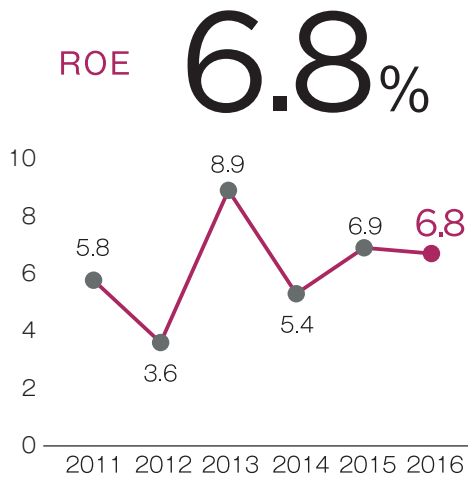
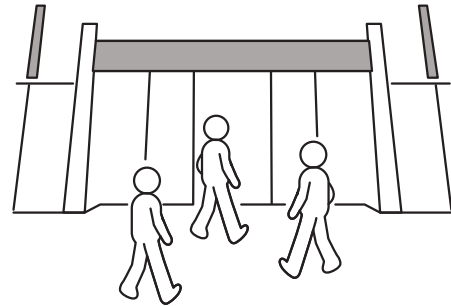


Financial/Non-financial Highlights



In the fiscal year ended February 28, 2017, return on equity (ROE) as the most important management indicator was 6.8% due to the efforts to enhance profit level and capital efficiency. We aim to achieve an 8% or higher ROE in FY2021, the final year of the new Medium-term Business Plan.

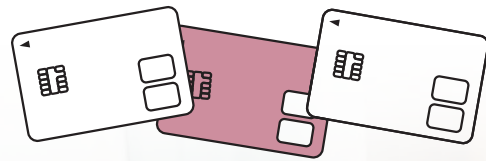


Customer traffic
300
million people

More than 300 million people visited 15 stores directly managed by Daimaru Matsuzakaya Department Stores and 18 Parco stores during the year. It serves as a gauge of their popularity which shows in a quantitative way that our stores are loved by and familiar to local people. (As of the end of February 2017)

Identifiable customers of the Group

9 million people



As of the end of February 2017, the Group had more than nine million customers whom it could always contact, including 4.2 million cardholders of Daimaru Matsuzakaya Department Stores and 1.88 million cardholders of Parco, totaling more than six million people, and customers of Senshukai, an equity method associate. These good customer assets are the Group's core competence.

Annual dividend
6th consecutive
year of increase

Our basic policy is to maintain stable dividend payments and appropriately return profits targeting a dividend payout ratio of at least 30% in view of profit level, future capital investment, FCF trends, etc. while maintaining and enhancing the sound financial condition.

New employees
in FY2016





Ratio of female employees

50.2%

The ratio of female employees of Daimaru Matsuzakaya Department Stores was 50.2%, approximately half of total employees, as of the end of February 2017. Various systems in consideration of work-life balance, including the "reduced working hours system for childcare" and "childcare leave system," which were designed beyond the statutory scope, are in place to support female employees.

The ratio of female leaders to total leadership positions of Daimaru Matsuzakaya Department Stores was 32.0% as of March 1, 2017. Women can play an active role in a wide range of work areas. Regardless of gender and nationality, we promote management with diversity as a source of competitive advantage.

Ratio of female leaders

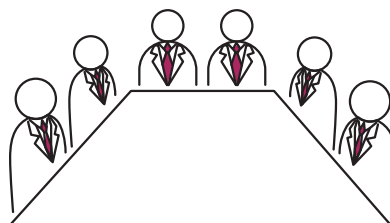
32.0%



Ratio of Outside Directors

38.5%

The organizational structure transitioned from a company with Audit & Supervisory Board to a company with three committees by a resolution of the annual shareholders meeting held in May 2017. Of 13 Directors, five are Independent Outside Directors. With a stronger outside perspective, we will strengthen governance.



A total of 15 meetings of the Board of Directors were held in the fiscal year ended February 28, 2017. The attendance rate of Outside Directors at these Board meetings was 100%. They generate active discussions with an outside perspective in strengthening the operation of the Board of Directors as a pillar of governance reform.

Outside Directors' attendance rate at the Board

100%

Number of items collected for recycling

256,000 pieces

Daimaru Matsuzakaya Department Stores conducted "Ecoff" recycling campaign once each in summer and winter in 2016. We received from customers nearly 260,000 disused articles including clothing, shoes and bags. The collected items were recycled as energy and fabric.

Reduction of energy consumption

△17.1%

The energy consumption of Department Store Business decreased by 17.1% in energy basic unit in FY2016 compared to FY2010. This is thanks to conversion to LED lighting at stores and various energy saving efforts in back-office sections to reduce CO₂ emissions and prevent global warming.



Financial/Non-financial Highlights

	FY2007	FY2008	FY2009	FY2010
Net sales	1,016,402	1,096,690	982,533	950,102
Rent income	3,181	4,242	4,652	5,962
Gross profit	251,301	269,282	240,211	229,588
Selling, general and administrative expenses (SGA)	211,583	241,189	221,627	209,265
Operating profit	39,717	28,092	18,584	20,323
Ordinary profit	39,812	28,289	19,966	21,092
Profit	20,538	7,170	8,167	8,862
Total assets	805,375	776,616	804,534	775,029
Equity	307,823	307,861	314,494	318,033
Net assets	315,854	316,268	323,506	327,242
Interest-bearing debt	103,042	94,677	125,937	108,658
Cash flows from operating activities	27,796	22,686	22,996	21,270
Cash flows from investing activities	5,792	(11,670)	(40,879)	(8,432)
Cash flows from financing activities	(39,309)	(13,510)	29,212	(23,128)
Capital expenditures	20,063	18,095	59,566	20,020
Depreciation (including cost)	11,301	13,257	13,295	13,610
Per share information [unit: ¥]				
Earnings per share (EPS) ¹	91.48	13.56	15.45	16.76
Book value per share (BPS) ¹	1,163.94	582.27	594.89	601.62
Dividends per share ¹	9.00	16.00	14.00	14.00
Financial indicators [unit: %]				
Gross margin	24.72	24.55	24.45	24.16
SGA ratio	20.8	22.0	22.6	22.0
Operating margin	3.9	2.6	1.9	2.1
Return on equity (ROE)	6.7	2.3	2.6	2.8
Return on assets (ROA)	4.9	3.6	2.4	2.6
Return on investment (ROI)	9.7	7.0	4.7	4.9
Equity ratio	38.2	39.6	39.1	41.0
Dividend payout ratio	19.4	59.0	45.3	41.8
Non-financial indicators				
Number of employees (consolidated) [persons]	17,524	16,873	15,431	14,307
Ratio of female employees (Daimaru Matsuzakaya ¹) (%)	41.6	42.6	43.5	44.7
Ratio of female leaders [%] ²	30.3	30.8	26.2	26.3
Number of re-employed workers (Daimaru Matsuzakaya) [persons] ³	316	337	307	332
Department store sales floor area (directly managed stores) [㎡]	541,546	541,546	570,117	549,739
Parco sales floor area [㎡]	425,600	447,500	444,500	454,000
Customer traffic (Daimaru Matsuzakaya) [1,000 persons]	—	—	—	224,242
Average spend per customer (Daimaru Matsuzakaya) [¥]	—	—	—	3,842
Number of cards issued by Daimaru Matsuzakaya [1,000 cards]	3,943	4,307	3,872	4,056
Number of holders of cards issued by Parco [1,000 persons]	1,542	1,564	1,574	1,618
GHG (CO ₂) emissions (CO ₂ -t) ⁴	—	—	—	166,801
Energy consumption [kl (crude oil equivalent)] ⁵	—	—	—	98,013
Packaging material consumption (t) ⁶	—	—	—	2,574
Waste disposal (t) ⁷	—	—	—	10,803
Food waste disposal (t) ⁸	—	—	—	2,517

¹The Company's common shares were consolidated in the ratio of one share for every two shares as of September 1, 2014. Per share information has been calculated as if this consolidation of shares was conducted at the beginning of FY2007.

²Up to FY2012: total numbers of general managers, managers, buyers, team leaders and assistant buyers of Daimaru Matsuzakaya

FY2013 and after: total numbers of general managers, managers, submanagers, buyers and team leaders of Daimaru Matsuzakaya and DMSA* and supervisors and section leaders of DMSA

³Daimaru Matsuzakaya has introduced a transfer system for employees aged 55 and above in September 2013.

Millions of yen (except where otherwise indicated)

FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
941,415	1,092,756	1,146,319	1,149,529	1,163,564	1,108,512
6,961	9,076	10,195	10,727	12,094	13,547
226,646	245,615	244,130	293,739	245,532	234,785
205,052	214,757	202,313	201,572	197,494	190,205
21,594	30,857	41,816	42,167	48,038	44,580
22,941	32,202	40,502	40,480	47,910	44,425
18,804	12,183	31,568	19,967	26,313	26,950
767,543	1,009,165	998,730	1,018,495	1,019,146	1,050,109
332,917	341,318	370,173	375,886	383,699	406,336
342,561	390,667	422,215	430,260	440,594	465,839
106,025	213,085	187,950	168,458	180,922	187,799
24,365	26,025	37,532	44,650	36,799	36,239
(26,781)	(73,977)	(8,858)	(16,272)	(39,741)	(30,353)
(6,872)	58,275	(32,027)	(27,587)	(1,041)	(2,189)
19,246	19,038	52,758	24,277	37,110	44,999
13,347	16,482	17,698	17,963	18,345	17,189
71.15	46.11	119.55	75.66	100.42	103.04
1,259.60	1,292.36	1,402.53	1,424.28	1,467.05	1,553.60
16.00	18.00	22.00	25.00	27.00	28.00
24.08	22.48	21.30	21.20	21.10	21.18
21.8	19.7	17.6	17.5	17.0	17.2
2.6	2.8	3.6	3.7	4.1	4.0
5.8	3.6	8.9	5.4	6.9	6.8
2.8	3.5	4.2	4.2	4.7	4.3
5.3	6.5	7.3	7.3	8.6	7.7
43.4	33.8	37.1	36.9	37.6	38.7
22.5	39.0	18.4	33.1	26.9	27.2
13,413	14,838	11,561	11,149	11,023	10,732
45.9	44.8	48.5	48.9	49.9	50.2
19.0	15.7	24.6	27.7	28.1	32.0
282	264	156	57	65	54
573,323	569,137	543,785	529,460	498,460	498,460
443,000	442,600	442,600	451,000	456,000	409,000
236,876	246,764	237,647	220,411	207,512	197,250
3,797	3,838	4,107	4,215	4,414	4,420
4,365	4,580	4,659	4,595	4,217	4,062
1,612	1,614	1,643	1,754	1,885	1,990
151,341	156,843	168,825	167,613	167,189	157,575
98,128	93,338	88,027	81,666	80,009	75,934
2,627	2,669	2,978	2,682	2,553	2,412
11,004	10,797	10,456	9,205	8,198	8,256
2,327	2,109	1,955	1,718	1,527	1,826

⁴⁻⁸Total of Daimaru Matsuzakaya, Hakata Daimaru, Shimonoseki Daimaru, Kochi Daimaru and Tottori Daimaru

⁵Energy consumption is the crude oil equivalent of the total consumption of electricity, gas, gasoline, light/heavy oil, etc. (unit: kiloliter).

⁶Packaging material consumption is the weights of wrapping paper, shopping bags, plastic bags for food products, etc. (unit: ton).

⁷Waste disposal is the weights after subtracting the weights of waste recycled from the total weights of waste generated incl. general waste, raw garbage and industrial waste (unit: ton).

⁸Food waste disposal is included in waste disposal.

*Daimaru Matsuzakaya: Daimaru Matsuzakaya Department Stores / DMSA: Daimaru Matsuzakaya Sales Associates