ISETAN MITSUKOSHI HOLDINGS

Explanatory Materials for Settlement of Consolidated Accounts for the Second Quarter of Fiscal Year Ending March 31, 2020

Table of Contents

I. Isetan Mitsukoshi Holdings Consolidated Results

1. Outline of Consolidated Business Results P.1
2. Consolidated Selling, General and Administrative Expenses P.3
3. Consolidated Non-operating Income/Loss P.3
4. Consolidated Extraordinary Gain/Loss P.4
5. Consolidated Capital Investment P.4
6. Net Sales by Segment and Operating Income/Loss P.5
7. Consolidated Companies P.6

II. Isetan Mitsukoshi Ltd. Non-consolidated Business Results

1. Outline of Non-consolidated Business Results P.10
2. Net Sales P.12

November 7, 2019
Isetan Mitsukoshi Holdings Ltd.

I. Isetan Mitsukoshi Holdings Consolidated Results

1. Outline of Consolidated Business Results

(1) Consolidated Business Results

(Millions of yen)

		Fiscal 2017		Fiscal 2018		Fiscal 2019	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Net sales		589,360	1,256,386	563,991	1,196,803	577,288	1,190,000
	YoY (%)	101.2	100.2	95.7	95.3	102.4	99.4
	YoY difference	7,187	2,929	(25,369)	(59,583)	13,297	(6,803)
Gross profit		173,993	367,282	165,483	348,282	167,903	348,000
	YoY (%)	101.5	100.5	95.1	94.8	101.5	99.9
	YoY difference	2,563	1,673	(8,510)	(19,000)	2,419	(282)
Operating income		7,649	24,413	10,825	29,229	13,886	30,000
	YoY (%)	125.4	102.0	141.5	119.7	128.3	102.6
	YoY difference	1,549	477	3,175	4,816	3,061	770
Recurring income		9,552	27,325	12,282	31,995	15,057	30,000
	YoY (%)	126.0	99.7	128.6	117.1	122.6	93.8
	YoY difference	1,973	(93)	2,729	4,670	2,774	(1,995)
Net income attributable to parent company shareholders		18	(960)	3,929	13,480	7,595	14,000
	YoY (%)	0.2	-	-	-	193.3	103.9
	YoY difference	(8,320)	(15,936)	3,910	14,441	3,665	519
Net income per share (yen)		0.05	(2.47)	10.08	34.58	19.47	35.89
	YoY difference (yen)	(21.24)	(40.73)	10.03	37.04	9.39	1.31
Gross profit margin (%)		29.52	29.23	29.34	29.10	29.08	29.24
	YoY difference (%)	0.08	0.07	(0.18)	(0.13)	(0.26)	0.14
Operating profit margin (%)		1.3	1.9	1.9	2.4	2.4	2.5
	YoY difference (%)	0.3	0.0	0.6	0.5	0.5	0.1
Recurring profit margin (%)		1.6	2.2	2.2	2.7	2.6	2.5
	YoY difference (%)	0.3	(0.0)	0.6	0.5	0.4	(0.2)
Return on sales (%)		0.0	(0.1)	0.7	1.1	1.3	1.2
	YoY difference (%)	(1.4)	(1.3)	0.7	1.2	0.6	0.1

(2) Consolidated Financial Positions

(Millions of yen)

		Fiscal 2017		Fiscal 2018		Fiscal 2019	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Total assets		1,281,125	1,275,535	1,249,922	1,247,427	1,254,225	1,263,500
	YoY (%)	103.1	97.2	97.6	97.8	100.3	101.3
	YoY difference	39,097	(36,539)	(31,202)	(28,108)	4,303	16,072
Net assets		581,658	588,091	585,451	585,715	583,582	582,500
	YoY (%)	103.1	101.4	100.7	99.6	99.7	99.5
	YoY difference	17,448	8,308	3,793	(2,376)	(1,869)	(3,215)
Interest-bearing debt		185,639	139,972	163,700	136,746	156,445*1	154,000
	YoY (%)	105.1	75.0	88.2	97.7	95.6	112.6
	YoY difference	8,960	(46,778)	(21,939)	(3,226)	(7,254)	17,253
Net financial revenue		426	1,294	374	647	381	650
	YoY (%)	143.7	304.0	87.8	50.0	101.8	100.5
	YoY difference	129	868	(51)	(647)	6	2
Return on assets (ROA) (%)		-	1.9	-	2.3	-	2.4
	YoY difference (%)	-	0.0	-	0.4	-	0.1
Return on equity (ROE) (%)		-	(0.2)	-	2.3	-	2.4
	YoY difference (%)	-	(2.8)	-	2.5	-	0.1
Rate of return on invested capital (ROIC) (%)*2		-	2.3	-	2.8	-	2.9
	YoY difference (%)	-	0.1	-	0.5	-	0.1
Shareholder's equity ratio (%)		44.5	45.2	46.0	46.1	45.8	45.3
	YoY difference (%)	(0.1)	1.8	1.4	0.9	(0.2)	(0.8)
Interest-bearing debt dependency (%)		14.5	11.0	13.1	11.0	12.5	12.2
	YoY difference (%)	0.3	(3.3)	(1.4)	(0.0)	(0.6)	1.2
Consolidated debt equity ratio (DER) (times)		0.33	0.24	0.28	0.24	0.27	0.27
	YoY difference (times)	0.01	(0.09)	(0.04)	(0.01)	(0.01)	0.03

*1 The amount of interest-bearing debt including lease obligations is ¥166,089 million.

*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 2017		Fiscal 2018		Fiscal 2019	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Cash flows from operating activities		19,361	72,972	(10,033)	28,286	6,499	42,000
	YoY difference	23,205	37,598	(29,394)	(44,685)	16,532	13,713
Cash flows from investing activities		(13,001)	(26,981)	(22,155)	(22,450)	(19,321)	(43,000)
	YoY difference	18	13,932	(9,154)	4,530	2,834	(20,549)
Cash flows from financing activities		(4,418)	(52,753)	20,560	(9,063)	14,456	1,000
	YoY difference	(2,451)	(55,166)	24,979	43,689	(6,104)	10,063
Cash and cash equivalents at end of period		62,047	53,969	41,872	50,147	51,438	50,100
	YoY difference	18,854	(6,054)	(20,175)	(3,822)	9,566	(47)

(4) Others

(Millions of yen)

		Fiscal 2017		Fiscal 2018		Fiscal 2019	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Capital investment		12,161	38,446	11,374	56,526	15,825	44,000
	YoY (%)	92.0	112.4	93.5	147.0	139.1	77.8
	YoY difference	(1,059)	4,245	(787)	18,079	4,450	(12,526)
Number of employees		14,768	14,269	13,689	13,211	13,074	12,830
	YoY (%)	119.8	115.2	92.7	92.6	95.5	97.1
	YoY difference	2,437	1,887	(1,079)	(1,058)	(615)	(381)
Number of consolidated subsidiaries		43	43	43	41	38	38
(as of March 31)	YoY difference	5	0	0	(2)	(5)	(3)
Number of equity-method affiliates		7	7	9	9	9	9
(as of March 31)	YoY difference	(1)	0	2	2	0	0
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 2017		Fiscal 2018		Fiscal 2019	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Selling, general and administrative expenses		166,343	342,869	154,658	319,052	154,016	318,000
	YoY (%)	100.6	100.3	93.0	93.1	99.6	99.7
	YoY difference	1,013	1,195	(11,685)	(23,816)	(641)	(1,052)
Advertising expenses		9,817	20,365	8,943	19,114	8,956	18,500
	YoY (%)	93.3	94.0	91.1	93.9	100.1	96.8
	YoY difference	(701)	(1,294)	(873)	(1,250)	13	(614)
Point related expenses		11,406	22,985	10,165	21,464	10,590	21,500
	YoY (%)	107.0	99.8	89.1	93.4	104.2	100.2
	YoY difference	741	(52)	(1,240)	(1,521)	424	35
Personnel expenses		56,694	119,465	52,661	109,299	51,050	105,000
	YoY (%)	99.5	101.2	92.9	91.5	96.9	96.1
	YoY difference	(313)	1,426	(4,033)	(10,165)	(1,610)	(4,299)
Depreciation and amortization		12,546	25,272	12,946	25,734	13,476	27,000
	YoY (%)	105.2	107.3	103.2	101.8	104.1	104.9
	YoY difference	622	1,709	399	462	530	1,265
Lease payments		20,241	40,820	18,200	36,198	16,150	32,500
	YoY (%)	100.7	99.4	89.9	88.7	88.7	89.8
	YoY difference	133	(266)	(2,041)	(4,622)	(2,049)	(3,698)
Business consignment expenses		17,083	34,866	16,770	33,961	16,432	35,500
	YoY (%)	100.2	97.5	98.2	97.4	98.0	104.5
	YoY difference	30	(882)	(313)	(904)	(338)	1,538
Others		38,553	79,093	34,970	73,279	37,359	78,000
	YoY (%)	101.3	100.7	90.7	92.6	106.8	106.4
	YoY difference	499	554	(3,582)	(5,814)	2,388	4,720
SGA ratio (%)		28.2	27.3	27.4	26.7	26.7	26.7
	YoY difference (%)	(0.2)	0.0	(0.8)	(0.6)	(0.7)	0.1

3. Consolidated Non-operating Income/Loss

(Millions of yen)

		Fiscal 2017		Fiscal 2018		Fiscal 2019	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Non-operating income		4,422	14,851	4,206	13,846	4,020	12,300
	YoY difference	(398)	(763)	(215)	(1,004)	(185)	(1,546)
Interest and dividend income		849	2,134	793	1,417	831	1,400
	YoY difference	47	722	(56)	(717)	38	(17)
Equity in earnings of affiliates		2,122	3,548	1,924	3,058	1,041	1,500
	YoY difference	46	(715)	(198)	(489)	(883)	(1,558)
Income from unredeemed gift vouchers		-	5,550	-	5,747	0	5,500
	YoY difference	-	153	-	196	0	(247)
Gain on donated fixed assets		630	2,182	1,039	2,645	1,534	2,900
	YoY difference	(461)	(368)	409	463	494	254
Other non-operating income		819	1,435	449	977	612	1,000
	YoY difference	(31)	(555)	(369)	(457)	163	22
Non-operating expenses		2,519	11,939	2,749	11,080	2,850	12,300
	YoY difference	(822)	(192)	229	(859)	100	1,219
Interest expenses		423	839	418	770	450	750
	YoY difference	(81)	(146)	(4)	(69)	31	(20)
Loss on retirement of property and equipment		282	1,615	543	1,342	647	2,700
	YoY difference	(430)	111	260	(273)	104	1,357
Provision of reserve for loss from redemption of gift vouchers		-	5,500	-	5,744	-	5,600
	YoY difference	-	153	-	244	-	(144)
Other non-operating expenses		1,813	3,984	1,787	3,223	1,751	3,250
	YoY difference	(310)	(310)	(26)	(760)	(35)	26

4. Consolidated Extraordinary Gain/Loss

(Millions of yen)

	Fiscal 2019 2Q	Details
Extraordinary gain	663	
Gain on transfer of business	649	Isetan Mitsukoshi Property Design Ltd. transferred the building management business.
Other extraordinary gain	14	
Extraordinary loss	4,675	
Loss on disposal of property and equipment	1,723	Redevelopment of Nihombashi Mitsukoshi Main Store and Shinjuku Isetan Main Store, etc.
Impairment losses	400	Iwataya Mitsukoshi Ltd.
Loss on closing of stores	949	Isetan Fuchu Store and Isetan Sagamihara Store, etc.
Business structure improvement expenses	1,601	Additional retirement benefit due to the NEXT CAREER Program at Isetan Mitsukoshi Ltd., etc.

5. Consolidated Capital Investment

(Millions of yen)

		Fiscal 2017		Fiscal 2018		Fiscal 2019	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Isetan Mitsukoshi Ltd.		7,420	22,510	7,835	48,568	11,621	35,000
	YoY (%)	141.2	119.7	105.6	215.8	148.3	72.1
	YoY difference	2,164	3,696	414	26,057	3,786	(13,568)
MICARD CO. Ltd.		641	1,837	655	1,259	494	1,400
	YoY (%)	33.0	59.0	102.2	68.5	75.5	111.2
	YoY difference	(1,302)	(1,275)	14	(577)	(160)	140
Isetan Mitsukoshi System Solutions Ltd.		1,702	4,156	1,823	4,339	2,116	4,500
	YoY (%)	48.2	65.1	107.1	104.4	116.0	103.7
	YoY difference	(1,828)	(2,229)	120	182	292	160
Others		2,457	10,256	1,131	2,760	1,664	3,500
	YoY (%)	95.3	163.4	46.0	26.9	147.1	126.8
	YoY difference	(120)	3,978	(1,326)	(7,496)	533	739
Elimination of intra-company transactions		(60)	(315)	(71)	(401)	(72)	(400)
	YoY (%)	-	-	-	-	-	-
	YoY difference	27	75	(10)	(85)	0	1
Total		12,161	38,446	11,374	56,526	15,825	44,000
	YoY (%)	92.0	112.4	93.5	147.0	139.1	77.8
	YoY difference	(1,059)	4,245	(787)	18,079	4,450	(12,526)

Note: Figures include investments made for intangible fixed assets.

6. Net Sales by Segment and Operating Income/Loss

(Millions of yen)

Net sales		Fiscal 2017		Fiscal 2018		Fiscal 2019	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Department store business							
Sales		527,248	1,132,007	524,730	1,111,202	536,250	1,110,000
	YoY (%)	99.0	98.3	99.5	98.2	102.2	99.9
	YoY difference	(5,082)	(19,012)	(2,517)	(20,805)	11,520	(1,202)
Segment income (loss)		3,430	14,484	5,317	15,313	6,802	16,000
	YoY (%)	-	130.6	155.0	105.7	127.9	104.5
	YoY difference	3,888	3,390	1,887	829	1,484	686
Credit & finance business/ Customer organization management business							
Sales		18,983	38,906	19,088	39,116	19,894	39,500
	YoY (%)	103.2	103.0	100.5	100.5	104.2	101.0
	YoY difference	593	1,126	104	209	806	383
Segment income (loss)		2,106	5,364	3,138	6,422	2,639	6,000
	YoY (%)	69.2	99.7	149.0	119.7	84.1	93.4
	YoY difference	(935)	(16)	1,031	1,058	(498)	(422)
Real estate business							
Sales		22,535	45,071	20,131	48,303	16,721	32,000
	YoY (%)	111.3	108.2	89.3	107.2	83.1	66.2
	YoY difference	2,281	3,399	(2,404)	3,231	(3,409)	(16,303)
Segment income (loss)		3,451	6,614	3,009	7,786	3,076	5,800
	YoY (%)	109.1	102.6	87.2	117.7	102.2	74.5
	YoY difference	289	170	(441)	1,171	67	(1,986)
Other businesses							
Sales		71,321	145,441	43,387	88,970	41,438	88,000
	YoY (%)	113.7	109.0	60.8	61.2	95.5	98.9
	YoY difference	8,590	12,001	(27,933)	(56,470)	(1,949)	(970)
Segment income (loss)		(1,545)	(2,252)	(769)	(302)	1,148	1,700
	YoY (%)	-	-	-	-	-	-
	YoY difference	(2,590)	(3,018)	775	1,950	1,918	2,002
Amount listed on consolidated financial statements*							
Sales		589,360	1,256,386	563,991	1,196,803	577,288	1,190,000
	YoY (%)	101.2	100.2	95.7	95.3	102.4	99.4
	YoY difference	7,187	2,929	(25,369)	(59,583)	13,297	(6,803)
Operating income (loss)		7,649	24,413	10,825	29,229	13,886	30,000
	YoY (%)	125.4	102.0	141.5	119.7	128.3	102.6
	YoY difference	1,549	477	3,175	4,816	3,061	770

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

7. Consolidated Companies
(1) Results for the Second Quarter of Fiscal 2019

(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.	-		4,516	772	873	783
		YoY difference	166	756	843	753
Isetan Mitsukoshi Ltd.	100.0		309,061	8,078	10,710	5,288
		YoY difference	10,236	(1,109)	(990)	(675)
Sapporo Marui Mitsukoshi Ltd.	100.0		30,851	(215)	(212)	(212)
		YoY difference	930	174	181	181
Hakodate Marui Imai Ltd.	100.0		3,696	58	57	47
		YoY difference	300	41	40	33
Sendai Mitsukoshi Ltd.	100.0		15,046	(146)	(136)	(136)
		YoY difference	(155)	(46)	(47)	(47)
Nagoya Mitsukoshi Ltd.	100.0		32,395	94	112	(148)
		YoY difference	655	254	254	(6)
Shizuoka Isetan Co., Ltd.	100.0		8,610	0	2	1
		YoY difference	(250)	(31)	(29)	(19)
Niigata Isetan Mitsukoshi Ltd.	100.0		20,722	24	47	47
		YoY difference	75	(113)	(103)	(50)
Hiroshima Mitsukoshi Ltd.	100.0		6,916	(282)	(287)	(287)
		YoY difference	259	(22)	(22)	(22)
Takamatsu Mitsukoshi Ltd.	100.0		10,920	(64)	(59)	(59)
		YoY difference	386	60	60	60
Matsuyama Mitsukoshi Ltd.	100.0		6,089	(365)	(374)	(374)
		YoY difference	23	(9)	(6)	(6)
Iwataya Mitsukoshi Ltd.	100.0		54,246	928	921	432
		YoY difference	(383)	920	931	700
Isetan (Singapore) Ltd.	52.7		4,215	7	65	65
		YoY difference	(419)	119	26	27
Isetan of Japan Sdn. Bhd.	100.0		5,863	76	413	413
		YoY difference	462	28	333	333
ICJ Department Store (Malaysia) Sdn. Bhd.*1	100.0		352	(65)	(129)	(129)
		YoY difference	(394)	185	139	139
Isetan (Thailand) Co., Ltd.	49.0		2,101	23	32	32
		YoY difference	(197)	(15)	(9)	(9)
Isetan (China) Holdings Ltd.	100.0		4	40	44	44
		YoY difference	(7)	(5)	(6)	(6)
Shanghai Mei Long Zhen Isetan	80.0		4,227	(70)	(54)	(54)
		YoY difference	(391)	(54)	(52)	(52)
Tianjin Isetan Co., Ltd.	100.0		5,336	184	218	163
		YoY difference	61	(73)	(71)	(53)
Tianjin Binhai New District Isetan Co., Ltd.	100.0		827	28	14	14
		YoY difference	(5)	2	1	1
Chengdu Isetan Co., Ltd.	100.0		4,272	89	67	49
		YoY difference	310	5	(10)	(9)
Mitsukoshi Italia S.p.A.	100.0		647	(19)	(29)	(29)
		YoY difference	(181)	(27)	(30)	(29)
Mitsukoshi (USA) Inc.	100.0		2,825	323	356	254
		YoY difference	(49)	(34)	(17)	(18)

*1 ICJ Department Store (Malaysia) Sdn. Bhd. was transferred to Isetan of Japan Sdn. Bhd. effective the second quarter of fiscal 2019.

(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		18,087	2,784	2,755	1,910
		YoY difference	777	(483)	(390)	(270)
MI TOMONOKAI Co., Ltd.	100.0		2,211	(137)	17	11
		YoY difference	26	(7)	(30)	(19)
Isetan Mitsukoshi Real Estate Co., Ltd.	100.0		1,548	219	208	135
		YoY difference	3	(22)	(21)	(14)
Isetan Mitsukoshi Property Design Ltd.	100.0		10,742	385	406	899
		YoY difference	(3,177)	455	478	971
Isetan Mitsukoshi System Solutions Ltd.	100.0		7,577	547	522	431
		YoY difference	74	1,045	1,040	1,042
Isetan Mitsukoshi Human Solutions Ltd.	100.0		3,855	250	243	158
		YoY difference	(380)	46	44	28
Isetan Mitsukoshi Business Support Ltd.	100.0		12,794	99	103	67
		YoY difference	280	(29)	(28)	(18)
Isetan Mitsukoshi Gift Solutions Ltd.	100.0		3,016	127	163	163
		YoY difference	(362)	46	35	35
Mitsukoshi Isetan Nikko Travel, Ltd.*2	100.0		4,250	211	175	189
		YoY difference	(49)	165	100	128
Lime Tree Cruises B.V.	-		310	86	81	63
		YoY difference	(26)	(16)	(11)	(7)
Century Trading Co., Ltd.	80.0		1,263	(41)	(26)	(27)
		YoY difference	90	38	47	47
Isetan Mitsukoshi Italia S.r.l	100.0		159	(15)	(5)	(5)
		YoY difference	(55)	4	4	3
Studio Alta Co., Ltd.	100.0		395	62	59	59
		YoY difference	(90)	76	76	76
SWP Holdings Inc.	100.0		–	(0)	(15)	(15)
		YoY difference	–	0	(0)	(0)
SocieWorld Co., Ltd.	100.0		6,725	(419)	(168)	(234)
		YoY difference	(433)	142	156	157
TAIWAN SOCIE WORLD CO., LTD.	100.0		1,508	188	193	150
		YoY difference	(28)	(7)	(5)	2

*2 The year-on-year difference of Mitsukoshi Isetan Nikko Travel, Ltd. is the comparison to the combined fiscal 2018 results of Isetan Mitsukoshi Travel Co., Ltd. and Nikko Travel Co., Ltd.

(2) Full-year Forecast for Fiscal 2019

(Millions of yen)

		Net sales	Operating income (loss)	Recurring income (loss)	Net income (loss)
Isetan Mitsukoshi Holdings Ltd.		9,620	294	105	73
	YoY difference	(4,922)	(4,900)	(4,454)	8,770
Isetan Mitsukoshi Ltd.		634,100	19,000	20,000	8,000
	YoY difference	(180)	676	(989)	(14,354)
Sapporo Marui Mitsukoshi Ltd.		66,415	121	114	75
	YoY difference	1,054	66	162	124
Hakodate Marui Imai Ltd.		7,829	100	100	66
	YoY difference	539	42	40	26
Sendai Mitsukoshi Ltd.		32,435	100	120	79
	YoY difference	44	(21)	(21)	(8)
Nagoya Mitsukoshi Ltd.		68,700	362	396	(81)
	YoY difference	1,359	(48)	(52)	(114)
Shizuoka Isetan Co., Ltd.		19,050	133	137	91
	YoY difference	9	(7)	(3)	17
Niigata Isetan Mitsukoshi Ltd.		44,800	500	529	(837)
	YoY difference	769	(38)	(16)	(1,197)
Hiroshima Mitsukoshi Ltd.		14,218	(417)	(425)	(427)
	YoY difference	215	22	23	22
Takamatsu Mitsukoshi Ltd.		22,987	8	15	10
	YoY difference	246	(21)	(24)	140
Matsuyama Mitsukoshi Ltd.		12,165	(680)	(700)	(705)
	YoY difference	(931)	(148)	(149)	(148)
Iwataya Mitsukoshi Ltd.		114,000	1,400	1,372	639
	YoY difference	(3,230)	50	54	79
Isetan (Singapore) Ltd.*1		–	–	–	–
	YoY difference	–	–	–	–
Isetan of Japan Sdn. Bhd.		12,124	110	110	82
	YoY difference	1,581	21	750	723
ICJ Department Store (Malaysia) Sdn. Bhd.*2		352	(65)	(129)	(129)
	YoY difference	(1,151)	225	221	221
Isetan (Thailand) Co., Ltd.		4,226	25	40	32
	YoY difference	(556)	(67)	(68)	(54)
Isetan (China) Holdings Ltd.		13	18	18	18
	YoY difference	(10)	(15)	7	7
Shanghai Mei Long Zhen Isetan		8,473	(181)	(144)	(144)
	YoY difference	(309)	(110)	(102)	68
Tianjin Isetan Co., Ltd.		9,845	229	249	147
	YoY difference	20	(187)	(212)	(200)
Tianjin Binhai New District Isetan Co., Ltd.		1,658	66	40	40
	YoY difference	19	(4)	(4)	(4)
Chengdu Isetan Co., Ltd.		7,763	122	94	64
	YoY difference	53	(25)	(23)	(24)
Mitsukoshi Italia S.p.A.		1,422	(25)	(38)	(35)
	YoY difference	(307)	(63)	(63)	(53)
Mitsukoshi (USA) Inc.		6,140	693	729	452
	YoY difference	317	(52)	(53)	(127)

*1 The full year forecast for Isetan (Singapore) Ltd., which listed on the local stock market, is not included.
*2 ICJ Department Store (Malaysia) Sdn. Bhd. was transferred to Isetan of Japan Sdn. Bhd. effective the second quarter of fiscal 2019.

(Millions of yen)

		Net sales	Operating income (loss)	Recurring income (loss)	Net income (loss)
MICARD Co., Ltd.		35,872	6,320	6,171	4,258
	YoY difference	674	(372)	(365)	(253)
MI TOMONOKAI Co., Ltd.		4,428	(416)	90	59
	YoY difference	(304)	(146)	(133)	(88)
Isetan Mitsukoshi Real Estate Co., Ltd.		3,108	385	351	230
	YoY difference	(2,921)	(833)	(828)	(539)
Isetan Mitsukoshi Property Design Ltd.		20,791	347	347	872
	YoY difference	(12,368)	(277)	(274)	1,199
Isetan Mitsukoshi System Solutions Ltd.		15,600	400	307	240
	YoY difference	1	318	355	335
Isetan Mitsukoshi Human Solutions Ltd.		7,700	200	186	118
	YoY difference	(789)	(139)	(144)	(73)
Isetan Mitsukoshi Business Support Ltd.		28,096	277	282	180
	YoY difference	1,869	68	69	192
Isetan Mitsukoshi Gift Solutions Ltd.		6,458	140	203	173
	YoY difference	(304)	(19)	(37)	(22)
Mitsukoshi Isetan Nikko Travel, Ltd.*3		8,600	142	173	144
	YoY difference	115	54	106	181
Lime Tree Cruises B.V.		450	50	18	14
	YoY difference	32	30	16	12
Century Trading Co., Ltd.		3,210	3	6	4
	YoY difference	(28)	38	33	31
Isetan Mitsukoshi Italia S.r.l		323	(29)	(8)	(9)
	YoY difference	(56)	10	10	10
Studio Alta Co., Ltd.		1,144	165	157	157
	YoY difference	75	90	89	90
SWP Holdings Inc.		–	(3)	(33)	(33)
	YoY difference	–	(2)	(3)	7,153
SocieWorld Co., Ltd.		14,248	(158)	80	(60)
	YoY difference	44	598	614	2,124
TAIWAN SOCIE WORLD CO., LTD.		3,312	430	441	353
	YoY difference	252	41	57	45

*3 The year-on-year difference of Mitsukoshi Isetan Nikko Travel, Ltd. is based on the comparison with the combined fiscal 2018 results of Isetan Mitsukoshi Travel Co., Ltd. and Nikko Travel Co., Ltd.

Ⅱ. Isetan Mitsukoshi Ltd. Non-consolidated Business Results

1. Outline of Non-consolidated Business Results

(1) Business Results

(Millions of yen)

		Fiscal 2017		Fiscal 2018		Fiscal 2019	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Net sales		300,067	648,615	298,824	634,280	309,061	634,100
	YoY (%)	98.6	98.3	99.6	97.8	103.4	100.0
	YoY difference	(4,209)	(11,532)	(1,243)	(14,334)	10,236	(180)
Gross profit		84,575	182,797	85,347	181,209	87,155	182,100
	YoY (%)	97.8	98.1	100.9	99.1	102.1	100.5
	YoY difference	(1,898)	(3,608)	771	(1,588)	1,807	890
Other net operating revenue		7,119	12,994	6,893	12,920	6,716	10,900
	YoY (%)	106.6	100.4	96.8	99.4	97.4	84.4
	YoY difference	443	50	(226)	(74)	(177)	(2,020)
Gross operating profit		91,695	195,792	92,241	194,129	93,871	193,000
	YoY (%)	98.4	98.2	100.6	99.2	101.8	99.4
	YoY difference	(1,455)	(3,557)	545	(1,663)	1,629	(1,129)
Operating income		7,225	17,595	9,187	18,323	8,078	19,000
	YoY (%)	176.6	110.4	127.2	104.1	87.9	103.7
	YoY difference	3,133	1,658	1,962	727	(1,109)	676
Recurring income		9,464	18,810	11,700	20,989	10,710	20,000
	YoY (%)	140.3	112.0	123.6	111.6	91.5	95.3
	YoY difference	2,716	2,014	2,236	2,178	(990)	(989)
Net income		5,647	1,609	5,963	22,354	5,288	8,000
	YoY (%)	151.9	49.6	105.6	1,388.8	88.7	35.8
	YoY difference	1,929	(1,636)	316	20,744	(675)	(14,354)
Gross profit margin (%)		28.19	28.18	28.56	28.57	28.20	28.72
	YoY difference (%)	(0.23)	(0.05)	0.38	0.39	(0.36)	0.15
Gross operating profit margin (%)		30.56	30.19	30.87	30.61	30.37	30.44
	YoY difference (%)	(0.06)	(0.01)	0.31	0.42	(0.50)	(0.17)
Operating profit margin (%)		2.4	2.7	3.1	2.9	2.6	3.0
	YoY difference (%)	1.1	0.3	0.7	0.2	(0.5)	0.1
Recurring profit margin (%)		3.2	2.9	3.9	3.3	3.5	3.2
	YoY difference (%)	0.9	0.4	0.8	0.4	(0.5)	(0.2)
Return on sales (%)		1.9	0.2	2.0	3.5	1.7	1.3
	YoY difference (%)	0.7	(0.2)	0.1	3.3	(0.3)	(2.3)

(2) Financial Position

(Millions of yen)

		Fiscal 2017		Fiscal 2018		Fiscal 2019	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Total assets		648,765	655,700	636,630	644,356	652,959	656,000
	YoY (%)	98.0	98.1	98.1	98.3	102.6	101.8
	YoY difference	(13,333)	(12,641)	(12,134)	(11,343)	16,328	11,643
Total net assets		227,023	214,217	221,164	229,310	233,294	237,000
	YoY (%)	105.0	97.8	97.4	107.0	105.5	103.4
	YoY difference	10,898	(4,862)	(5,859)	15,093	12,130	7,689
Return on assets (ROA) (%)		-	2.7	-	2.8	-	2.9
	YoY difference (%)	-	0.3	-	0.2	-	0.1
Return on equity (ROE) (%)		-	0.7	-	10.1	-	3.4
	YoY difference (%)	-	(0.7)	-	9.3	-	(6.6)
Shareholder's equity ratio (%)		35.0	32.7	34.7	35.6	35.7	36.1
	YoY difference (%)	2.4	(0.1)	(0.3)	2.9	1.0	0.5

(3) Selling, General and Administrative Expenses

(Millions of yen)

		Fiscal 2017		Fiscal 2018		Fiscal 2019	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Selling, general and administrative expenses		84,469	178,196	83,053	175,805	85,792	174,000
	YoY (%)	94.8	97.2	98.3	98.7	103.3	99.0
	YoY difference	(4,588)	(5,216)	(1,416)	(2,391)	2,738	(1,805)
Advertising expenses		3,942	8,323	3,751	8,467	4,157	8,500
	YoY (%)	82.4	83.8	95.1	101.7	110.8	100.4
	YoY difference	(843)	(1,603)	(191)	143	406	32
Point related expenses		5,181	10,670	4,839	10,134	4,927	9,900
	YoY (%)	97.7	95.1	93.4	95.0	101.8	97.7
	YoY difference	(120)	(549)	(341)	(536)	87	(234)
Personnel expenses		27,217	59,576	26,598	56,582	26,716	54,300
	YoY (%)	101.7	105.7	97.7	95.0	100.4	96.0
	YoY difference	443	3,187	(619)	(2,994)	118	(2,282)
Depreciation and amortization		5,066	10,136	5,123	10,487	5,501	10,700
	YoY (%)	95.8	96.4	101.1	103.5	107.4	102.0
	YoY difference	(224)	(383)	56	350	378	212
Lease payments		5,980	11,982	5,506	11,024	5,133	9,800
	YoY (%)	93.3	93.3	92.1	92.0	93.2	88.9
	YoY difference	(429)	(856)	(474)	(958)	(372)	(1,224)
Business consignment expenses		9,748	20,293	10,321	21,713	11,120	21,600
	YoY (%)	97.0	98.2	105.9	107.0	107.7	99.5
	YoY difference	(301)	(371)	572	1,419	798	(113)
Others		27,332	57,212	26,914	57,397	28,234	59,200
	YoY (%)	89.8	92.5	98.5	100.3	104.9	103.1
	YoY difference	(3,112)	(4,639)	(418)	184	1,320	1,802
SGA ratio (%)		28.2	27.5	27.8	27.7	27.8	27.4
	YoY difference (%)	(1.1)	(0.3)	(0.4)	0.2	(0.0)	(0.3)

(4) Others

(Millions of yen)

		Fiscal 2017		Fiscal 2018		Fiscal 2019	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Capital investment		7,420	22,510	7,835	48,568	11,621	35,000
	YoY (%)	141.2	119.7	105.6	215.8	148.3	72.1
	YoY difference	2,164	3,696	414	26,057	3,786	(13,568)
Number of employees		5,291	5,010	5,040	4,837	4,776	4,480
	YoY (%)	98.6	96.3	95.3	96.5	94.8	92.6
	YoY difference	(76)	(193)	(251)	(173)	(264)	(357)

2. Net Sales

(1) Net Sales by Store

(Millions of yen)

		Fiscal 2017		Fiscal 2018		Fiscal 2019	
		2Q	Full Year	2Q	Full Year	2Q	Full Year (Forecast)
Isetan Shinjuku Main Store		126,110	274,149	135,959	288,879	139,827	293,217
	YoY (%)	102.7	102.1	107.8	105.4	102.8	101.5
	YoY difference	3,327	5,552	9,849	14,730	3,868	4,337
Mitsukoshi Nihombashi Main store		73,199	155,357	67,297	144,775	67,906	149,148
	YoY (%)	94.9	94.1	91.9	93.2	100.9	103.0
	YoY difference	(3,962)	(9,769)	(5,902)	(10,582)	609	4,372
Mitsukoshi Ginza store		40,876	87,862	44,160	91,189	45,084	93,992
	YoY (%)	108.6	108.4	108.0	103.8	102.1	103.1
	YoY difference	3,238	6,827	3,283	3,327	924	2,802
Isetan Tachikawa store		16,521	35,836	16,957	36,215	17,022	36,906
	YoY (%)	99.5	100.3	102.6	101.1	100.4	101.9
	YoY difference	(88)	101	436	379	64	690
Isetan Urawa store		18,795	40,388	18,895	40,516	19,114	40,733
	YoY (%)	100.0	100.1	100.5	100.3	101.2	100.5
	YoY difference	4	37	99	127	218	216
Isetan Sagamihara store		9,188	19,515	8,885	18,797	11,555	11,555
	YoY (%)	95.1	94.9	96.7	96.3	130.0	61.5
	YoY difference	(470)	(1,042)	(303)	(718)	2,669	(7,242)
Isetan Fuchu store		7,058	14,869	6,668	13,906	8,549	8,549
	YoY (%)	94.5	94.3	94.5	93.5	128.2	61.5
	YoY difference	(407)	(900)	(389)	(963)	1,881	(5,357)
Isetan Matsudo store		8,316	20,634	-	-	-	-
	YoY (%)	97.9	113.8	-	-	-	-
	YoY difference	(182)	2,500	-	-	-	-
Total		300,067	648,615	298,824	634,280	309,061	634,100
	YoY (%)	98.6	98.3	99.6	97.8	103.4	100.0
	YoY difference	(4,209)	(11,532)	(1,243)	(14,334)	10,236	(180)

(2) Net Sales by Month

(Millions of yen)

		April	May	June	July	August	September	First half total
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
Fiscal 2019	Store total	47,202	46,464	55,675	53,976	45,759	59,982	309,061
	YoY (%)	97.0	98.2	97.4	96.1	106.7	128.5	103.4

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

(Millions of yen)

2Q of Fiscal 2019	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	106,199	100.3	290	34.4	(1.1)	32.10	(0.81)
(Men's clothing)	33,174	104.7	1,485	10.7	0.1	33.65	(2.60)
(Women's clothing)	58,575	98.1	(1,153)	19.0	(1.0)	31.15	0.01
(Children's clothing)	7,790	102.6	195	2.5	(0.0)	30.94	(0.08)
(Formal wear and bedding)	6,659	96.6	(237)	2.2	(0.2)	34.04	(0.89)
Accessories	39,283	104.3	1,630	12.7	0.1	28.36	(0.34)
Sundry goods	76,168	112.1	8,194	24.6	1.9	28.66	(0.69)
(Cosmetics)	34,214	100.1	31	11.1	(0.4)	33.60	0.14
(Fine arts, jewelries, precious metals)	32,463	130.9	7,669	10.5	2.2	23.90	(0.54)
(Other sundry goods)	9,490	105.5	493	3.1	0.1	27.16	(0.15)
Household	11,225	97.5	(292)	3.6	(0.2)	29.72	0.68
Foods	60,817	102.1	1,267	19.7	(0.3)	22.99	0.07
Others	15,365	94.7	(852)	5.0	(0.5)	18.05	1.16
Total	309,061	103.4	10,236	100.0	-	28.20	(0.36)

(4) Net Sales by Category

(Millions of yen)

		Fiscal 2017		Fiscal 2018		Fiscal 2019
		2Q	Full Year	2Q	Full Year	2Q
Cash sale		131,060	288,189	134,131	284,741	138,848
	Composition (%)	43.7	44.4	44.9	44.9	44.9
	YoY (%)	102.4	101.9	102.3	98.8	103.5
Credit sale		169,007	360,425	164,692	349,539	170,212
	Composition (%)	56.3	55.6	55.1	55.1	55.1
	YoY (%)	95.9	95.5	97.4	97.0	103.4
of which, sales of MICARD		149,715	317,662	143,562	302,237	147,471
	Composition (%)	49.9	49.0	48.0	47.7	47.7
	YoY (%)	96.2	95.9	95.9	95.1	102.7
Total		300,067	648,615	298,824	634,280	309,061
	Composition (%)	100.0	100.0	100.0	100.0	100.0
	YoY (%)	98.6	98.3	99.6	97.8	103.4

(5) Duty Free Sales

(Millions of yen)

2Q of Fiscal 2019	Duty Free Sales			Share of Sales	
	Results	YoY (%)	YoY difference	Sales share (%)*	YoY difference (%)
Isetan Shinjuku Main Store	13,327	90.6	(1,387)	9.5	(1.3)
Mitsukoshi Nihombashi Main Store	1,580	113.1	183	2.3	0.3
Mitsukoshi Ginza Store	13,940	101.5	211	30.9	(0.2)
Others	346	72.7	(130)	0.6	(0.3)
Isetan Mitsukoshi total	29,195	96.3	(1,122)	9.4	(0.7)

* 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 2019	Duty Free Sales			Share of Sales	
	Results	YoY (%)	YoY difference	Sales share (%)	YoY difference (%)
Sapporo Marui Mitsukoshi Ltd.	1,746	99.1	(16)	5.7	(0.2)
Nagoya Mitsukoshi Ltd.	1,531	100.8	11	4.7	(0.1)
Iwataya Mitsukoshi Ltd.	2,688	92.6	(214)	5.0	(0.4)
Others	505	86.0	(82)	0.7	(0.1)
Total domestic regional department stores	6,471	95.5	(301)	3.4	(0.2)

(Millions of yen)

2Q of Fiscal 2019	Duty Free Sales			Share of Sales	
	Results	YoY (%)	YoY difference	Sales share (%)	YoY difference (%)
Total domestic department stores	35,667	96.2	(1,424)	7.2	(0.5)