

Summary of Settlement of Consolidated Accounts for the Fiscal Year Ended March 31, 2021

[Japanese Standards] (Consolidated)

May 12, 2021

Isetan Mitsukoshi Holdings Ltd.

Securities code: 3099 (Listed on the First Section of Tokyo Stock Exchange and Fukuoka Stock Exchange)

(URL: <https://www.imhds.co.jp>)

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Scheduled date of the general meeting of shareholders: June 25, 2021

Scheduled date of filing of the securities report (*Yukashoken Houkokusho*): June 25, 2021

Scheduled date of dividend payments: June 28, 2021

Preparation of fiscal year results supplementary materials: Yes

Convening of fiscal year results explanation meeting: Yes (for securities analysts)

(Figures are rounded down to the nearest million yen.)

1. Consolidated Business Results for Fiscal 2020 (From April 1, 2020 to March 31, 2021)

(1) Results of consolidated operations

(Percentage figures indicate changes from the previous year.)

	Net Sales		Operating Income		Recurring Income		Net Income attributable to Parent Company Shareholders	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2020	816,009	(27.1)	(20,976)	-	(17,171)	-	(41,078)	-
FY2019	1,119,191	(6.5)	15,679	(46.4)	19,771	(38.2)	(11,187)	-

(Note) Comprehensive income: FY2020: ¥(39,528) million (-%), FY2019: ¥(17,794) million (-%)

	Net Income per Share (Basic)	Net Income per Share (Diluted)	Return on Equity	Recurring Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
FY2020	(107.96)	-	(7.9)	(1.4)	(2.6)
FY2019	(28.90)	-	(2.0)	1.6	1.4

(Reference) Equity in earnings of affiliates: FY2020: ¥2,003 million, FY2019: ¥2,228 million

(Note) Net income per share (diluted) is not presented due to the posting of net loss per share (basic), although there are dilutive shares.

(2) Consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
FY2020	1,198,303	508,275	41.9	1,317.23
FY2019	1,223,800	550,161	44.3	1,426.61

(Reference) Shareholders' equity: FY2020: ¥501,936 million, FY2019: ¥542,345 million

(3) Consolidated cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2020	1,197	(4,737)	29,733	102,797
FY2019	16,281	(9,965)	20,259	76,659

2. Dividends

(Record date)	Annual Dividends					Total Cash Dividends (Full Year)	Payout Ratio (Consolidated)	Cash Dividends to Net Assets (Consolidated)
	First Quarter	Second Quarter	Third Quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2019	-	6.00	-	6.00	12.00	4,622	-	0.8
FY2020	-	3.00	-	6.00	9.00	3,427	-	0.7
FY 2021 (Forecast)	-	5.00	-	5.00	10.00		381.1	

3. Forecast of Consolidated Results for Fiscal 2021 (From April 1, 2021 to March 31, 2022)

(Percentage figures indicate changes from the previous year.)

	Net Sales		Operating Income		Recurring Income		Net Income attributable to Parent Company Shareholders		Net Income per Share (Basic)
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	447,000	(45.2)	3,000	-	3,000	-	1,000	-	2.62

(Note) As the Company will apply “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) from the fiscal year ending March 31, 2022, result forecasts above present amounts after applying the standard. Forecast of gross sales (net sales amount before applying the standard) would be ¥965,000 million (up 18.3%).

* Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): No
Newly consolidated companies: — Companies removed from consolidation: —

(2) Changes in accounting policy, changes in accounting estimates or restatement due to correction

1) Changes in accounting policy in line with revision to accounting standards: No

2) Other changes: No

3) Changes in accounting estimates: No

4) Restatement due to correction: No

(3) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding at the end of the period
(including treasury stock)

2) Number of shares of treasury stock at the end of the period

3) Average number of shares during the period

FY2020	396,459,054 shares	FY2019	396,100,954 shares
FY2020	15,403,484 shares	FY2019	15,938,328 shares
FY2020	380,510,253 shares	FY2019	387,162,481 shares

(Reference) Summary of Non-consolidated Business Results

Non-consolidated Business Results for Fiscal 2020 (April 1, 2020 to March 31, 2021)

(1) Results of non-consolidated operations (Percentage figures indicate changes from the previous year.)

	Net Sales		Operating Income		Recurring Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2020	23,728	27.4	15,069	38.9	12,388	39.3	4,191	(26.8)
FY2019	18,624	28.1	10,846	108.8	8,894	95.1	5,723	-

	Net Income per Share (Basic)	Net Income per Share (Diluted)
	Yen	Yen
FY2020	11.02	10.97
FY2019	14.78	14.72

(2) Non-consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
FY2020	777,598	444,913	57.0	1,163.78
FY2019	742,872	443,836	59.5	1,162.61

(Reference) Shareholders' equity: FY2020: ¥443,465 million, FY2019: ¥441,979 million

* These consolidated financial results are outside the scope of audit by certified public accountants or auditing firms

* Disclaimer regarding Forward-looking Statements

This report contains forward-looking statements, which are based on the information currently available and certain assumptions the Company considers to be reasonable, and are not intended to be seen as targets that the Company assures it will achieve. Actual results, performance, achievements or financial position may be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. For assumptions on which forward-looking statements are based as well as for precautionary statements in the use of forward-looking statements, please refer to “1. Overview of Business Results, etc. (3) Future Outlook” on page 4.

Note:

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for the Fiscal Year Under Review

During fiscal 2020 (April 1, 2020 to March 31, 2021), the Japanese economy suffered a significant impact from the worldwide spread of COVID-19. Supply chains became progressively fragmented, due to factors such as the slowdown in the movement of people around the world, restrictions on the movement of goods, and the suspension of face-to-face services. Real GDP growth in Japan for the April-June quarter was negative 7.9% year-on-year, or negative 28.1% on an annualized basis, indicating a substantial slowdown. A state of emergency was declared in April 2020, and the Group was seriously impacted, implementing temporary store closures (partial operation and shortened opening hours in some stores), as net sales in the department store business and other businesses virtually evaporated. After the first state of emergency was lifted, demand within Japan began to recover from its slump, partly as a result of government measures such as the special cash payments and “Go To” campaign, but economic conditions in Japan remained highly uncertain, due to factors including a delay in the recovery of demand from inbound visitors, the renewed declaration of a state of emergency in response to a new wave of infections, and the continuing slump in consumer sentiment due to the slowdown in employment and income growth.

Under these circumstances, the Group strove to achieve the vision of “online and offline matching platformer” envisioned in the Isetan Mitsukoshi Group Three-Year Plan, which the Group announced in November 2018. However, in view of changes in the social environment and consumption trends, as well as subsequent conditions, we determined to withdraw the Three-Year Plan in November 2020, and we are proceeding to formulate a new medium-term plan to partially revise our strategies and accelerate the process.

During fiscal 2020, we closed stores with profitability issues, including Mitsukoshi Ebisu store, ISETAN HAUS, and Isetan Bangkok, and proceeded with the redistribution of management resources in our business portfolio, including the closure of the Isetan Mitsukoshi Research Institute Ltd., and the sale of shares of Isetan Mitsukoshi Real Estate Co., Ltd. The Group will promote the development of the business foundations for a transformation of the business model based on new ways of communicating and the accelerating digital shift, and push ahead with fundamental cost structure reforms through a more transparent structure of earnings and expenses.

As a result, on a consolidated basis, we recorded net sales for the fiscal year of ¥816,009 million, a decrease of 27.1% from the previous fiscal year, an operating loss of ¥20,976 million, compared to operating income of ¥15,679 million in the previous fiscal year, an recurring loss of ¥17,171 million, compared to recurring income of ¥19,771 million in the previous fiscal year, and a net loss attributable to parent company shareholders of ¥41,078 million, compared to a net loss attributable to parent company shareholders of ¥11,187 million in the previous fiscal year.

Results by segment were as follows.

1) *Department Store Business*

In the department store business, as COVID-19 spread, we created systems to give maximum consideration to safety and security at all our stores, including the use of thermography to conduct body temperature checks and sanitization at store entrances. Despite these efforts however, we recorded a substantial drop in revenue due to the impact of shutdowns and reduced opening hours resulting from the declaration of a state of emergency.

Overseas, from February 2020 onward, we were forced to progressively shut down stores amid increasingly stringent government restrictions, primarily in China, Southeast Asia, and the United States, and revenue also fell significantly year on year.

Despite the pandemic showing no sign of abating, sales of high value-added goods such as luxury bands, watches and jewelry performed strongly, led by the Isetan Shinjuku Main Store and Mitsukoshi Nihombashi Main Store. The newly-expanded BicCamera Nihombashi Mitsukoshi opened on the seventh floor of the new building of Mitsukoshi Nihombashi Main Store in September. In addition to its well-received concierge-style customer service, it has expanded its services to offer fitness equipment and added a new home renovation counter. We also launched initiatives to enhance customer experience through remote customer service at regional stores, including significant growth in our service enabling out-of-store customers to order-in items from the Isetan Shinjuku Main Store and Mitsukoshi Nihombashi Main Store.

In terms of initiatives to promote online sales, we renewed our e-commerce site in June 2020. At the same time, we launched the Isetan Mitsukoshi app, creating an online shopping experience that enables customers to use department store services seamlessly, without needing to visit the store.

Utilization of the Isetan Mitsukoshi e-commerce site is increasing, due to stay-at-home demand for items such as food and lifestyle goods. In response, we strengthened our online offerings targeting occasional and at-home demand during the year-end and New Year holidays, leading to growth in online reservations and sales of Christmas cakes, New Year dishes and grab bags. Likewise, our “ISETAN DOOR” food delivery service and “meeco” cosmetics e-commerce site grew significantly. Our total online net sales for fiscal 2020 exceeded ¥30.0 billion.

In November, we launched the “Isetan Mitsukoshi remote shopping” app, which provides online the same shopping experience that our customers enjoy in-store, and began trial operation. The app has been well received for enabling customers to enjoy an experience uniquely offered by department stores of one-to-one customer service from the comfort of their homes.

We also launched the new “REV WORLDS” smartphone app, which enables users to enjoy conversation with each other and shopping in a virtual city environment. In addition to combining services that would be impossible in a real store to provide new customer experiences, we are taking on the challenge of expanding our virtual reality (VR) platform, including creating mutual traffic between content provided by other companies.

Meanwhile, we closed the Mitsukoshi Ebisu store in February. We apologize for any inconveniences caused by the store closure and sincerely thank customers for their many years of patronage.

Segment sales amounted to ¥752,131 million, a decrease of 27.4% from the previous fiscal year, and an operating loss of ¥30,302 million was recorded, compared to operating income of ¥2,203 million in the previous fiscal year.

2) *Credit & Finance Business/Customer Organization Management Business*

In the credit & finance business/customer organization management business, MICARD Co. Ltd. focused on acquiring new memberships for department store credit cards and credit cards in collaboration with companies outside the Group, as well as expanding the handling volume through promotion of credit card usage.

Handling volume at the Group’s department stores decreased significantly due to factors such as temporary store closures and shortened opening hours, as part of measures to prevent the spread of COVID-19. Outside the Group, handling volume slumped in the restaurant and travel sectors, despite a strong performance in the mail order, supermarkets, food, and home electronics fields.

As card membership acquisition struggled at the Group’s department stores, we engaged in measures to expand sales, including strengthening membership acquisition through online channels, enhancing member convenience and promoting use outside the Group through the introduction of Apple Pay, and issuing cards in collaboration with companies outside the Group, to cultivate new customer segments.

Going forward, in addition to continuing the initiatives in fiscal 2020 described above, we will develop services adapted to the progressive digitalization of society and the needs of our customers, which will lead to future expansion in handling volume and revenue.

Segment sales amounted to ¥32,542 million, a decrease of 15.7% from the previous fiscal year, while operating income was ¥4,450 million, a decrease of 21.5% from the previous fiscal year.

3) *Real Estate Business*

In the real estate business, revenue fell substantially as a result of enforced shutdowns and shortened opening hours at commercial facilities after the declaration of a state of emergency associated with the COVID-19 pandemic.

In the residences business, we sold our shares in Isetan Mitsukoshi Real Estate Co., Ltd. in January 2021, as part of reviewing our business for selection and focus. As a result, we recorded a decline in revenue and income for the full year.

Despite a strong performance in orders received in the construction business of Isetan Mitsukoshi Property Design Ltd., for interior design and construction work at Isetan Mitsukoshi stores and luxury hotels, as well as reform and renovation work at private homes, revenue and income fell due to the impact of work delays arising from the COVID-19 crisis.

Segment sales amounted to ¥28,367 million, a decrease of 19.9% from the previous fiscal year, while operating income was ¥5,440 million, a decrease of 8.9% from the previous fiscal year.

4) *Other Businesses*

In the other businesses, revenue and income fell due to the impact of COVID-19, but some companies recorded a rise in income. Isetan Mitsukoshi Business Support Ltd. promoted the expansion of commissions from existing clients and new client acquisition. Isetan Mitsukoshi System Solutions Ltd. secured an increase in income despite a decline in revenue, as it engaged in structural reforms including back-office efficiency enhancements and a revision of business flows.

Meanwhile, steep declines in revenue were recorded at Mitsukoshi Isetan Nikko Travel, Ltd., which specializes in overseas travel, and SOCIE WORLD CO., LTD. in the beauty business. Overseas travel fell to zero throughout the year due to the COVID-19 crisis, and Mitsukoshi Isetan Nikko Travel, Ltd. suffered a significant drop in revenue, as the recovery in domestic travel was delayed until after September.

The Company determined to divest itself of SOCIE WORLD CO., LTD., as a result of consideration of changes in the environment that surrounds the aesthetic business and the future direction of SOCIE WORLD’s business, in the context of reforms to the Company’s business structure and business model.

In addition to engaging in structural reforms and cost reductions with the aim of recovering business results in the future, we will continue to work to achieve our goal of “helping our customers’ lives in a variety of scenes,” and create value through stronger coordination with the department store business.

Segment sales amounted to ¥63,656 million, a decrease of 22.8% from the previous fiscal year, while an operating loss of ¥619 million was recorded, compared to operating income of ¥1,618 million in the previous fiscal year.

(2) Overview of Financial Position for the Fiscal Year Under Review

Total assets at the end of the fiscal year amounted to ¥1,198,303 million, a decrease of ¥25,497 million from the end of the previous fiscal year. This was due mainly to a decrease in tangible fixed assets resulting from the transfer of all shares of Isetan Mitsukoshi Real Estate Co., Ltd. and its consequent exclusion from the scope of consolidation.

Total liabilities amounted to ¥690,027 million, an increase of ¥16,388 million from the end of the previous fiscal year. This was mainly attributable to an increase in interest-bearing debt for the purpose of securing stable funding in view of the uncertain outlook for business results due to the spread of COVID-19.

Net assets amounted to ¥508,275 million, a decrease of ¥41,885 million from the end of the previous fiscal year. This was mainly attributable to the recording of a net loss attributable to parent company shareholders.

(3) Overview of Cash Flows for the Fiscal Year Under Review

Cash and cash equivalents at the end of the fiscal year were ¥102,797 million, an increase of ¥26,138 million from the end of the previous fiscal year.

Net cash provided by operating activities amounted to ¥1,197 million, a decrease in inflows of ¥15,083 million from the previous fiscal year. This was mainly attributable to such factors as the recording of a loss before income taxes due to a steep decline in net sales as a result of COVID-19.

Net cash used in investing activities amounted to ¥4,737 million, a decrease in outflows of ¥5,228 million from the previous fiscal year. This was mainly attributable to such factors as the recording of revenue from the sale of shares of Isetan Mitsukoshi Real Estate Co., Ltd.

Net cash provided by financing activities amounted to ¥29,733 million, an increase in inflows of ¥9,474 million from the previous fiscal year. This was mainly attributable to such factors as a decrease in outflows from acquisition of treasury stock carried out in the previous fiscal year.

(4) Future Outlook

With regard to the forecast of consolidated results for fiscal 2021, we expect net sales of ¥447,000 million, operating income of ¥3,000 million, recurring income of ¥3,000 million, and net income attributable to parent company shareholders of ¥1,000 million. The Company will apply “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) from fiscal 2021, and the result forecasts above present amounts after applying the standard. We forecast gross sales (net sales amount before applying the standard) would be ¥965,000 million (up 18.3%).

The consolidated results forecast for fiscal 2021 incorporates declines of ¥29,000 million in gross sales and ¥3,700 million in operating income resulting from the period of store shutdowns in response to the declaration of a state of emergency (April 25, 2021 to May 31, 2021).

(5) Basic Policy on Profit Distribution and Dividends for Fiscal 2020 and Fiscal 2021

The Company returns profits to shareholders, while continually raising long-term corporate value.

Regarding dividends, our basic stance is to maintain a stable level of dividends upon making comprehensive considerations of the management environment, business results and the soundness of our financial condition, and we will aim for stable increases in dividends over the medium- to long-term, in line with profit growths.

Based on this policy, the Company will pay an annual cash dividend ¥9.00 for the fiscal year under review, the total of an interim dividend of ¥3.00 and a year-end dividend of ¥6.00.

For fiscal 2021, the Company forecasts a recovery in business results to some extent, despite the continuing impact of COVID-19 on results, and plans to increase the annual cash dividend by ¥1.00 and pay ¥10.00, the total of an interim dividend of ¥5.00 and a year-end dividend of ¥5.00.

2. Basic Policy on the Selection of Accounting Standards

The Company currently applies Japanese accounting standards. Concerning the future application of International Financial Reporting Standards (IFRS), the Company holds a policy to take appropriate action based on trends within and outside of Japan.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2019 (As of March 31, 2020)	Fiscal 2020 (As of March 31, 2021)
ASSETS		
Current assets		
Cash and bank deposits	74,301	100,041
Notes and accounts receivable-trade	119,441	116,415
Marketable securities	1,718	1,683
Merchandise	38,128	28,907
Finished goods	24	5
Work in process	2,797	320
Raw materials and supplies	629	549
Other current assets	39,007	38,730
Less: Allowance for doubtful accounts	(3,736)	(4,205)
Total current assets	272,313	282,448
Property and equipment		
Tangible fixed assets		
Buildings and structures	478,164	466,423
Less: Accumulated depreciation	(307,257)	(305,185)
Buildings and structures, net	170,907	161,238
Land	533,433	521,541
Construction in progress	5,525	7,649
Right-of-use assets	6,621	4,681
Less: Accumulated depreciation	(1,707)	(2,408)
Right-of-use assets, net	4,914	2,273
Other tangible fixed assets	72,663	69,075
Less: Accumulated depreciation	(52,471)	(51,524)
Other tangible fixed assets, net	20,191	17,550
Total tangible fixed assets	734,972	710,252
Intangible fixed assets		
Software	18,044	15,410
Goodwill	15	—
Other intangible fixed assets	22,702	23,453
Total intangible fixed assets	40,762	38,863
Investments and other assets		
Investment securities	108,743	110,558
Long-term loans receivable	229	177
Guarantee deposits	47,968	44,910
Net defined benefit assets	3,539	3,570
Deferred tax assets	10,110	3,270
Other assets	5,201	4,318
Less: Allowance for doubtful accounts	(173)	(170)
Total investments and other assets	175,618	166,635
Total property and equipment	951,353	915,751
Deferred assets		
Bond issue costs	133	102
Total deferred assets	133	102
Total assets	1,223,800	1,198,303

(Millions of yen)

	Fiscal 2019 (As of March 31, 2020)	Fiscal 2020 (As of March 31, 2021)
LIABILITIES		
Current liabilities		
Notes and accounts payable	79,742	83,140
Short-term borrowings	21,401	31,084
Commercial paper	50,000	50,000
Income taxes payable	2,897	1,834
Gift vouchers	77,374	80,012
Reserve for bonuses	10,447	6,415
Allowance for point cards	9,870	8,581
Reserve for loss from redemption of gift vouchers	32,799	36,154
Other current liabilities	96,779	80,630
Total current liabilities	381,313	377,853
Long-term liabilities		
Bonds payable	40,000	40,000
Long-term debt	64,146	87,800
Deferred tax liabilities	128,011	128,522
Net defined benefit liability	36,150	34,570
Provision for loss on business of subsidiaries and affiliates	100	29
Liabilities from application of equity method	1,651	2,811
Other long-term liabilities	22,266	18,440
Total long-term liabilities	292,325	312,173
Total liabilities	673,639	690,027
NET ASSETS		
Shareholders' equity		
Common stock	50,790	50,995
Capital surplus	322,985	323,755
Retained earnings	183,644	138,865
Less: Treasury stock	(19,304)	(18,654)
Total shareholders' equity	538,115	494,962
Accumulated other comprehensive income		
Net unrealized gains (losses) on other securities	1,523	3,240
Deferred gains (losses) on hedges	43	46
Foreign currency translation adjustments	4,625	4,923
Remeasurements of defined benefit plans	(1,962)	(1,236)
Total accumulated other comprehensive income	4,229	6,973
Stock acquisition rights	1,857	1,447
Non-controlling interests	5,958	4,891
Total net assets	550,161	508,275
Total liabilities and net assets	1,223,800	1,198,303

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	Fiscal 2019 (From April 1, 2019 to March 31, 2020)	Fiscal 2020 (From April 1, 2020 to March 31, 2021)
Net sales	1,119,191	816,009
Cost of sales	796,489	588,443
Gross profit	322,702	227,565
Selling, general and administrative expenses		
Advertising expenses	18,702	10,312
Allowance for point cards	227	(1,248)
Salaries, payroll costs and bonuses	83,676	67,075
Pension expenses	4,190	4,134
Provision of allowance for doubtful accounts	812	565
Depreciation and amortization	27,021	23,629
Lease payments	31,858	25,939
Business consignment expenses	33,426	29,978
Other expenses	107,106	88,155
Total selling, general and administrative expenses	307,023	248,542
Operating income (loss)	15,679	(20,976)
Non-operating income		
Interest income	729	490
Dividend income	791	590
Equity in earnings of affiliates	2,228	2,003
Income from unredeemed gift vouchers	5,928	6,722
Gain on donated fixed assets	5,231	3,247
Other non-operating income	1,499	2,749
Total non-operating income	16,409	15,804
Non-operating expenses		
Interest expenses	942	893
Loss on retirement of property and equipment	1,233	1,757
Provision of reserve for loss from redemption of gift vouchers	5,873	6,445
Other non-operating expenses	4,267	2,902
Total non-operating expenses	12,316	11,999
Recurring income (loss)	19,771	(17,171)
Extraordinary gain		
Gain on sales of property and equipment	6,637	—
Gain on sales of investment securities	2,450	—
Gain on sales of shares of subsidiaries and associates	—	7,151
Gain on transfer of business	649	—
Subsidies for employment adjustment	—	5,998
Other extraordinary gain	14	—
Total extraordinary gain	9,751	13,150

(Millions of yen)

	Fiscal 2019 (From April 1, 2019 to March 31, 2020)	Fiscal 2020 (From April 1, 2020 to March 31, 2021)
Extraordinary loss		
Loss on disposal of property and equipment	4,293	1,205
Impairment losses	10,844	6,605
Loss on valuation of investment securities	771	1,230
Loss on valuation of shares of subsidiaries and associates	—	599
Loss on closing of stores	6,988	1,754
Business structure improvement expenses	8,928	2,592
COVID-19-related loss	—	12,637
Other extraordinary loss	—	349
Total extraordinary loss	31,826	26,975
Loss before income taxes	(2,303)	(30,997)
Income taxes - current	4,544	2,852
Income taxes - deferred	5,767	8,231
Total income taxes	10,312	11,083
Net loss	(12,615)	(42,080)
Net loss attributable to non-controlling interests	(1,428)	(1,001)
Net loss attributable to parent company shareholders	(11,187)	(41,078)

Consolidated Statements of Comprehensive Income (Loss)

(Millions of yen)

	Fiscal 2019 (From April 1, 2019 to March 31, 2020)	Fiscal 2020 (From April 1, 2020 to March 31, 2021)
Net loss	(12,615)	(42,080)
Other comprehensive income		
Net unrealized gains (losses) on other securities	(6,260)	2,933
Deferred gains (losses) on hedges	1	3
Foreign currency translation adjustments	(222)	(677)
Gain (loss) on revision of retirement benefit plans	45	725
Amount corresponding to equity interest in equity method affiliates	1,257	(433)
Total other comprehensive income	(5,179)	2,552
Comprehensive income	(17,794)	(39,528)
(Breakdown)		
Comprehensive income attributable to parent company shareholders	(16,404)	(38,334)
Comprehensive income attributable to non-controlling interests	(1,390)	(1,193)

(3) Consolidated Statements of Changes in Net Assets
Fiscal 2019 (From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	50,573	322,770	202,040	(9,300)	566,084
Cumulative effects of changes in accounting policies	—	—	(2,513)	—	(2,513)
Restated balance	50,573	322,770	199,527	(9,300)	563,571
Changes during the year					
Issuance of new shares	217	217	—	—	434
Dividends from surplus	—	—	(4,681)	—	(4,681)
Net loss attributable to parent company shareholders	—	—	(11,187)	—	(11,187)
Acquisition of the Company's own shares	—	—	—	(10,004)	(10,004)
Disposal of treasury stock	—	(0)	—	0	0
Changes in scope of consolidation and application of the equity method	—	—	(14)	—	(14)
Changes in equity interest of parent company after transactions with non-controlling interests	—	(2)	—	—	(2)
Changes in items other than shareholders' equity during the year (net)	—	—	—	—	—
Total changes during the year	217	214	(15,883)	(10,004)	(25,455)
Balance at end of year	50,790	322,985	183,644	(19,304)	538,115

(Millions of yen)

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains (losses) on other securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of year	6,448	42	4,964	(2,008)	9,446	2,077	8,106	585,715
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	(2,513)
Restated balance	6,448	42	4,964	(2,008)	9,446	2,077	8,106	583,202
Changes during the year								
Issuance of new shares	—	—	—	—	—	—	—	434
Dividends from surplus	—	—	—	—	—	—	—	(4,681)
Net loss attributable to parent company shareholders	—	—	—	—	—	—	—	(11,187)
Acquisition of the Company's own shares	—	—	—	—	—	—	—	(10,004)
Disposal of treasury stock	—	—	—	—	—	—	—	0
Changes in scope of consolidation and application of the equity method	—	—	—	—	—	—	—	(14)
Changes in equity interest of parent company after transactions with non-controlling interests	—	—	—	—	—	—	—	(2)
Changes in items other than shareholders' equity during the year (net)	(4,924)	0	(338)	45	(5,217)	(219)	(2,148)	(7,585)
Total changes during the year	(4,924)	0	(338)	45	(5,217)	(219)	(2,148)	(33,040)
Balance at end of year	1,523	43	4,625	(1,962)	4,229	1,857	5,958	550,161

Fiscal 2020 (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	50,790	322,985	183,644	(19,304)	538,115
Cumulative effects of changes in accounting policies	—	—	—	—	—
Restated balance	50,790	322,985	183,644	(19,304)	538,115
Changes during the year					
Issuance of new shares	205	205	—	—	410
Dividends from surplus	—	—	(3,422)	—	(3,422)
Net loss attributable to parent company shareholders	—	—	(41,078)	—	(41,078)
Acquisition of the Company's own shares	—	—	—	(2)	(2)
Disposal of treasury stock	—	(343)	—	653	309
Changes in scope of consolidation and application of the equity method	—	908	(278)	—	630
Changes in equity interest of parent company after transactions with non-controlling interests	—	—	—	—	—
Changes in items other than shareholders' equity during the year (net)	—	—	—	—	—
Total changes during the year	205	770	(44,778)	650	(43,153)
Balance at end of year	50,995	323,755	138,865	(18,654)	494,962

(Millions of yen)

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains (losses) on other securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of year	1,523	43	4,625	(1,962)	4,229	1,857	5,958	550,161
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	—
Restated balance	1,523	43	4,625	(1,962)	4,229	1,857	5,958	550,161
Changes during the year								
Issuance of new shares	—	—	—	—	—	—	—	410
Dividends from surplus	—	—	—	—	—	—	—	(3,422)
Net loss attributable to parent company shareholders	—	—	—	—	—	—	—	(41,078)
Acquisition of the Company's own shares	—	—	—	—	—	—	—	(2)
Disposal of treasury stock	—	—	—	—	—	—	—	309
Changes in scope of consolidation and application of the equity method	—	—	—	—	—	—	—	630
Changes in equity interest of parent company after transactions with non-controlling interests	—	—	—	—	—	—	—	—
Changes in items other than shareholders' equity during the year (net)	1,717	3	297	726	2,744	(409)	(1,066)	1,267
Total changes during the year	1,717	3	297	726	2,744	(409)	(1,066)	(41,885)
Balance at end of year	3,240	46	4,923	(1,236)	6,973	1,447	4,891	508,275

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2019 (From April 1, 2019 to March 31, 2020)	Fiscal 2020 (From April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Loss before income taxes	(2,303)	(30,997)
Depreciation and amortization	29,635	27,468
Impairment losses	14,870	7,067
Amortization of goodwill	7	7
Increase (decrease) in allowance for doubtful accounts	419	467
Increase (decrease) in net defined benefit liabilities	(1,522)	(512)
Interest and dividend income	(1,520)	(1,081)
Interest expenses	942	893
Equity in loss (earnings) of affiliated companies	(2,228)	(2,003)
Gain on donation of non-current assets	(5,231)	(3,247)
Loss (gain) on sales of property and equipment	(6,637)	9
Loss (gain) on disposal of property and equipment	5,527	2,934
Loss (gain) on sales of investment securities	(2,420)	(346)
Loss (gain) on valuation of investment securities	1,011	1,230
Loss (gain) on sale of shares of subsidiaries and associates	—	(7,151)
Loss (gain) on transfer of business	(649)	—
Subsidies for employment adjustment	—	(5,998)
Decrease (increase) in receivables	15,977	4,558
Decrease (increase) in inventories	5,283	11,605
Increase (decrease) in payables	(25,622)	3,604
Increase (decrease) in accrued expenses	(3,306)	(557)
Increase (decrease) in accrued liabilities	(1,288)	(9,652)
Other, net	379	1,854
Sub-total	21,323	152
Interest and dividend income received	3,702	3,463
Interest expense paid	(961)	(873)
Subsidies for employment adjustment received	—	5,998
Income taxes paid	(7,782)	(7,543)
Net cash provided by operating activities	16,281	1,197
Cash flows from investing activities		
Increase in fixed deposits	(20)	(20)
Decrease in fixed deposits	387	20
Net decrease (increase) in short-term loans receivable	120	10,869
Payments for purchase of tangible fixed assets	(28,128)	(25,005)
Proceeds from sales of tangible and intangible fixed assets	15,873	1,673
Payments for purchase of intangible fixed assets	(6,882)	(6,116)
Payments for purchase of marketable securities and investment securities	(5,357)	(2,690)
Proceeds from sales and redemption of marketable securities and investment securities	8,985	2,973
Proceeds from collection of lease and guarantee deposits	3,989	2,723
Expenditure for lease and guarantee deposits	(287)	(187)
Proceeds from transfer of business	898	—
Proceeds from liquidation of subsidiaries and associates	952	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	11,373
Other, net	(498)	(350)
Net cash used in investing activities	(9,965)	(4,737)

(Millions of yen)

	Fiscal 2019 (From April 1, 2019 to March 31, 2020)	Fiscal 2020 (From April 1, 2020 to March 31, 2021)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(3,231)	(198)
Proceeds from borrowings of long-term debt	5,846	47,042
Repayment of long-term debt	(11,000)	(12,000)
Increase (decrease) in commercial paper	46,000	—
Dividends paid	(4,704)	(3,405)
Proceeds from sales of treasury stock	0	0
Payment for purchase of own shares	(10,004)	(2)
Dividends paid to non-controlling interests	(99)	(75)
Payments for purchases of shares of subsidiaries that do not result in change in scope of consolidation	(661)	—
Other, net	(1,884)	(1,626)
Net cash provided by financing activities	20,259	29,733
Effect of exchange rate changes on cash and cash equivalents	(141)	53
Net increase (decrease) in cash and cash equivalents	26,433	26,247
Cash and cash equivalents at beginning of year	50,147	76,659
Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation	(0)	(108)
Increase in cash and cash equivalents from merger with non- consolidated subsidiaries	79	—
Cash and cash equivalents at end of year	76,659	102,797

(5) Notes regarding Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Additional information)

(Accounting estimates regarding the impact of COVID-19)

While it is difficult to accurately predict how COVID-19 will spread in the future or when it will be contained, accounting estimates have been made for the recoverability of deferred tax assets and impairment accounting of property and equipment based on the assumption that the impact will continue until fiscal 2023.

As there is a high level of uncertainty surrounding the impact of COVID-19 on economic activities, if changes in the above assumption occur, the consolidated financial statements of the Group may be affected.

(Accounting treatment pursuant to the introduction of a consolidated taxation system)

The Company and some of its consolidated subsidiaries applied for approval for a consolidated taxation system during fiscal 2020, and it was decided that the consolidated taxation system will be applied from the subsequent fiscal year. Accordingly, the Company's accounting treatment for fiscal 2020 onward assumes the application of the consolidated taxation system based on "Revised Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)" (ASBJ PITF No. 5, January 16, 2015) and "Revised Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)" (ASBJ PITF No. 7, January 16, 2015).

For the transition to a group tax sharing system established under the Act to Partially Amend the Income Tax Act (Act No. 8 of 2020) and items in the non-consolidated taxation system revised pursuant to the transition to a group tax sharing system, the Company and some of its consolidated subsidiaries have not applied the provisions in Paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018), in accordance with the treatment prescribed in Paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No. 39, March 31, 2020). The amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the tax law before amendment.

(Segment information)

[Segment information]

1. Overview of Reportable Segments

The Company's reportable segments are components for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors to decide on the allocation of operating resources and assess their performance.

The Group is composed of business segments centering on the department stores segment. The Group reports its segments as the department store business, credit & finance business/customer organization management business, and real estate business based on the considerations of their services and economic characteristics.

The department store business sells apparel, accessories, household and sundry goods, and foods. The credit & finance business/customer organization management business is involved in credit cards, cash loans, brokerage of non-life insurance and businesses concerning solicitation for life insurance and the operation of the customer organization management business. The real estate business engages in real estate leasing, tenant management and building interior decorating.

2. Method for Calculating Segment Sales, Income and Losses, Assets and Other Items

The accounting treatment method for the business segments reported is the same as the accounting treatment method adopted for the preparation of the consolidated financial statements. Segment income (loss) is calculated as operating income (loss). Intersegment sales or transfer are based on actual market prices.

3. Information Concerning Segment Sales, Income and Losses, Assets, and Other Items

The previous consolidated accounting period (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reporting segments				Other businesses (Note 1)	Total	Adjusted amounts (Note 2)	Amount listed on Consolidated Statement of Income (Note 3)
	Department store business	Credit & finance business/ Customer organization management business	Real estate business	Subtotal				
Sales								
Sales to outside customers	1,032,785	23,015	32,237	1,088,038	31,153	1,119,191	—	1,119,191
Intersegment sales or transfer	2,803	15,579	3,161	21,545	51,264	72,809	(72,809)	—
Total	1,035,589	38,595	35,399	1,109,583	82,418	1,192,001	(72,809)	1,119,191
Segment income	2,203	5,669	5,970	13,843	1,618	15,462	217	15,679
Segment assets	996,345	208,068	150,310	1,354,725	45,137	1,399,862	(176,062)	1,223,800
Other items								
Depreciation	19,581	2,935	990	23,507	6,339	29,846	(211)	29,635
Impairment losses (Note 4)	11,015	—	894	11,910	2,960	14,870	—	14,870
Amount of investment in equity-method affiliates	77,618	—	—	77,618	—	77,618	—	77,618
Increase in tangible and intangible fixed assets	31,006	1,251	532	32,791	5,524	38,315	(260)	38,055

Notes

- The other businesses segment includes the services of other manufacturing, exporting, importing, wholesaling, distribution, temporary personnel service, data processing service, travel and beauty business that are not included in other reporting segments.
- Adjustments are as follows:
 - The segment income adjustment of ¥217 million is intersegment eliminations, etc.
 - The segment assets adjustment of negative ¥176,062 million is the intersegment elimination of receivables and payables, etc.
 - The adjustment of depreciation of negative ¥211 million is intersegment unrealized income.
 - The increase in intangible and intangible fixed assets adjustment of negative ¥260 million is intersegment elimination and intersegment unrealized income, etc.
- Segment income is adjusted to operating income.
- Of the above impairment losses, ¥4,026 million is included in “loss on closing of stores” in the consolidated statements of income.

The current consolidated accounting period (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reporting segments				Other businesses (Note 1)	Total	Adjusted amounts (Note 2)	Amount listed on Consolidated Statement of Income (Note 3)
	Department store business	Credit & finance business/ Customer organization management business	Real estate business	Subtotal				
Sales								
Sales to outside customers	749,522	20,464	26,505	796,492	19,517	816,009	—	816,009
Intersegment sales or transfer	2,609	12,078	1,861	16,549	44,139	60,688	(60,688)	—
Total	752,131	32,542	28,367	813,041	63,656	876,698	(60,688)	816,009
Segment income (loss)	(30,302)	4,450	5,440	(20,411)	(619)	(21,030)	54	(20,976)
Segment assets	1,006,800	209,867	120,541	1,337,209	40,454	1,377,664	(179,360)	1,198,303
Other items								
Depreciation	19,112	2,452	801	22,366	5,288	27,654	(186)	27,468
Impairment losses (Note 4)	5,473	72	9	5,556	1,511	7,067	—	7,067
Amount of investment in equity-method affiliates	80,734	—	—	80,734	—	80,734	—	80,734
Increase in tangible and intangible fixed assets	23,409	1,425	135	24,969	4,564	29,534	(49)	29,484

Notes

- The other businesses segment includes the services of other manufacturing, exporting, importing, wholesaling, distribution, temporary personnel service, data processing service, travel and beauty business that are not included in other reporting segments.
- Adjustments are as follows:
 - The segment income adjustment of ¥54 million is intersegment eliminations, etc.
 - The segment assets adjustment of negative ¥179,360 million is the intersegment elimination of receivables and payables, etc.
 - The adjustment of depreciation of negative ¥186 million is intersegment unrealized income.
 - The increase in intangible and intangible fixed assets adjustment of negative ¥49 million is intersegment elimination and intersegment unrealized income, etc.
- Segment income (loss) is adjusted to operating income.
- Of the above impairment losses, ¥389 million is included in “loss on closing of stores” and ¥72 million is included in “other extraordinary loss” in the consolidated statements of income.

[Related information]

The previous consolidated accounting period (April 1, 2019 to March 31, 2020)

1. Information by product and service

Omitted, as the same information is provided in segment information.

2. Information by region

(1) Net sales

Omitted, as net sales to outside customers in Japan exceeded 90% of net sales in the consolidated statements of income.

(2) Tangible fixed assets

Omitted, as tangible fixed assets located in Japan exceeded 90% of tangible fixed assets in the consolidated balance sheets.

3. Information by major customer

Not applicable, as no outside customer accounted for 10% or more of net sales in the consolidated statements of income.

The current consolidated accounting period (April 1, 2020 to March 31, 2021)

1. Information by product and service

Omitted, as the same information is provided in segment information.

2. Information by region

(1) Net sales

Omitted, as net sales to outside customers in Japan exceeded 90% of net sales in the consolidated statements of income.

(2) Tangible fixed assets

Omitted, as tangible fixed assets located in Japan exceeded 90% of tangible fixed assets in the consolidated balance sheets.

3. Information by major customer

Not applicable, as no outside customer accounted for 10% or more of net sales in the consolidated statements of income.

[Information concerning impairment losses on property and equipment by segment]

The previous consolidated accounting period (April 1, 2019 to March 31, 2020)

Omitted, as the same information is provided in segment information.

The current consolidated accounting period (April 1, 2020 to March 31, 2021)

Omitted, as the same information is provided in segment information.

[Information concerning amortized and unamortized amounts of goodwill by segment]

The previous consolidated accounting period (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reporting segments				Other businesses	Corporate and eliminations	Total
	Department store business	Credit & finance business/Customer organization management business	Real estate business	Subtotal			
Amount amortized during FY2019	—	—	—	—	7	—	7
Balance as of March 31, 2020	—	—	—	—	15	—	15

The current consolidated accounting period (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reporting segments				Other businesses	Corporate and eliminations	Total
	Department store business	Credit & finance business/Customer organization management business	Real estate business	Subtotal			
Amount amortized during FY2020	—	—	—	—	7	—	7
Balance as of March 31, 2021	—	—	—	—	—	—	—

Note: Impairment losses on goodwill of ¥7 million were recorded in the current consolidated accounting period.

[Information concerning gain on negative goodwill by segment]

The previous consolidated accounting period (April 1, 2019 to March 31, 2020)

Not applicable.

The current consolidated accounting period (April 1, 2020 to March 31, 2021)

Not applicable.

(Per share information)

	Fiscal 2019 (From April 1, 2019 to March 31, 2020)	Fiscal 2020 (From April 1, 2020 to March 31, 2021)
Net assets per share	1,426.61 yen	1,317.23 yen
Net loss per share (basic)	(28.90) yen	(107.96) yen
Net income per share (diluted)	— yen	— yen

Notes: 1. Net income per share (diluted) is not presented due to the posting of net loss per share (basic), although there are dilutive shares.

2. The basis for calculation of net loss per share (basic) and net income per share (diluted) is as follows.

	Fiscal 2019 (From April 1, 2019 to March 31, 2020)	Fiscal 2020 (From April 1, 2020 to March 31, 2021)
Net loss per share (basic)		
Net loss attributable to parent company shareholders (Millions of yen)	(11,187)	(41,078)
Amount not attributable to common shareholders (Millions of yen)	—	—
Net loss attributable to parent company shareholders relating to common stock (Millions of yen)	(11,187)	(41,078)
Average number of shares of common stock during the period (Thousands of shares)	387,162	380,510
Net income per share (diluted)		
Increase in the number of shares of common stock (Thousands of shares)	—	—
(Of which, stock acquisition rights) (Thousands of shares)	—	—
Overview of dilutive shares that were not included in the calculation of net income per share (diluted) due to lacking dilutive effects	—	—

(Significant subsequent events)

(Transfer of shares of a subsidiary)

The Company resolved at the meeting of the Board of Executives held on May 12, 2021 to transfer all of the shares (100.0% of shares issued and outstanding) of SWP Holdings Inc. (hereinafter, “SWP”), a consolidated subsidiary, to TBC GROUP CO., LTD. (hereinafter, “TBC”).

(1) Reason for the transfer

SWP has been engaged in the aesthetic, hair and eye beauty services business at its stores, primarily in department stores, through its subsidiary SOCIE WORLD CO., LTD.

As a result of consideration of changes in SWP’s business environment and the future direction of the business, the Company has judged it appropriate to transfer all shares of SWP that it holds to TBC.

(2) Name of counterparty of share transfer

TBC GROUP CO., LTD.

(3) Timing of share transfer

1) Contract date: May 12, 2021

2) Share transfer execution date: July 1, 2021 (planned)

Note: The execution of the share transfer is subject to the completion of processes including applications to the Japan Fair Trade Commission and other relevant authorities being made, permission and authorization obtained.

(4) Name and business lineup of the subsidiary and transactional relationship with the Company

1) Name: SWP Holdings Inc.

2) Business lineup: Holding shares of companies engaged in the hairdressing and beauty businesses, and the import, manufacture, sale, etc. of cosmetics
Control and management of the business activities of such companies

3) Transactional relationship with the Company: The Company has transactional relationships including business consignment with SWP and its subsidiaries.

(5) Number of shares to be transferred, transfer price, gain or loss on transfer and number of shares to be held after the transfer

1) Number of shares to be transferred: 61,400 shares (as of May 12, 2021)

(Ownership ratio of voting rights: 100.0%)

2) Transfer price: This information is not disclosed in view of the confidentiality obligation set forth in the transfer agreement with the transferee. The price was decided through negotiations with the transferee, and we deem the price to be appropriate.

3) Gain or loss on transfer: Currently under assessment.

4) Number of shares to be held after the transfer: 0 shares (Ownership ratio of voting rights: 0%)

4. Other

Changes in Directors (Effective June 25, 2021 (planned))

1) Changes in Representative

Not applicable.

2) Changes in other Directors

(1) New candidates for Director

Director	Toshiyuki Hosoya	(currently President and CEO)
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(2) Retiring Directors

Director	Shigeru Nishiyama	(currently Director, <u>Managing Executive and Chief Financial Officer/Chief Risk Officer/Chief Administrative Officer</u>)
Director	Toshihiko Sugie	(currently Director, <u>Chairman of Isetan Mitsukoshi Ltd.</u>)
Director	Hidehiko Igura	(currently Director, <u>President and CEO of Iwataya Mitsukoshi Ltd.</u>)
Director	Toshinori Shirai	(currently Director, Chairman of Audit Committee)
Outside Director	Takeo Hirata	(currently Outside Director, Compensation Committee Member)

Note: Mr. Nishiyama, Mr. Sugie and Mr. Igura will continue to serve in the underlined positions after June 25, 2021.

(3) Candidates for reappointment as Director

Director	Ken Akamatsu	(currently Director, Chairman and Audit Committee Member)
Director	Toru Takeuchi	(currently Director, Executive Vice President and Chief Merchandising & Marketing Officer)
Outside Director	Michiko Kuboyama	(currently Outside Director and Chairman of the Board of Directors)
Outside Director	Masami Iijima	(currently Outside Director, Chairman of Nominating Committee and Compensation Committee Member)
Outside Director	Miwako Doi	(currently Outside Director, Chairman of Compensation Committee and Nominating Committee Member)
Outside Director	Takashi Oyamada	(currently Outside Director, Nominating Committee Member and Audit Committee Member)
Outside Director	Hidetoshi Furukawa	(currently Outside Director, Nominating Committee Member and Audit Committee Member)
Outside Director	Fukutaka Hashimoto	(currently Outside Director and Audit Committee Member)

3) Planned appointment of committee members for each committee

	Name	Nominating Committee	Compensation Committee	Audit Committee	Notes
1	Ken Akamatsu			○	
2	Toshiyuki Hosoya	○			Representative Executive Officer
3	Toru Takeuchi				Representative Executive Officer
4	Michiko Kuboyama (Outside)				Chairman of the Board of Directors
5	Masami Iijima (Outside)	○	○		
6	Miwako Doi (Outside)	○	○		
7	Takashi Oyamada (Outside)	○		○	
8	Hidetoshi Furukawa (Outside)	○		○	
9	Fukutaka Hashimoto (Outside)		○	○	

Number of Committee Members	Internal Directors	1	0	1
	Outside Directors	4	3	3
	Total	5	3	4

The members of each committee are selected by resolution of the Board of Directors. The members then select a candidate for Chairman by internal vote, who is appointed by resolution of the Board of Directors.

The Chairman of the Nominating Committee and the Chairman of the Compensation Committee are chosen from among the members who are Outside Directors.