ISETAN MITSUKOSHI HOLDINGS

Explanatory Materials for Settlement of Consolidated Accounts for the Second Quarter of Fiscal Year Ending March 31, 2019

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November 7, 2018
Isetan Mitsukoshi Holdings Ltd.

I. Isetan Mitsukoshi Holdings Consolidated Results

1. Outline of Consolidated Business Results

(1) Consolidated Business Results

(Millions of yen)

		Fiscal 2016		Fiscal 2017		Fiscal 2018	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Net sales		576,063	1,240,411	589,360	1,256,386	563,991	1,200,000
	YoY (%)	-	97.5	102.3	101.3	95.7	95.5
	YoY difference	-	(32,360)	13,297	15,975	(25,369)	(56,386)
Gross profit		171,430	365,609	173,993	367,282	165,483	352,900
	YoY (%)	99.1	101.1	101.5	100.5	95.1	96.1
	YoY difference	(1,592)	3,840	2,563	1,673	(8,510)	(14,382)
Operating income		6,100	23,935	7,649	24,413	10,825	29,000
	YoY (%)	42.1	72.3	125.4	102.0	141.5	118.8
	YoY difference	(8,398)	(9,172)	1,549	477	3,175	4,586
Recurring income		7,578	27,418	9,552	27,325	12,282	30,000
	YoY (%)	45.0	74.7	126.0	99.7	128.6	109.8
	YoY difference	(9,244)	(9,286)	1,973	(93)	2,729	2,674
Net income attributable to parent company shareholders		8,338	14,976	18	(960)	3,929	13,000
	YoY (%)	76.7	56.5	0.2	-	-	-
	YoY difference	(2,529)	(11,529)	(8,320)	(15,936)	3,910	13,960
Net income per share (yen)		21.29	38.27	0.05	(2.47)	10.08	33.35
	YoY difference (yen)	(6.28)	(29.15)	(21.24)	(40.73)	10.03	35.81
Gross profit margin (%)		29.76	29.47	29.52	29.23	29.34	29.41
	YoY difference (%)	-	1.05	(0.24)	(0.24)	(0.18)	0.18
Operating profit margin (%)		1.1	1.9	1.3	1.9	1.9	2.4
	YoY difference (%)	-	(0.7)	0.2	0.0	0.6	0.5
Recurring profit margin (%)		1.3	2.2	1.6	2.2	2.2	2.5
	YoY difference (%)	-	(0.7)	0.3	(0.0)	0.6	0.3
Return on sales (%)		1.4	1.2	0.0	(0.1)	0.7	1.1
	YoY difference (%)	-	(0.9)	(1.4)	(1.3)	0.7	1.2

* From fiscal 2018, with respect to the buying sales transactions of overseas consolidated subsidiaries whose financial statements comply with the International Financial Reporting Standards, the amount that corresponds to gross profit is reflected in “Net sales” and thus presented on a net basis. Results for fiscal 2016 and 2017 are those after retrospective application.

(2) Consolidated Financial Positions

(Millions of yen)

		Fiscal 2016		Fiscal 2017		Fiscal 2018	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Total assets *1		1,235,984	1,305,142	1,281,125	1,275,535	1,249,922	1,310,000
	YoY (%)	97.7	101.4	103.7	97.7	97.6	102.7
	YoY difference	(29,467)	18,140	45,140	(29,606)	(31,202)	34,464
Net assets		564,210	579,782	581,658	588,091	585,451	596,000
	YoY (%)	96.2	101.0	103.1	101.4	100.7	101.3
	YoY difference	(22,396)	5,466	17,448	8,308	3,793	7,908
Interest-bearing debt		176,678	186,751	185,639	139,972	163,700	165,000
	YoY (%)	109.8	106.2	105.1	75.0	88.2	117.9
	YoY difference	15,801	10,879	8,960	(46,778)	(21,939)	25,027
Net financial revenue		296	425	426	1,294	374	500
	YoY (%)	97.2	95.4	143.7	304.0	87.8	38.6
	YoY difference	(8)	(20)	129	868	(51)	(794)
Return on assets (ROA) (%)		-	1.8	-	1.9	-	2.2
	YoY difference (%)	-	(0.7)	-	0.0	-	0.4
Return on equity (ROE) (%)		-	2.6	-	(0.2)	-	2.2
	YoY difference (%)	-	(2.1)	-	(2.8)	-	2.4
Rate of return on invested capital (ROIC) (%)*2		-	2.2	-	2.3	-	2.7
	YoY difference (%)	-	(0.8)	-	0.1	-	0.5
Shareholder's equity ratio (%)		44.9	43.6	44.5	45.2	46.0	44.6
	YoY difference (%)	(0.2)	(0.2)	(0.3)	1.6	1.4	(0.6)
Interest-bearing debt dependency (%)		14.3	14.3	14.5	11.0	13.1	12.6
	YoY difference (%)	1.6	0.6	0.2	(3.3)	(1.4)	1.6
Consolidated debt equity ratio (DER) (times)		0.32	0.33	0.33	0.24	0.28	0.28
	YoY difference (times)	0.04	0.02	0.01	(0.09)	(0.04)	0.04

*1 Total assets for fiscal 2016 were revised due to the settlement of the provisional accounting treatment for the business combination. Also, “Partial Amendments to the Accounting Standard for Tax Effect Accounting” (ASBJ No.28; February 16, 2018), etc. have been applied from fiscal 2018 and results for fiscal 2016 and 2017 are those after retrospective application.

*2 Rate of return on invested capital (ROIC) = Consolidated operating income after deducting taxes/(Interest-bearing debt + Shareholder's equity)

(3) Consolidated Business Results of Consolidated Cash Flows

(Millions of yen)

		Fiscal 2016		Fiscal 2017		Fiscal 2018	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Cash flows from operating activities		(3,844)	35,373	19,361	72,972	(10,033)	28,000
	YoY difference	(12,303)	(7,726)	23,205	37,598	(29,394)	(44,972)
Cash flows from investing activities		(13,020)	(40,913)	(13,001)	(26,981)	(22,155)	(53,000)
	YoY difference	(801)	(16,432)	18	13,932	(9,154)	(26,018)
Cash flows from financing activities		(1,967)	2,413	(4,418)	(52,753)	20,560	20,000
	YoY difference	3,703	6,124	(2,451)	(55,166)	24,979	72,753
Cash and cash equivalents at end of period		43,192	60,024	62,047	53,969	41,872	49,000
	YoY difference	2,240	(4,214)	18,854	(6,054)	(20,175)	(4,969)

(4) Others

(Millions of yen)

		Fiscal 2016		Fiscal 2017		Fiscal 2018	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Capital investment		13,221	34,200	12,161	38,446	11,374	49,000
	YoY (%)	76.8	85.4	92.0	112.4	93.5	127.5
	YoY difference	(3,993)	(5,842)	(1,059)	4,245	(787)	10,553
Number of employees		12,331	12,382	14,768	14,269	13,689	13,500
	YoY (%)	97.8	100.8	119.8	115.2	92.7	94.6
	YoY difference	(283)	97	2,437	1,887	(1,079)	(769)
Number of consolidated subsidiaries		38	43	43	43	43	43
(as of March 31)	YoY difference	0	5	5	0	0	0
Number of equity-method affiliates		8	7	7	7	9	9
(as of March 31)	YoY difference	0	(1)	(1)	0	2	2
Cash dividends per share (yen)		6.00	12.00	6.00	12.00	6.00	12.00
(Total annual dividend for the full year)	YoY difference(yen)	0.00	0.00	0.00	0.00	0.00	0.00

2. Consolidated Selling, General and Administrative Expenses

(Millions of yen)

		Fiscal 2016		Fiscal 2017		Fiscal 2018	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Selling, general and administrative expenses		165,329	341,673	166,343	342,869	154,658	323,900
	YoY (%)	104.3	104.0	100.6	100.3	93.0	94.5
	YoY difference	6,806	13,013	1,013	1,195	(11,685)	(18,969)
Advertising expenses*		10,518	21,659	9,817	20,365	8,943	20,000
	YoY (%)	102.7	96.5	93.3	94.0	91.1	98.2
	YoY difference	277	(781)	(701)	(1,294)	(873)	(365)
Point related expenses		10,664	23,038	11,406	22,985	10,165	22,000
	YoY (%)	449.5	532.6	107.0	99.8	89.1	95.7
	YoY difference	8,292	18,713	741	(52)	(1,240)	(985)
Personnel expenses		57,008	118,038	56,694	119,465	52,661	110,000
	YoY (%)	100.3	97.1	99.5	101.2	92.9	92.1
	YoY difference	174	(3,573)	(313)	1,426	(4,033)	(9,465)
Depreciation and amortization		11,924	23,562	12,546	25,272	12,946	25,000
	YoY (%)	106.8	102.4	105.2	107.3	103.2	98.9
	YoY difference	762	542	622	1,709	399	(272)
Lease payments		20,108	41,087	20,241	40,820	18,200	37,000
	YoY (%)	94.2	97.7	100.7	99.4	89.9	90.6
	YoY difference	(1,227)	(957)	133	(266)	(2,041)	(3,820)
Business consignment expenses		17,052	35,748	17,083	34,866	16,770	35,000
	YoY (%)	98.7	102.0	100.2	97.5	98.2	100.4
	YoY difference	(215)	711	30	(882)	(313)	133
Others		38,054	78,539	38,553	79,093	34,970	74,900
	YoY (%)	96.8	98.0	101.3	100.7	90.7	94.7
	YoY difference	(1,256)	(1,642)	499	554	(3,582)	(4,193)
SGA ratio (%)		28.7	27.5	28.2	27.3	27.4	27.0
	YoY difference (%)	-	1.7	(0.5)	(0.3)	(0.8)	(0.3)

* Part of commissions, which had been included in "Others" until fiscal 2017, is included in "Advertising expenses" since fiscal 2018.

3. Consolidated Non-operating Income/Loss

(Millions of yen)

		Fiscal 2016		Fiscal 2017		Fiscal 2018	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Non-operating income		4,820	15,615	4,422	14,851	4,206	12,500
	YoY difference	(608)	(1,302)	(398)	(763)	(215)	(2,351)
Interest and dividend income		802	1,412	849	2,134	793	1,400
	YoY difference	(78)	(123)	47	722	(56)	(734)
Equity in earnings of affiliates		2,076	4,263	2,122	3,548	1,924	2,700
	YoY difference	(895)	(1,257)	46	(715)	(198)	(848)
Income from unredeemed gift vouchers		-	5,397	-	5,550	-	5,000
	YoY difference	-	15	-	153	-	(550)
Gain on donated fixed assets		1,091	2,551	630	2,182	1,039	2,000
	YoY difference	48	(340)	(461)	(368)	409	(182)
Other non-operating income		850	1,990	819	1,435	449	1,400
	YoY difference	317	403	(31)	(555)	(369)	(35)
Non-operating expenses		3,342	12,131	2,519	11,939	2,749	11,500
	YoY difference	237	(1,189)	(822)	(192)	229	(439)
Interest expenses		505	986	423	839	418	900
	YoY difference	(69)	(103)	(81)	(146)	(4)	60
Loss on retirement of property and equipment		712	1,503	282	1,615	543	2,000
	YoY difference	68	(477)	(430)	111	260	384
Provision of reserve for loss from redemption of gift vouchers		-	5,346	-	5,500	-	5,000
	YoY difference	-	(211)	-	153	-	(500)
Other non-operating expenses		2,123	4,294	1,813	3,984	1,787	3,600
	YoY difference	238	(397)	(310)	(310)	(26)	(384)

4. Consolidated Extraordinary Gain/Loss

(Millions of yen)

	Fiscal 2018 2Q	Details
Extraordinary gain	135	
Gain on sales of property and equipment	135	
Extraordinary loss	5,273	
Loss on disposal of property and equipment	595	Redevelopment of Nihombashi Mitsukoshi Main Store, etc.
Loss on closing of stores	3,208	Niigata Mitsukoshi, etc.
Business structure improvement expenses	1,376	Additional retirement benefit due to the NEXT CAREER Program at Isetan Mitsukoshi Ltd
Other extraordinary loss	93	

5. Consolidated Capital Investment

(Millions of yen)

		Fiscal 2016		Fiscal 2017		Fiscal 2018	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Isetan Mitsukoshi Ltd.		5,256	18,813	7,420	22,510	7,835	37,000
	YoY (%)	59.7	90.4	141.2	119.7	105.6	164.4
	YoY difference	(3,549)	(2,004)	2,164	3,696	414	14,489
MICARD CO. Ltd.		1,944	3,112	641	1,837	655	2,238
	YoY (%)	63.8	54.5	33.0	59.0	102.2	121.8
	YoY difference	(1,101)	(2,597)	(1,302)	(1,275)	14	400
Isetan Mitsukoshi System Solutions Ltd.		3,531	6,386	1,702	4,156	1,823	4,500
	YoY (%)	99.7	84.4	48.2	65.1	107.1	108.3
	YoY difference	(10)	(1,182)	(1,828)	(2,229)	120	343
Others		2,578	6,278	2,457	10,256	1,131	5,762
	YoY (%)	134.7	84.9	95.3	163.4	46.0	56.2
	YoY difference	664	(1,120)	(120)	3,978	(1,326)	(4,494)
Elimination of intra-company transactions		(88)	(390)	(60)	(315)	(71)	(500)
	YoY (%)	-	-	-	-	-	-
	YoY difference	3	1,062	27	75	(10)	(184)
Total		13,221	34,200	12,161	38,446	11,374	49,000
	YoY (%)	76.8	85.4	92.0	112.4	93.5	127.5
	YoY difference	(3,993)	(5,842)	(1,059)	4,245	(787)	10,553

Note: Figures include investments made for intangible fixed assets.

6. Net Sales by Segment and Operating Income/Loss

(Millions of yen)

Net sales		Fiscal 2016		Fiscal 2017		Fiscal 2018	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Department store business							
Sales		526,219	1,137,974	527,248	1,132,007	524,730	1,125,000
	YoY (%)	-	97.0	100.2	99.5	99.5	99.4
	YoY difference	-	(34,933)	1,028	(5,966)	(2,517)	(7,007)
Segment income (loss)		(458)	11,093	3,430	14,484	5,317	17,000
	YoY (%)	-	51.4	-	130.6	155.0	117.4
	YoY difference	(9,415)	(10,476)	3,888	3,390	1,887	2,515
Credit & finance business/ Customer organization management business							
Sales		18,390	37,780	18,983	38,906	19,088	40,000
	YoY (%)	103.9	104.3	103.2	103.0	100.5	102.8
	YoY difference	684	1,554	593	1,126	104	1,093
Segment income (loss)		3,042	5,380	2,106	5,364	3,138	6,000
	YoY (%)	99.0	95.8	69.2	99.7	149.0	111.9
	YoY difference	(31)	(236)	(935)	(16)	1,031	635
Real estate business							
Sales		20,253	41,671	22,535	45,071	20,131	50,000
	YoY (%)	90.9	90.1	111.3	108.2	89.3	110.9
	YoY difference	(2,033)	(4,562)	2,281	3,399	(2,404)	4,928
Segment income (loss)		3,162	6,444	3,451	6,614	3,009	6,000
	YoY (%)	101.9	101.9	109.1	102.6	87.2	90.7
	YoY difference	57	120	289	170	(441)	(614)
Other businesses							
Sales		62,730	130,914	71,321	145,441	43,387	91,000
	YoY (%)	103.2	101.8	113.7	111.1	60.8	62.6
	YoY difference	1,929	2,308	8,590	14,527	(27,933)	(54,441)
Segment income (loss)		224	767	(1,545)	(2,252)	(769)	(300)
	YoY (%)	-	-	-	-	-	-
	YoY difference	1,051	1,471	(1,770)	(3,019)	775	1,952
Amount listed on consolidated financial statements							
Sales		576,063	1,240,411	589,360	1,256,386	563,991	1,200,000
	YoY (%)	-	97.5	102.3	101.3	95.7	95.5
	YoY difference	-	(32,360)	13,297	15,975	(25,369)	(56,386)
Segment income (loss)		6,100	23,935	7,649	24,413	10,825	29,000
	YoY (%)	42.1	72.3	125.4	102.0	141.5	118.8
	YoY difference	(8,398)	(9,172)	1,549	477	3,175	4,586

* "Amount listed on consolidated financial statements" includes adjusted amounts.

7. Consolidated Companies
(1) Results for the Second Quarter of Fiscal 2018

(Millions of yen)

	Voting Rights Held Percentage (Incl. indirect ownership) (%)		Net sales	Operating income (loss)	Recurring income (loss)	Net income (loss)
Isetan Mitsukoshi Holdings Ltd.	-		4,350	16	30	30
		YoY difference	890	58	691	4,962
Isetan Mitsukoshi Ltd.	100.0		298,824	9,187	11,700	5,963
		YoY difference	(1,243)	1,962	2,236	316
Sapporo Marui Mitsukoshi Ltd.	100.0		29,920	(390)	(394)	(394)
		YoY difference	(274)	(114)	(113)	(113)
Hakodate Marui Imai Ltd.	100.0		3,396	16	16	13
		YoY difference	(156)	0	1	4
Sendai Mitsukoshi Ltd.	100.0		15,202	(100)	(89)	(89)
		YoY difference	(474)	(128)	(130)	(115)
Nagoya Mitsukoshi Ltd.	100.0		31,739	(159)	(141)	(141)
		YoY difference	1,400	211	214	214
Shizuoka Isetan Co., Ltd.	100.0		8,860	31	31	20
		YoY difference	(381)	(8)	(8)	8
Niigata Isetan Mitsukoshi Ltd.	100.0		20,646	138	151	98
		YoY difference	(195)	82	94	61
Hiroshima Mitsukoshi Ltd.	100.0		6,656	(260)	(265)	(265)
		YoY difference	(608)	(33)	(33)	(33)
Takamatsu Mitsukoshi Ltd.	100.0		10,534	(124)	(120)	(120)
		YoY difference	(46)	(21)	(20)	(20)
Matsuyama Mitsukoshi Ltd.	100.0		6,066	(356)	(368)	(368)
		YoY difference	(352)	(57)	(63)	(63)
Iwataya Mitsukoshi Ltd.	100.0		54,630	7	(10)	(268)
		YoY difference	(269)	244	248	(28)
Isetan (Singapore) Ltd.	52.7		4,634	(112)	38	38
		YoY difference	(186)	(13)	27	26
Isetan of Japan Sdn. Bhd.	100.0		5,401	47	79	79
		YoY difference	11	(2)	4	4
ICJ Department Store (Malaysia) Sdn.Bhd.	100.0		747	(250)	(268)	(268)
		YoY difference	45	(10)	(14)	(14)
Isetan (Thailand) Co., Ltd.	49.0		2,299	39	42	42
		YoY difference	100	32	31	31
Isetan (China) Holdings Ltd.	100.0		12	46	50	50
		YoY difference	4	23	23	23
Shanghai Mei Long Zhen Isetan	80.0		4,619	(15)	(1)	(1)
		YoY difference	(357)	(29)	(37)	(37)
Tianjin Isetan Co., Ltd.	100.0		5,275	258	289	217
		YoY difference	231	23	35	27
Tianjin Binhai New District Isetan Co., Ltd.	100.0		833	26	13	13
		YoY difference	(153)	(10)	0	0
Chengdu Isetan Co., Ltd.	100.0		3,962	84	78	58
		YoY difference	464	42	28	9
Mitsukoshi Italia S.p.A.	100.0		828	7	0	0
		YoY difference	(93)	(27)	(34)	(23)
Mitsukoshi (USA) Inc.	100.0		2,874	358	373	273
		YoY difference	122	60	74	87

(Millions of yen)

	Voting Rights Held Percentage (Incl. indirect ownership) (%)		Net sales	Operating income (loss)	Recurring income (loss)	Net income (loss)
MICARD Co., Ltd.	100.0		17,309	3,268	3,146	2,181
		YoY difference	242	1,040	967	676
MI TOMONOKAI Co., Ltd.	100.0		2,184	(129)	48	31
		YoY difference	(129)	(8)	(8)	(6)
Isetan Mitsukoshi Real Estate Co., Ltd.	95.0		1,545	241	230	150
		YoY difference	(1,659)	(396)	(470)	(297)
Isetan Mitsukoshi Property Design Ltd.	100.0		13,920	(70)	(71)	(71)
		YoY difference	(981)	(94)	(94)	(86)
Isetan Mitsukoshi Food Service Ltd.	100.0		–	(21)	181	(885)
		YoY difference	(24,719)	234	292	(436)
Mammina Co., Ltd.	100.0		–	(23)	(62)	(59)
		YoY difference	(1,668)	361	328	430
Isetan Mitsukoshi Direct Shopping Ltd.	100.0		23	16	18	12
		YoY difference	(102)	(102)	(101)	(66)
Isetan Mitsukoshi System Solutions Ltd.	100.0		7,503	(497)	(517)	(611)
		YoY difference	(197)	(69)	(81)	87
Isetan Mitsukoshi Human Solutions Ltd.	100.0		4,235	204	199	130
		YoY difference	(93)	22	21	14
Isetan Mitsukoshi Business Support Ltd.	100.0		12,513	129	131	85
		YoY difference	(26)	67	68	43
Isetan Mitsukoshi Gift Solutions Ltd.	100.0		3,379	80	127	127
		YoY difference	(229)	(27)	(34)	(34)
Isetan Mitsukoshi Travel Co., Ltd.	100.0		2,267	(30)	(31)	(31)
		YoY difference	(145)	69	67	67
Nikko Travel Co., Ltd.	100.0		2,032	75	107	92
		YoY difference	108	100	(21)	(28)
Lime Tree Cruises B.V.	-		336	102	92	71
		YoY difference	4	(1)	0	(1)
Leotex Co., Ltd.	100.0		837	(20)	(25)	(25)
		YoY difference	(37)	18	17	17
Century Trading Co., Ltd.	80.0		1,173	(80)	(74)	(74)
		YoY difference	(1)	(17)	(16)	(16)
Isetan Mitsukoshi Italia S.r.l	100.0		214	(20)	(9)	(9)
		YoY difference	(183)	(23)	(23)	(18)
Studio Alta Co., Ltd.	100.0		485	(13)	(17)	(17)
		YoY difference	(61)	366	364	364
SWP Holdings Inc.	100.0		–	0	(14)	(15)
		YoY difference	–	2	4	4
SocieWorld Co., Ltd.	100.0		7,158	(561)	(324)	(392)
		YoY difference	(557)	(405)	(354)	(407)
TAIWAN SOCIE WORLD CO., LTD.	100.0		1,536	196	199	147
		YoY difference	363	13	(15)	(34)

(2) Full-year Forecast for Fiscal 2018

(Millions of yen)

		Net sales	Operating income (loss)	Recurring income (loss)	Net income (loss)
Isetan Mitsukoshi Holdings Ltd.		9,473	226	208	204
	YoY difference	(6,098)	(8,119)	(6,845)	(2,334)
Isetan Mitsukoshi Ltd.		641,100	19,500	20,500	7,000
	YoY difference	(7,515)	1,904	1,689	5,390
Sapporo Marui Mitsukoshi Ltd.		65,720	43	(60)	(60)
	YoY difference	232	(47)	(149)	(167)
Hakodate Marui Imai Ltd.		7,651	96	96	63
	YoY difference	55	73	68	29
Sendai Mitsukoshi Ltd.		32,181	75	94	61
	YoY difference	(833)	(148)	(150)	(93)
Nagoya Mitsukoshi Ltd.		68,003	254	286	187
	YoY difference	1,920	152	138	188
Shizuoka Isetan Co., Ltd.		19,364	133	137	90
	YoY difference	(371)	(5)	(4)	36
Niigata Isetan Mitsukoshi Ltd.		44,015	490	511	336
	YoY difference	(349)	3	9	13
Hiroshima Mitsukoshi Ltd.		14,515	(236)	(244)	(245)
	YoY difference	(331)	140	110	109
Takamatsu Mitsukoshi Ltd.		23,260	65	73	48
	YoY difference	319	(1)	(1)	13
Matsuyama Mitsukoshi Ltd.		13,175	(473)	(491)	(496)
	YoY difference	(431)	(5)	(7)	(7)
Iwataya Mitsukoshi Ltd.		118,280	858	823	371
	YoY difference	412	102	92	(321)
Isetan (Singapore) Ltd.		–	–	–	–
	YoY difference	–	–	–	–
Isetan of Japan Sdn. Bhd.		11,374	212	209	159
	YoY difference	96	57	20	187
ICJ Department Store (Malaysia) Sdn.Bhd.		1,511	(514)	(553)	(553)
	YoY difference	(106)	3	9	9
Isetan (Thailand) Co., Ltd.		4,727	103	105	84
	YoY difference	(31)	65	51	41
Isetan (China) Holdings Ltd.		22	28	28	28
	YoY difference	(6)	21	10	10
Shanghai Mei Long Zhen Isetan		9,469	0	33	25
	YoY difference	(714)	(32)	(40)	(48)
Tianjin Isetan Co., Ltd.		9,932	391	442	379
	YoY difference	(191)	(1)	(1)	49
Tianjin Binhai New District Isetan Co., Ltd.		1,648	67	39	39
	YoY difference	(394)	1	11	11
Chengdu Isetan Co., Ltd.		7,878	120	107	86
	YoY difference	623	22	9	(11)
Mitsukoshi Italia S.p.A.		1,733	19	12	5
	YoY difference	(168)	(20)	(16)	(6)
Mitsukoshi (USA) Inc.		5,752	682	711	512
	YoY difference	172	48	72	164

*The full year forecast for Isetan (Singapore) Ltd., which listed on the local stock market, is not included.

(Millions of yen)

		Net sales	Operating income (loss)	Recurring income (loss)	Net income (loss)
MICARD Co., Ltd.		35,445	6,480	6,335	4,371
	YoY difference	705	871	884	888
MI TOMONOKAI Co., Ltd.		4,733	(321)	174	124
	YoY difference	(235)	(75)	(165)	(80)
Isetan Mitsukoshi Real Estate Co., Ltd.		5,031	628	607	398
	YoY difference	(64)	(151)	(234)	(175)
Isetan Mitsukoshi Property Design Ltd.		34,146	121	119	39
	YoY difference	3,059	(130)	(68)	140
Isetan Mitsukoshi Food Service Ltd.		–	(100)	84	(982)
	YoY difference	(49,737)	(45)	137	1,792
Mammina Co., Ltd.		–	(30)	(107)	(104)
	YoY difference	(3,209)	1,202	1,138	1,665
Isetan Mitsukoshi Direct Shopping Ltd.		34	(129)	(126)	(134)
	YoY difference	(41)	(190)	(190)	(192)
Isetan Mitsukoshi System Solutions Ltd.		15,610	(500)	(557)	(557)
	YoY difference	(430)	(129)	(151)	17
Isetan Mitsukoshi Human Solutions Ltd.		8,430	350	343	219
	YoY difference	(528)	42	48	36
Isetan Mitsukoshi Business Support Ltd.		26,851	141	145	92
	YoY difference	1,051	22	21	9
Isetan Mitsukoshi Gift Solutions Ltd.		6,556	109	189	145
	YoY difference	(686)	(75)	(106)	(103)
Isetan Mitsukoshi Travel Co., Ltd.		4,747	(23)	(23)	(23)
	YoY difference	(175)	173	171	173
Nikko Travel Co., Ltd.		4,100	120	149	124
	YoY difference	356	112	(2)	(30)
Lime Tree Cruises B.V.		424	49	29	22
	YoY difference	(32)	11	11	8
Leotex Co., Ltd.		1,682	(20)	(28)	(28)
	YoY difference	(50)	37	35	54
Century Trading Co., Ltd.		3,301	(20)	(14)	(15)
	YoY difference	(119)	(63)	(65)	(66)
Isetan Mitsukoshi Italia S.r.l		399	(55)	(30)	(32)
	YoY difference	(230)	(45)	(41)	(38)
Studio Alta Co., Ltd.		1,017	12	5	5
	YoY difference	(23)	730	738	1,848
SWP Holdings Inc.		–	(3)	(33)	(33)
	YoY difference	–	0	0	0
SocieWorld Co., Ltd.		14,856	30	258	106
	YoY difference	(411)	(8)	86	244
TAIWAN SOCIE WORLD CO., LTD.		3,127	390	416	345
	YoY difference	298	41	27	18

Ⅱ. Isetan Mitsukoshi Ltd. Non-consolidated Business Results

1. Outline of Non-consolidated Business Results

(1) Business Results

(Millions of yen)

		Fiscal 2016		Fiscal 2017		Fiscal 2018	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Net sales		304,276	660,147	300,067	648,615	298,824	641,100
	YoY (%)	95.0	97.2	98.6	98.3	99.6	98.8
	YoY difference	(15,992)	(18,938)	(4,209)	(11,532)	(1,243)	(7,515)
Gross profit		86,474	186,406	84,575	182,797	85,347	181,924
	YoY (%)	98.6	100.3	97.8	98.1	100.9	99.5
	YoY difference	(1,239)	562	(1,898)	(3,608)	771	(873)
Gross operating profit		93,150	199,350	91,695	195,792	92,241	194,955
	YoY (%)	99.6	100.7	98.4	98.2	100.6	99.6
	YoY difference	(371)	1,322	(1,455)	(3,557)	545	(837)
Operating income		4,092	15,937	7,225	17,595	9,187	19,500
	YoY (%)	35.8	65.4	176.6	110.4	127.2	110.8
	YoY difference	(7,348)	(8,417)	3,133	1,658	1,962	1,904
Recurring income		6,747	16,796	9,464	18,810	11,700	20,500
	YoY (%)	47.0	65.4	140.3	112.0	123.6	109.0
	YoY difference	(7,594)	(8,891)	2,716	2,014	2,236	1,689
Net income		3,718	3,245	5,647	1,609	5,963	7,000
	YoY (%)	37.2	19.0	151.9	49.6	105.6	434.9
	YoY difference	(6,282)	(13,814)	1,929	(1,636)	316	5,390
Gross profit margin (%)		28.42	28.24	28.19	28.18	28.56	28.38
	YoY difference (%)	1.03	0.87	(0.23)	(0.05)	0.38	0.19
Gross operating profit margin (%)		30.61	30.20	30.56	30.19	30.87	30.41
	YoY difference(%)	1.41	1.04	(0.06)	(0.01)	0.31	0.22
Operating profit margin (%)		1.3	2.4	2.4	2.7	3.1	3.0
	YoY difference(%)	(2.2)	(1.2)	1.1	0.3	0.7	0.3
Recurring profit margin (%)		2.2	2.5	3.2	2.9	3.9	3.2
	YoY difference(%)	(2.3)	(1.2)	0.9	0.4	0.8	0.3
Return on sales (%)		1.2	0.5	1.9	0.2	2.0	1.1
	YoY difference(%)	(1.9)	(2.0)	0.7	(0.2)	0.1	0.8

(2) Financial Position

(Millions of yen)

		Fiscal 2016		Fiscal 2017		Fiscal 2018	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Total assets*		656,388	661,820	648,765	655,700	636,630	680,000
	YoY (%)	99.8	99.9	98.8	99.1	98.1	103.7
	YoY difference	(1,637)	(839)	(7,622)	(6,119)	(12,134)	24,299
Total net assets		216,124	219,079	227,023	214,217	221,164	221,000
	YoY (%)	90.8	92.0	105.0	97.8	97.4	103.2
	YoY difference	(22,013)	(19,038)	10,898	(4,862)	(5,859)	6,782
Return on assets (ROA) (%)		-	2.4	-	2.7	-	2.9
	YoY difference (%)	-	(1.2)	-	0.3	-	0.2
Return on equity (ROE) (%)		-	1.4	-	0.7	-	3.2
	YoY difference (%)	-	(5.9)	-	(0.7)	-	2.5
Shareholder's equity ratio (%)		32.9	33.1	35.0	32.7	34.7	32.5
	YoY difference (%)	(3.3)	(2.8)	2.1	(0.4)	(0.3)	(0.2)

* "Partial Amendments to the Accounting Standard for Tax Effect Accounting" (ASBJ No.28; February 16, 2018), etc. have been applied from fiscal 2018 and results for fiscal 2016 and 2017 are those after retrospective application.

(3) Selling, General and Administrative Expenses

(Millions of yen)

		Fiscal 2016		Fiscal 2017		Fiscal 2018	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Selling, general and administrative expenses		89,058	183,413	84,469	178,196	83,053	175,455
	YoY (%)	108.5	105.6	94.8	97.2	98.3	98.5
	YoY difference	6,977	9,740	(4,588)	(5,216)	(1,416)	(2,741)
Advertising expenses*		4,785	9,927	3,942	8,323	3,751	8,765
	YoY (%)	97.5	90.4	82.4	83.8	95.1	105.3
	YoY difference	(121)	(1,054)	(843)	(1,603)	(191)	441
Point related expenses		5,301	11,219	5,181	10,670	4,839	9,733
	YoY (%)	-	-	97.7	95.1	93.4	91.2
	YoY difference	5,301	11,219	(120)	(549)	(341)	(937)
Personnel expenses		26,774	56,388	27,217	59,576	26,598	56,190
	YoY (%)	101.9	96.3	101.7	105.7	97.7	94.3
	YoY difference	511	(2,193)	443	3,187	(619)	(3,386)
Depreciation and amortization		5,291	10,520	5,066	10,136	5,123	10,055
	YoY (%)	100.3	95.8	95.8	96.4	101.1	99.2
	YoY difference	16	(456)	(224)	(383)	56	(81)
Lease payments		6,410	12,839	5,980	11,982	5,506	11,213
	YoY (%)	108.5	106.8	93.3	93.3	92.1	93.6
	YoY difference	502	814	(429)	(856)	(474)	(769)
Business consignment expenses		10,049	20,664	9,748	20,293	10,321	22,218
	YoY (%)	107.9	106.2	97.0	98.2	105.9	109.5
	YoY difference	732	1,198	(301)	(371)	572	1,924
Others		30,445	61,852	27,332	57,212	26,914	57,278
	YoY (%)	100.1	100.3	89.8	92.5	98.5	100.1
	YoY difference	34	212	(3,112)	(4,639)	(418)	66
SGA ratio (%)		29.3	27.8	28.2	27.5	27.8	27.4
	YoY difference (%)	3.6	2.2	(1.1)	(0.3)	(0.4)	(0.1)

* Part of commissions, which had been included in "Others" until fiscal 2017, is included in "Advertising expenses" since fiscal 2018.

(4) Others

(Millions of yen)

		Fiscal 2016		Fiscal 2017		Fiscal 2018	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Capital investment		5,256	18,813	7,420	22,510	7,835	37,000
	YoY (%)	59.7	90.4	141.2	119.7	105.6	164.4
	YoY difference	(3,549)	(2,004)	2,164	3,696	414	14,489
Number of employees		5,367	5,203	5,291	5,010	5,040	4,800
	YoY (%)	98.4	98.4	98.6	96.3	95.3	95.8
	YoY difference	(86)	(87)	(76)	(193)	(251)	(210)

2. Net Sales
(1) Net Sales by Store

(Millions of yen)

		Fiscal 2016		Fiscal 2017		Fiscal 2018	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Isetan Shinjuku Main Store		122,782	268,597	126,110	274,149	135,959	291,962
	YoY (%)	96.3	98.6	102.7	102.1	107.8	106.5
	YoY difference	(4,762)	(3,868)	3,327	5,552	9,849	17,812
Mitsukoshi Nihombashi Main store		77,162	165,127	73,199	155,357	67,297	147,437
	YoY (%)	97.1	98.1	94.9	94.1	91.9	94.9
	YoY difference	(2,289)	(3,188)	(3,962)	(9,769)	(5,902)	(7,920)
Mitsukoshi Ginza store		37,638	81,034	40,876	87,862	44,160	90,960
	YoY (%)	91.8	95.0	108.6	108.4	108.0	103.5
	YoY difference	(3,346)	(4,258)	3,238	6,827	3,283	3,097
Isetan Tachikawa store		16,609	35,734	16,521	35,836	16,957	36,695
	YoY (%)	94.1	95.6	99.5	100.3	102.6	102.4
	YoY difference	(1,044)	(1,645)	(88)	101	436	858
Isetan Urawa store		18,791	40,351	18,795	40,388	18,895	40,895
	YoY (%)	96.0	96.3	100.0	100.1	100.5	101.3
	YoY difference	(776)	(1,546)	4	37	99	506
Isetan Sagamihara store		9,659	20,558	9,188	19,515	8,885	19,015
	YoY (%)	88.5	89.6	95.1	94.9	96.7	97.4
	YoY difference	(1,250)	(2,390)	(470)	(1,042)	(303)	(500)
Isetan Fuchu store		7,466	15,770	7,058	14,869	6,668	14,136
	YoY (%)	83.1	83.4	94.5	94.3	94.5	95.1
	YoY difference	(1,519)	(3,131)	(407)	(900)	(389)	(733)
Isetan Matsudo store		8,499	18,134	8,316	20,634	-	-
	YoY (%)	93.3	94.3	97.9	113.8	-	-
	YoY difference	(611)	(1,090)	(182)	2,500	-	-
Mitsukoshi Chiba store		5,667	14,837	-	-	-	-
	YoY (%)	93.6	117.2	-	-	-	-
	YoY difference	(390)	2,182	-	-	-	-
Total		304,276	660,147	300,067	648,615	298,824	641,100
	YoY (%)	95.0	97.2	98.6	98.3	99.6	98.8
	YoY difference	(15,992)	(18,938)	(4,209)	(11,532)	(1,243)	(7,515)

(2) Net Sales by Month

(Millions of yen)

		April	May	June	July	August	September	First half total
Fiscal 2016	Store total	50,555	49,736	54,372	61,929	40,992	46,690	304,276
	YoY (%)	95.5	91.3	95.3	99.6	90.8	96.3	95.0
Fiscal 2017	Store total	49,028	47,834	53,011	60,077	41,921	48,193	300,067
	YoY (%)	97.0	96.2	97.5	97.0	102.3	103.2	98.6
Fiscal 2018	Store total	48,670	47,292	57,142	56,148	42,890	46,680	298,824
	YoY (%)	99.3	98.9	107.8	93.5	102.3	96.9	99.6

(3) Net Sales by Goods and Gross Profit Margin by Goods

(Millions of yen)

2Q of Fiscal 2018	Net Sales			Sales Composition		Gross Profit Margin	
	Amount	YoY(%)	YoY difference	Net sales by goods (%)	YoY difference (%)	Gross profit margin by goods (%)	YoY difference (%)
Sales of apparel	105,909	100.2	196	35.4	0.2	32.91	1.14
(Men's clothing)	31,688	98.8	(385)	10.6	(0.1)	36.25	2.74
(Women's clothing)	59,729	102.0	1,164	20.0	0.5	31.14	0.47
(Children's clothing)	7,594	100.2	14	2.5	0.0	31.02	0.28
(Formal wear and bedding)	6,897	92.0	(596)	2.3	(0.2)	34.93	0.94
Accessories	37,653	100.9	325	12.6	0.2	28.70	(0.27)
Sundry goods	67,974	106.3	3,999	22.7	1.4	29.36	(0.03)
(Cosmetics)	34,183	106.7	2,143	11.4	0.8	33.46	0.41
(Fine arts, jewelries, precious metals)	24,794	110.1	2,277	8.3	0.8	24.44	(0.32)
(Other sundry goods)	8,996	95.5	(420)	3.0	(0.1)	27.30	(0.68)
Household	11,518	88.8	(1,453)	3.9	(0.5)	29.05	0.30
Foods	59,550	95.5	(2,831)	19.9	(0.9)	22.92	0.11
Others	16,218	91.6	(1,479)	5.4	(0.5)	16.89	(2.43)
Total	298,824	99.6	(1,243)	100.0	0.0	28.56	0.38

(4) Net Sales by Category

(Millions of yen)

		Fiscal 2016		Fiscal 2017		Fiscal 2018
		2Q	Full Year	2Q	Full Year	2Q
Cash sale		127,992	282,917	131,060	288,189	134,131
	Composition (%)	42.1	42.9	43.7	44.4	44.9
	YoY (%)	89.4	93.3	102.4	101.9	102.3
Credit sale		176,284	377,230	169,007	360,425	164,692
	Composition (%)	57.9	57.1	56.3	55.6	55.1
	YoY (%)	99.5	100.3	95.9	95.5	97.4
of which, sales of MICARD		155,649	331,217	149,715	317,662	143,562
	Composition (%)	51.2	50.2	49.9	49.0	48.0
	YoY (%)	98.7	99.2	96.2	95.9	95.9
Total		304,276	660,147	300,067	648,615	298,824
	Composition (%)	100.0	100.0	100.0	100.0	100.0
	YoY (%)	95.0	97.2	98.6	98.3	99.6

(5) Duty Free Sales

(Millions of yen)

2Q of Fiscal 2018	Duty Free Sales			Share of Sales	
	Results	YoY (%)	YoY difference	Sales share (%)*	YoY difference (%)
Isetan Shinjuku Main Store	14,872	115.0	1,944	10.9	0.7
Mitsukoshi Nihombashi Main Store	1,452	112.9	165	2.2	0.4
Mitsukoshi Ginza Store	13,728	125.5	2,791	31.1	4.3
Others	255	121.8	45	0.5	0.1
Isetan Mitsukoshi total	30,308	119.5	4,947	10.1	1.7

* Sales share represents composition ratio of duty free sales against total sales of each store.

(Reference) Duty free sales at domestic department stores outside of Tokyo area

(Millions of yen)

2Q of Fiscal 2018	Duty Free Sales			Share of Sales	
	Results	YoY (%)	YoY difference	Sales share (%)	YoY difference (%)
Sapporo Marui Mitsukoshi Ltd.	1,762	131.5	421	5.9	1.5
Nagoya Mitsukoshi Ltd.	1,519	161.8	580	4.8	1.7
Iwataya Mitsukoshi Ltd.	2,903	156.5	1,048	5.3	1.9
Others	586	162.0	224	0.8	0.3
Total domestic regional department stores	6,772	150.6	2,275	3.6	1.2

(Millions of yen)

2Q of Fiscal 2018	Duty Free Sales			Share of Sales	
	Results	YoY (%)	YoY difference	Sales share (%)	YoY difference (%)
Total domestic department stores	37,081	124.2	7,222	7.6	1.5