9
Paid Maternity Leave (Employees and Region-based Employees)	Women	Isetan Mitsukoshi	Persons	163	124	134	127	126
	Men			25	24	19	19	14
	Total			188	148	153	146	140
Paid Maternity Leave Usage Rate (Employees and Region-based Employees)	Women	Isetan Mitsukoshi	%	–	–	–	99.4	100.0
	Men			–	–	–	21.8	23.3
Shortened Working Hours for Childbirth or Childcare Purposes (Employees and Region-based Employees)	Women	Isetan Mitsukoshi	Persons	457	462	451	457	475
	Men			0	0	0	0	1
	Total			457	462	451	457	476
Number of Returners from Paid Maternity Leave (Employees and Region-based Employees)		Isetan Mitsukoshi	Persons	86	91	97	103	111
% of Employees Unionized (Employees and Region-based Employees)		Isetan Mitsukoshi	%	100.0	100.0	100.0	100.0	100.0
OHSAS 18001 Certification Sites (Occupational Health and Safety Management System)		Isetan Mitsukoshi	Sites	0	0	0	0	0
Number of New Graduate Employees (Employees and Region-based Employees)	Women	Isetan Mitsukoshi	Persons	262	191	151	67	79
	Men			67	56	32	19	23
	Total			329	247	183	86	102
% of Females in New Graduate Employees		Isetan Mitsukoshi	%	79.6	77.3	82.5	77.9	77.4
Number of Occupational Accidents		Isetan Mitsukoshi	Sites	153	152	139	97	135
Annual Total Actual Working Hours		Isetan Mitsukoshi	Hours	–	1,954	1,944	1,926	1,789
Paid Leave Usage Rate		Isetan Mitsukoshi	%	–	68.5	74.9	78.2	83.3
Training Hours* ⁴ Total number of employees participating in training (regular employees, region-based employees, part-time employees and employees of business partners)		Isetan Mitsukoshi	Hours	–	–	5,770	5,627	6,093
			Persons	–	–	24,377	24,640	25,123
Ratio of local employees to executives (officers, etc.) at overseas offices		Group	%	24.3	25.7	28.4	30.8	30.0

1. As of April 1 of each year

2. As of June 1 of each year

3. Independent directors, corporate executive officers of Isetan Mitsukoshi Holdings Ltd. and Isetan Mitsukoshi Ltd. and presidents of the Group subsidiaries

4. Training hours refer to hours spent for basic trainings (training for employees up to the third year after joining the company and training for employees of business partners at our stores), occupational training, area-specific training and qualification training. In terms of hours per day, it is 15.4 hours.

Governance

Corporate Governance

Basic Policy for Internal Control Systems at Isetan Mitsukoshi Holdings Ltd. <https://imhds.disclosure.site/en/themes/132#1072>

		Boundary	Unit	FY2015	FY2016	FY2017	FY2018	FY2019	As of June 30, 2020
Number of Directors* ¹	Number of Internal Directors	Women		0	0	0	0	0	0
		Men		5	5	5	5	5	6
		Total		5	5	5	5	5	6
	Number of Independent Directors	Women		0	0	0	1	2	2
		Men		2	2	2	2	1	5
		Total		2	2	2	3	3	7
	Number of Outside Directors (other than Independent Directors)	Women		0	0	0	0	0	0
		Men		1	1	1	1	1	0
		Total		1	1	1	1	1	0
	Total			8	8	8	9	9	13
Number of Corporate Executive Officers on the Board* ²		HDS	Persons	5	5	3* ⁴	3* ⁴	4* ⁴	4
% of Corporate Executive Officers on the Board* ³		HDS	%	62.5	62.5	37.5	33.3	44.4	30.7
% of Independent Directors on the Board		HDS	%	66.6	66.6	66.6	75.0	75.0	100.0
% of Women on the Board		HDS	%	0	0	0	11.1	22.2	15.3
Average Age of Directors (including Outside Members)		HDS	Age	64.7	65.3	65.3	65.9	62.5	62.6
Average Age of Directors (Internal Members only)		HDS	Age	60.6	61.0	60.4	61.2	60.3	60.3
Number of Board Meetings		HDS	Times	15	17	15	14	15	–
Board Meeting Attendance		HDS	%	99.1	97.7	95.0	99.2	95.6	–
Attendance of Independent Directors at Board Meetings		HDS	%	96.6	100.0	100.0	97.4	93.3	–
Number of Directors Attending Less Than 75% of Board Meetings		HDS	Persons	0	0	0	0	0	–

1. In June 2020, the Company changed its institutional design from a company with the Audit & Supervisory Board to a company with a nominating committee, etc.

2. Since June 2020: Number of Executive Officers on the Board

3. Since June 2020: % of Executive Officers on the Board

4. Excluding two executive directors, who do not have the status of executive officer at Isetan Mitsukoshi Holdings Ltd.

In sections with “–”, the value is not stated because data are not available.

Percentage figures are rounded off to one decimal place.

**“HDS” in the boundary refers to Isetan Mitsukoshi Holding Ltd.

Corporate Governance

			Boundary	Unit	FY2015	FY2016	FY2017	FY2018	FY2019	As of June 30, 2020
Number of Nominating Committee Members	Number of Internal Directors	Women	HDS	Persons	-	-	-	-	-	0
		Men			-	-	-	-	-	1
		Total			-	-	-	-	-	1
	Number of Independent Directors	Women			-	-	-	-	-	1
		Men			-	-	-	-	-	3
		Total			-	-	-	-	-	4
	Number of Outside Directors (other than Independent Directors)	Women			-	-	-	-	-	0
		Men			-	-	-	-	-	0
		Total			-	-	-	-	-	0
	Total	-			-	-	-	-	5	
Number of Compensation Committee Members	Number of Internal Directors	Women	HDS	Persons	-	-	-	-	-	0
		Men			-	-	-	-	-	1
		Total			-	-	-	-	-	1
	Number of Independent Directors	Women			-	-	-	-	-	1
		Men			-	-	-	-	-	2
		Total			-	-	-	-	-	3
	Number of Outside Directors (other than Independent Directors)	Women			-	-	-	-	-	0
		Men			-	-	-	-	-	0
		Total			-	-	-	-	-	0
	Total	-			-	-	-	-	4	
Number of Audit Committee Members	Number of Internal Directors	Women	HDS	Persons	-	-	-	-	-	0
		Men			-	-	-	-	-	1
		Total			-	-	-	-	-	1
	Number of Independent Directors	Women			-	-	-	-	-	1
		Men			-	-	-	-	-	3
		Total			-	-	-	-	-	4
	Number of Outside Directors (other than Independent Directors)	Women			-	-	-	-	-	0
		Men			-	-	-	-	-	0
		Total			-	-	-	-	-	0
	Total	-			-	-	-	-	5	
Number of Nominating and Compensation Committee Members	Number of Internal Directors	Women	HDS	Persons	0	0	0	0	0	-
		Men			2	2	2	1	1	-
		Total			2	2	2	1	1	-
	Number of Independent Directors	Women			0	0	0	1	2	-
		Men			2	2	2	2	1	-
		Total			2	2	2	3	3	-
	Number of Outside Directors (other than Independent Directors)	Women			0	0	0	0	0	-
		Men			1	1	1	1	1	-
		Total			1	1	1	1	1	-
	Total	5			5	5	5	5	-	
Number of Nominating and Compensation Committee Meetings			HDS	Times	10	11	12	12	12	-
Nominating and Compensation Committee Meeting Attendance			HDS	%	100.0	100.0	96.6	98.3	93.3	-
Number of Audit & Supervisory Board Members* ¹	Number of Internal Directors	Women	HDS	Persons	0	0	0	0	0	-
		Men			2	2	2	2	2	-
		Total			2	2	2	2	2	-
	Number of Independent Directors	Women			0	0	0	0	0	-
		Men			1	1	2	2	2	-
		Total			1	1	2	2	2	-
	Number of Outside Directors (other than Independent Directors)	Women			0	0	0	0	0	-
		Men			1	1	1	1	1	-
		Total			1	1	1	1	1	-
	Total	4			4	5	5	5	-	
% of Independent Audit & Supervisory Board Members among Outside Audit & Supervisory Board Members			HDS	%	50.0	50.0	66.6	66.6	66.6	-
% of Female Audit & Supervisory Board Members			HDS	%	0	0	0	0	0	-
Number of Audit Committee Meetings			HDS	Times	14	14	15	15	16	-
Audit Committee Meeting Attendance			HDS	%	100.0	100.0	96.9	97.3	96.2	-
Attendance of Independent Audit & Supervisory Board Members at Board Meetings			HDS	%	100.0	100.0	91.6	96.6	90.6	-
Number of Audit & Supervisory Board Members Attending Less Than 75% of Board Meetings			HDS	Persons	0	0	0	0	0	-

Governance

Compensation

		Boundary	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Compensation of Directors (Excluding Outside Directors)	Base Salary* ¹	HDS	Millions of yen	144	153	159	175	178
	Stock Options			48	72	75	72	66
	Bonuses			58	0	0	58	0
	Total			251	226	234	306	244
Compensation of Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	Base Salary* ¹	HDS	Millions of yen	44	44	44	50	50
	Stock Options			–	–	–	–	–
	Bonuses			–	–	–	–	–
	Total			44	44	44	50	50
Compensation of Outside Directors and Outside Audit & Supervisory Board Members	Base Salary* ¹	HDS	Millions of yen	51	51	58	69	78
	Stock Options			–	–	–	–	–
	Bonuses			–	–	–	–	–
	Total			51	51	58	69	78

1. Excluding subsidiaries

Shareholder Rights

Anti-Takeover Measures

None

Accounting Audits

	Boundary	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Compensation of Accounting Auditors* ²	Group	Millions of yen	269	253	260	247	232

2. Including "compensation for non-audit services"

In sections with "–", the value is not stated because data are not available.
Percentage figures are rounded off to one decimal place.

Compliance

Business Ethics Policy	Yes	Isetan Mitsukoshi Group Standards of Corporate Ethical Behavior https://imhds.disclosure.site/en/themes/86#925
Anti-Corruption Policy	Yes	Anti-Bribery Policy https://imhds.disclosure.site/en/themes/152#1170
Anti-Bribery Policy	Yes	Stated in the Anti-Bribery Policy and the Anti-Bribery Rules, internal rules https://imhds.disclosure.site/en/themes/152#1170
Employee Protection / Whistle-Blower Policy	Yes	Group Hotline Rule https://imhds.disclosure.site/en/themes/152
Fair Trade Guidelines	Yes	Fair Trade Guidelines https://imhds.disclosure.site/en/themes/152#1172

	Boundary	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Number of Fines and Penalties for Corruption	Group	Sites	0	0	0	0	0
Total Cost of Fines and Penalties for Corruption	Group	Yen	0	0	0	0	0
Number of Incidents of Non-Compliance	Group	Sites	0	0	1	0	1
Total Cost of Incidents of Non-Compliance	Group	10 thousand yen	0	0	819	0	1,526

Meeting Bodies

		Boundary	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Committee for Promoting Our Philosophy ³	Number of members	Group	Persons	235	249	255	250	68
	Number of meetings	Group	Violations	1	1	1	1	1
Compliance and Risk Management Promotion Committee ⁴	Number of members	Group	Persons	22	24	19	65	75
	Number of meetings	Group	Violations	2	2	2	2	2
Sustainability Promotion Committee ⁵	Number of members	Group	Persons	61	63	62	21	63
	Number of meetings	Group	Violations	2	2	2	2	2
Workstyle Reform Promotion Committee	Number of members	Group	Persons	–	–	–	64	82
	Number of meetings	Group	Violations	–	–	–	3	3

3. The former Corporate Philosophy Committee until fiscal 2017

4. The former Risk Management Committee until fiscal 2017

5. The former Environment CSR Promotion Committee until fiscal 2017

Other

Other Data

	Boundary	Unit	FY2015	FY2016	FY2017	FY2018	FY2019
Total number of stores	Department stores in Japan	Stores	27	25	24	24	21
Customer traffic	Isetan Mitsukoshi	Thousand people	109,095	103,409	94,000	90,083	79,412
Number of proper card accounts	Group	10 thousand accounts	272.4	269.4	268.5	263.9	252.8
Proper card transaction volume	Group	Millions of yen	1,042,684	1,077,390	1,093,369	1,095,236	1,068,100
Proper card utilization rate	Group	%	82.6	82.7	82.5	81.7	80.7
Tax-free sales ⁶	Group	Millions of yen	60,266	52,272	67,511	75,554	64,687

6. Total sales that went through tax exemption procedures

Company Profile (as of January 18, 2021)

Company Name	Isetan Mitsukoshi Holdings Ltd.
Business Lineup	Business planning and management of subsidiaries and group companies engaged in department store businesses and incidental or related businesses
Representatives	President and CEO Toshihiko Sugie (Concurrently serving as President, Representative Director, and Executive Officer of Isetan Mitsukoshi Ltd.) Executive Vice President and Chief Merchandising & Marketing Officer Toru Takeuchi (Concurrently serving as Director of Isetan Mitsukoshi Ltd.)
Established	April 1, 2008
Head Office	5-16-10, Shinjuku, Shinjuku-ku, Tokyo 160-0022, Japan
Capital	JPY 50.679 billion yen
Fiscal year end	March 31

List of Group Companies (as of January 18, 2021)

Department Store Business

Japan

Isetan Mitsukoshi Ltd.
Sapporo Marui Mitsukoshi Ltd.
Hakodate Marui Imai Ltd.
Sendai Mitsukoshi Ltd.
Niigata Isetan Mitsukoshi Ltd.
Shizuoka Isetan, Ltd.
Nagoya Mitsukoshi Ltd.
Hiroshima Mitsukoshi Ltd.
Takamatsu Mitsukoshi Ltd.
Matsuyama Mitsukoshi Ltd.
Iwataya Mitsukoshi Ltd.
West Japan Railway Isetan Ltd.*¹

Overseas

ISETAN (CHINA) CO., LTD.
ISETAN TIANJIN CO., LTD.
TIANJIN BINHAI NEW DISTRICT ISETAN CO., LTD.
SHANGHAI MEI LONG ZHEN ISETAN DEPARTMENT STORE CO., LTD.
CHENGDU ISETAN DEPARTMENT STORE CO., LTD.
ISETAN (SINGAPORE) LTD.
ISETAN (THAILAND) CO., LTD.
ISETAN OF JAPAN SDN. BHD.
MITSUKOSHI (U.S.A.), INC.
Mitsukoshi Italia S.r.l.
SHIN KONG MITSUKOSHI DEPARTMENT STORE CO., LTD.*¹
Itm Clover Co., Ltd.*¹

Credit & finance business/ customer organization management business

MICARD Co., Ltd.
MI TOMONOKAI Co., Ltd.

Retail & Specialty Store Business

IM Food Style Ltd.*¹
Japan Duty Free Fa-So-La Isetan Mitsukoshi Co., Ltd.*¹

Manufacturing, Import/ Export and Wholesale Businesses

Isetan Mitsukoshi Gift Solutions Ltd.
Century Trading Co., Ltd.
Isetan Mitsukoshi Italia S.r.l.

Human Resources and Service Businesses

Isetan Mitsukoshi Human Solutions Ltd.
Isetan Mitsukoshi Soleil, Co., Ltd.*²

Real Estate Management Businesses

Isetan Mitsukoshi Property Design Ltd.
Mitsukoshi Isetan Im Facilities Co., Ltd.*¹
Shinjuku Sabunado Ltd.*¹
NOMURA FUDOSAN MITSUKOSHI ISETAN KAIHATSU GODO KAISHA*¹
Yanlord Isetan Commercial Co., Ltd.*¹

Logistics Businesses

Isetan Mitsukoshi Business Support Ltd.

Information Processing and Media Businesses

Isetan Mitsukoshi System Solutions Ltd.
Studio Alta Co., Ltd.

Travel Businesses

Mitsukoshi Isetan Nikko Travel, Ltd.
Lime Tree Cruises B.V.
Lime Tree Shipping AG

Beauty Businesses

SWP Holdings Inc.
Socie World Co., Ltd.
Taiwan Socie World Co., Ltd.

Corporate Venture Capital Business

Isetan Mitsukoshi Innovations Ltd.

*¹ Equity method company

*² Special subsidiary company

Stock Information (as of March 31, 2020)

Number of shares authorized	1,500,000,000 shares
Number of shares per unit (tangen)	100 shares
Number of shares issued	396,100,954 shares
Number of shareholders	252,890 persons

Shareholding ratio

Treasury stock

4.02%

(1 person 15,938,000 shares)

Japanese individuals and others

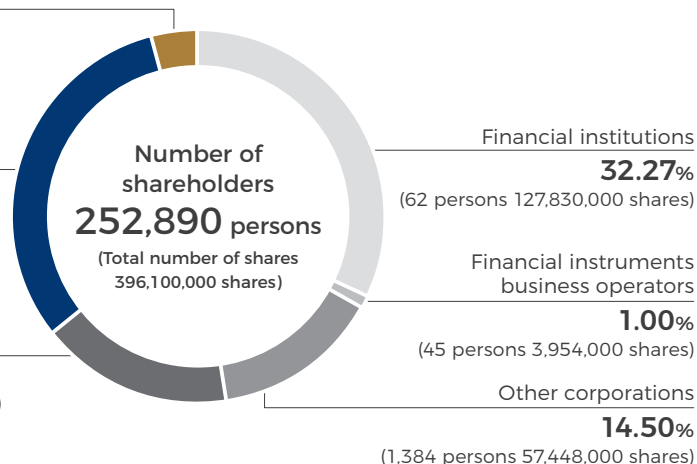
31.77%

(250,597 persons
125,856,000 shares)

Overseas investors

16.43%

(801 persons 65,072,000 shares)



Major Shareholders *Treasury shares (15,938,328 shares) is deducted from Voting Rights Percentage.

Name of Shareholders	Number of Shares Held (shares)	Voting Rights Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	37,642,200	9.90
Japan Trustee Services Bank, Ltd. (Trust account)	24,242,400	6.38
Mitsukoshi Health and Welfare Foundation	13,667,832	3.60
Isetan Mitsukoshi Group's partner holding companies	8,169,378	2.15
Japan Trustee Services Bank, Ltd. (Trust account 5)	7,022,900	1.85
SHIMIZU CORPORATION	6,200,000	1.63
JP MORGAN CHASE BANK 385151	6,141,025	1.62
Meiji Yasuda Life Insurance Company	5,697,279	1.50
Japan Trustee Services Bank, Ltd. (Trust account 9)	5,383,600	1.42
STATE STREET BANK WEST CLIENT-TREATY 505234	4,797,868	1.26



ISETAN MITSUKOSHI HOLDINGS



Contact for Inquiries:

Isetan Mitsukoshi Holdings Ltd.
Chief Officer Office
PR and IR Division
<https://www.imhds.co.jp/en/inquiry/>