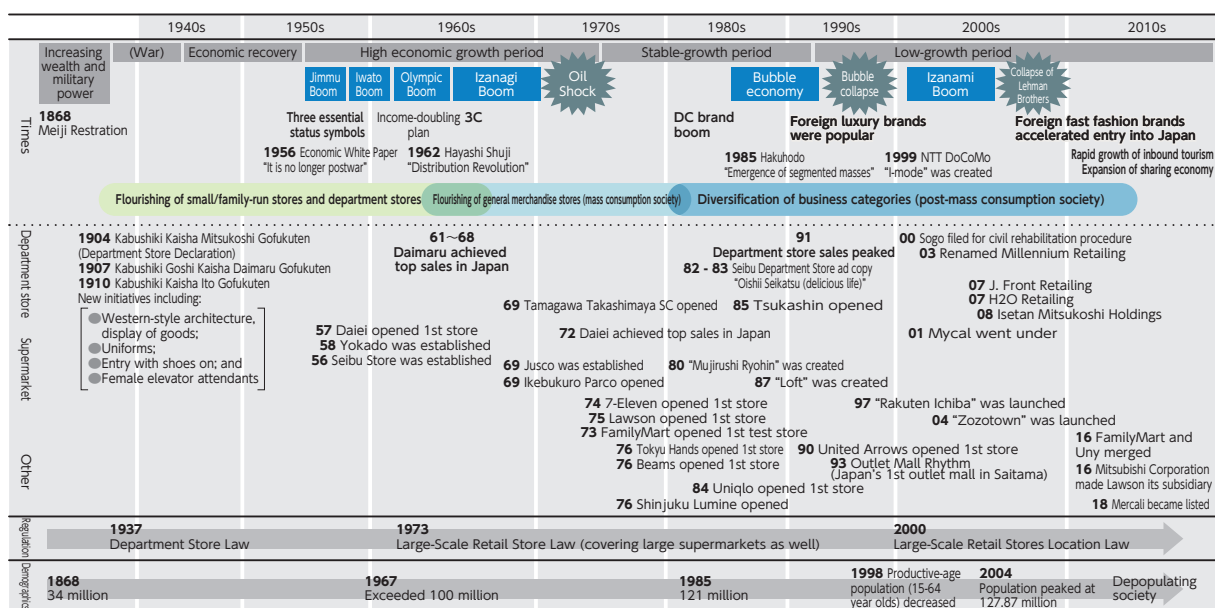


“Multi Service Retailer” beyond the Framework of Retail

While our core Department Store Business attempts to improve asset efficiency by changing its business model and we think there is enough room for growth, given the business environment surrounding the Company including depopulation and changes in consumption quality, from a medium- to long-term perspective, it is obviously difficult to grow substantially if we stick to the domain of department stores, and furthermore, the domain of retail.

History of retail industry

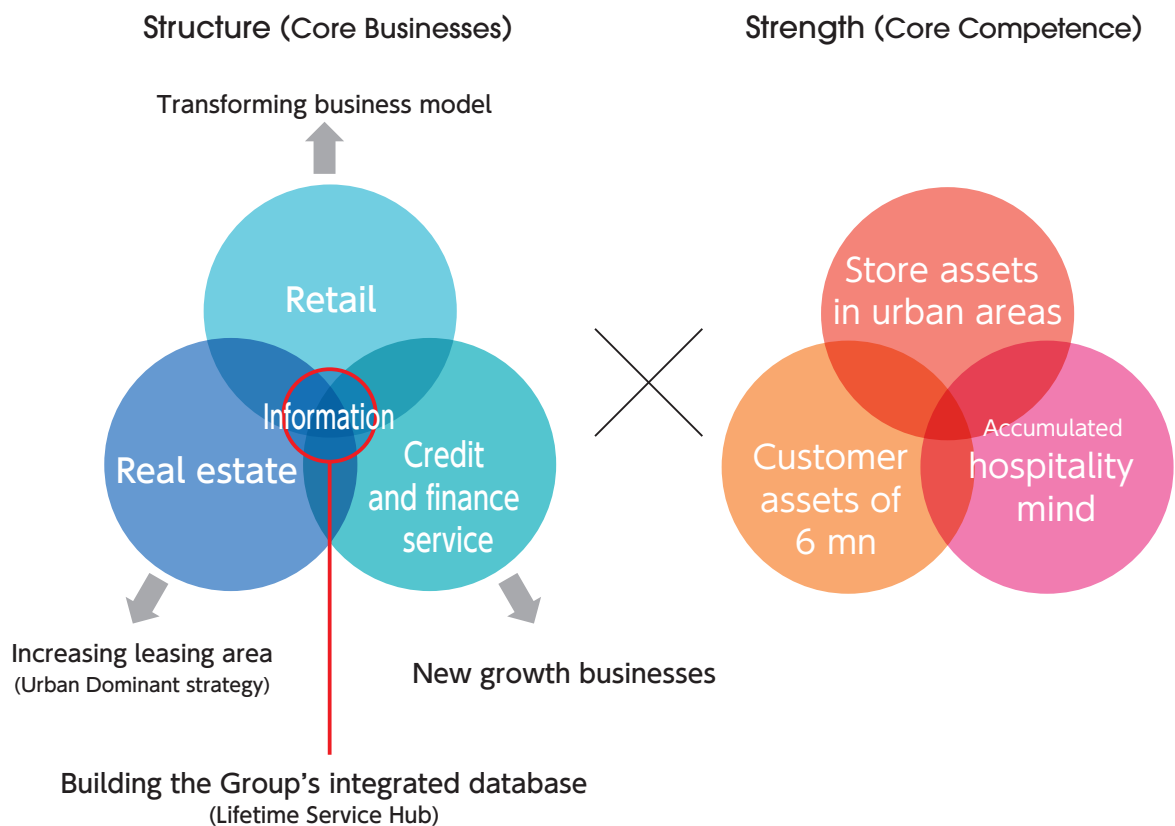


Therefore, under the current Medium-term Plan, we are working to change our business portfolio toward “discontinuous growth,” which is not an extension of past growth, with the aim of developing as a “Multi Service Retailer” beyond the framework of retail. In our business portfolio, while striving to growing the core Department Store and Parco Businesses, we will expand into new areas such as the Real Estate Business and the Credit and Finance Business using the strengths of the Group to increase their shares.

Multi Service Retailer



Two years have passed since the Medium-term Business Plan started in fiscal year 2017. So far the Real Estate Business has grown steadily partly thanks to the opening of Ginza Six and Ueno Frontier Tower and its share of operating profit exceeds 10%. In the meantime, the Credit and Finance Business focuses on building foundations to achieve dramatic growth during the period of the next Medium-term Business Plan. Going forward, we will consider entering into new service areas to relieve customers of concerns and frustrations based on the Group Vision, including realization of the Lifetime Service Hub plan by building the Group's integrated database, M&A and alliance.



The Group's strengths

1 Store assets in urban areas across Japan

The Group has store assets including department stores, Parco and Ginza Six in major cities across Japan, from Sapporo to Tokyo, Nagoya, Osaka and Hakata. In key areas, we will promote the Urban Dominant strategy for growing with local communities by putting together small- and medium-sized stores around these flagship stores as their core and attract new crowds to live in harmony with local communities.

2 Good customer assets of more than six million people

Daimaru, Matsuzakaya and Parco have good customer assets of more than six million cardholders. Department stores have an organization of affluent *gaisho* customers whose sales share exceeds 20%. In fiscal year 2019, we newly introduced an app to retain good customers who use other companies' cards and were not reached by us so far.

3 Accumulated hospitality

Hospitality arose from customer services based on the corporate credo of Service before Profit and the customer-first principle and has been developed in the history. This spirit leads to services provided by a staffing service subsidiary and the system to maintain high quality services through training at stores where many people from suppliers work.