ISETAN MITSUKOSHI HOLDINGS

Explanatory Materials for Settlement of Consolidated Accounts for the Fiscal Year Ended March 31, 2019

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May 8, 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 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019 (Forecast)
Net sales*		1,287,253	1,253,457	1,256,386	1,196,803	1,190,000
	YoY (%)	101.2	97.4	100.2	95.3	99.4
	YoY difference	15,123	(33,796)	2,929	(59,583)	(6,803)
Gross profit		361,768	365,609	367,282	348,282	348,000
	YoY (%)	101.8	101.1	100.5	94.8	99.9
	YoY difference	6,311	3,840	1,673	(19,000)	(282)
Operating income		33,107	23,935	24,413	29,229	30,000
	YoY (%)	100.1	72.3	102.0	119.7	102.6
	YoY difference	23	(9,172)	477	4,816	770
Recurring income		36,704	27,418	27,325	31,995	30,000
	YoY (%)	106.2	74.7	99.7	117.1	93.8
	YoY difference	2,141	(9,286)	(93)	4,670	(1,995)
Net income attributable to parent company shareholders		26,506	14,976	(960)	13,480	14,000
	YoY (%)	88.7	56.5	-	-	103.9
	YoY difference	(3,380)	(11,529)	(15,936)	14,441	519
Net income per share (yen)		67.41	38.27	(2.47)	34.58	35.90
	YoY difference (yen)	(8.33)	(29.15)	(40.73)	37.04	1.32
Gross profit margin (%)		28.10	29.17	29.23	29.10	29.24
	YoY difference (%)	0.16	1.06	0.07	-0.13	0.14
Operating profit margin (%)		2.6	1.9	1.9	2.4	2.5
	YoY difference (%)	(0.0)	(0.7)	0.0	0.5	0.1
Recurring profit margin (%)		2.9	2.2	2.2	2.7	2.5
	YoY difference (%)	0.1	(0.7)	(0.0)	0.5	(0.2)
Return on sales (%)		2.1	1.2	(0.1)	1.1	1.2
	YoY difference (%)	(0.3)	(0.9)	(1.3)	1.2	0.1

* 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 2017 are those after retrospective application.

(2) Consolidated Financial Positions

(Millions of yen)

		Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019 (Forecast)
Total assets *1		1,293,043	1,312,074	1,275,535	1,247,427	1,262,000
	YoY (%)	100.1	101.5	97.2	97.8	101.2
	YoY difference	1,483	19,031	(36,539)	(28,108)	14,572
Net assets		574,316	579,782	588,091	585,715	595,000
	YoY (%)	99.4	101.0	101.4	99.6	101.6
	YoY difference	(3,338)	5,466	8,308	(2,376)	9,284
Interest-bearing debt		175,871	186,751	139,972	136,746	147,000
	YoY (%)	109.5	106.2	75.0	97.7	107.5
	YoY difference	15,270	10,879	(46,778)	(3,226)	10,253
Net financial revenue		446	425	1,294	647	650
	YoY (%)	96	95	304	50	100
	YoY difference	(16)	(20)	868	(647)	2
Return on assets (ROA) (%)		2.6	1.8	1.9	2.3	2.4
	YoY difference (%)	(0.0)	(0.7)	0.0	0.4	0.1
Return on equity (ROE) (%)		4.7	2.6	(0.2)	2.3	2.4
	YoY difference (%)	(0.8)	(2.1)	(2.8)	2.5	0.1
Rate of return on invested capital (ROIC) (%)*2		3.0	2.2	2.3	2.8	2.9
	YoY difference (%)	0.0	(0.8)	0.1	0.5	0.0
Shareholder's equity ratio (%)		43.6	43.4	45.2	46.1	46.3
	YoY difference (%)	0.2	(0.2)	1.8	0.9	0.2
Interest-bearing debt dependency (%)		13.6	14.2	11.0	11.0	11.6
	YoY difference (%)	1.2	0.6	(3.3)	(0.0)	0.7
Consolidated debt equity ratio (DER) (times)		0.31	0.33	0.24	0.24	0.25
	YoY difference (times)	0.03	0.02	(0.09)	(0.01)	0.01

*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 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 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019 (Forecast)
Cash flows from operating activities		43,099	35,373	72,972	28,286	40,000
	YoY difference	(6,348)	(7,726)	37,598	(44,685)	11,713
Cash flows from investing activities		(24,481)	(40,913)	(26,981)	(22,450)	(46,000)
	YoY difference	9,893	(16,432)	13,932	4,530	(23,549)
Cash flows from financing activities		(3,711)	2,413	(52,753)	(9,063)	6,000
	YoY difference	13,661	6,124	(55,166)	43,689	15,063
Cash and cash equivalents at end of period		64,238	60,024	53,969	50,147	50,100
	YoY difference	13,938	(4,214)	(6,054)	(3,822)	(47)

(4) Others

(Millions of yen)

		Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019 (Forecast)
Capital investment		40,043	34,200	38,446	56,526	47,000
	YoY (%)	136.8	85.4	112.4	147.0	83.1
	YoY difference	10,763	(5,842)	4,245	18,079	(9,526)
Number of employees		12,285	12,382	14,269	13,211	12,840
	YoY (%)	100.0	100.8	115.2	92.6	97.2
	YoY difference	(1)	97	1,887	(1,058)	(371)
Number of consolidated subsidiaries		38	43	43	41	38
(as of March 31)	YoY difference	1	5	0	(2)	(3)
Number of equity-method affiliates		8	7	7	9	9
(as of March 31)	YoY difference	0	(1)	0	2	0
Cash dividends per share (yen)		12.00	12.00	12.00	12.00	12.00
	YoY difference(yen)	1.00	0.00	0.00	0.00	0.00

2. Consolidated Selling, General and Administrative Expenses

(Millions of yen)

		Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019 (Forecast)
Selling, general and administrative expenses		328,660	341,673	342,869	319,052	318,000
	YoY (%)	102.0	104.0	100.3	93.1	99.7
	YoY difference	6,287	13,013	1,195	(23,816)	(1,052)
Advertising expenses*		22,440	21,659	20,365	19,114	18,000
	YoY (%)	100.0	96.5	94.0	93.9	94.2
	YoY difference	0	(781)	(1,294)	(1,250)	(1,114)
Point related expenses		4,325	23,038	22,985	21,464	21,500
	YoY (%)	109.7	532.6	99.8	93.4	100.2
	YoY difference	381	18,713	(52)	(1,521)	35
Personnel expenses		121,611	118,038	119,465	109,299	105,000
	YoY (%)	102.1	97.1	101.2	91.5	96.1
	YoY difference	2,548	(3,573)	1,426	(10,165)	(4,299)
Depreciation and amortization		23,020	23,562	25,272	25,734	25,000
	YoY (%)	100.9	102.4	107.3	101.8	97.1
	YoY difference	202	542	1,709	462	(734)
Lease payments		42,044	41,087	40,820	36,198	35,000
	YoY (%)	100.0	97.7	99.4	88.7	96.7
	YoY difference	19	(957)	(266)	(4,622)	(1,198)
Business consignment expenses		35,037	35,748	34,866	33,961	35,500
	YoY (%)	102.3	102.0	97.5	97.4	104.5
	YoY difference	796	711	(882)	(904)	1,538
Others		80,181	78,539	79,093	73,279	78,000
	YoY (%)	103.0	98.0	100.7	92.6	106.4
	YoY difference	2,339	(1,642)	554	(5,814)	4,720
SGA ratio (%)		25.5	27.3	27.3	26.7	26.7
	YoY difference (%	0.2	1.7	0.0	(0.6)	0.1

3. Consolidated Non-operating Income/Loss

(Millions of yen)

		Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019 (Forecast)
Non-operating income		16,918	15,615	14,851	13,846	12,300
	YoY difference	2,872	(1,302)	(763)	(1,004)	(1,546)
Interest and dividend income		1,535	1,412	2,134	1,417	1,400
	YoY difference	(170)	(123)	722	(717)	(17)
Equity in earnings of affiliates		5,521	4,263	3,548	3,058	1,500
	YoY difference	3,287	(1,257)	(715)	(489)	(1,558)
Income from unredeemed gift vouchers		5,381	5,397	5,550	5,747	5,500
	YoY difference	3	15	153	196	(247)
Gain on donated fixed assets		2,891	2,551	2,182	2,645	2,900
	YoY difference	922	(340)	(368)	463	254
Other non-operating income		1,587	1,990	1,435	977	1,000
	YoY difference	(1,169)	403	(555)	(457)	22
Non-operating expenses		13,320	12,131	11,939	11,080	12,300
	YoY difference	754	(1,189)	(192)	(859)	1,219
Interest expenses		1,089	986	839	770	750
	YoY difference	(153)	(103)	(146)	(69)	(20)
Loss on retirement of property and equipment		1,980	1,503	1,615	1,342	2,700
	YoY difference	920	(477)	111	(273)	1,357
Provision of reserve for loss from redemption of gift vouchers		5,558	5,346	5,500	5,744	5,600
	YoY difference	(865)	(211)	153	244	(144)
Other non-operating expenses		4,692	4,294	3,984	3,223	3,250
	YoY difference	853	(397)	(310)	(760)	26

4. Consolidated Extraordinary Gain/Loss

(Millions of yen)

	Fiscal 2018	Details
Extraordinary gain	30,015	
Gain on sales of property and equipment	29,961	Rental property owned by Isetan Mitsukoshi Ltd., etc.
Other extraordinary gain	54	
Extraordinary loss	46,766	
Loss on disposal of property and equipment	2,580	Redevelopment of Nihombashi Mitsukoshi Main Store and Shinjuku Isetan Main Store, etc.
Impairment losses	32,447	Land of Isetan West 1 and goodwill of SocieWorld Co., Ltd., etc.
Loss on closing of stores	4,166	Niigata Mitsukoshi, etc.
Loss on valuation of investment securities	251	
Business structure improvement expenses	5,828	Additional retirement benefit due to the NEXT CAREER Program at Isetan Mitsukoshi Ltd., etc.
Other extraordinary loss	1,491	

5. Consolidated Capital Investment

(Millions of yen)

		Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019 (Forecast)
Isetan Mitsukoshi Ltd.		20,818	18,813	22,510	48,568	36,500
	YoY (%)	129.4	90.4	119.7	215.8	75.2
	YoY difference	4,733	(2,004)	3,696	26,057	(12,068)
MICARD CO. Ltd.		5,710	3,112	1,837	1,259	1,765
	YoY (%)	157.0	54.5	59.0	68.5	140.2
	YoY difference	2,074	(2,597)	(1,275)	(577)	505
Isetan Mitsukoshi System Solutions Ltd.		7,568	6,386	4,156	4,339	4,500
	YoY (%)	139.8	84.4	65.1	104.4	103.7
	YoY difference	2,154	(1,182)	(2,229)	182	160
Others		7,398	6,278	10,256	2,760	4,635
	YoY (%)	163.4	84.9	163.4	26.9	167.9
	YoY difference	2,871	(1,120)	3,978	(7,496)	1,874
Elimination of intra-company transactions		(1,453)	(390)	(315)	(401)	(400)
	YoY (%)	-	-	-	-	-
	YoY difference	(1,069)	1,062	75	(85)	1
Total		40,043	34,200	38,446	56,526	47,000
	YoY (%)	136.8	85.4	112.4	147.0	83.1
	YoY difference	10,763	(5,842)	4,245	18,079	(9,526)

Note: Figures include investments made for intangible fixed assets.

6. Net Sales by Segment and Operating Income/Loss

(Millions of yen)

		Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019 (Forecast)
Department store business						
Sales		1,187,389	1,151,020	1,132,007	1,111,202	1,110,000
	YoY (%)	101.2	96.9	98.3	98.2	99.9
	YoY difference	14,502	(36,368)	(19,012)	(20,805)	(1,202)
Segment income (loss)		21,569	11,093	14,484	15,313	16,000
	YoY (%)	100.4	51.4	130.6	105.7	104.5
	YoY difference	80	(10,476)	3,390	829	686
Credit & finance business/ Customer organization management business						
Sales		36,225	37,780	38,906	39,116	39,500
	YoY (%)	105.0	104.3	103.0	100.5	101.0
	YoY difference	1,733	1,554	1,126	209	383
Segment income (loss)		5,617	5,380	5,364	6,422	6,000
	YoY (%)	100.7	95.8	99.7	119.7	93.4
	YoY difference	38	(236)	(16)	1,058	(422)
Real estate business						
Sales		46,234	41,671	45,071	48,303	32,000
	YoY (%)	107.8	90.1	108.2	107.2	66.2
	YoY difference	3,364	(4,562)	3,399	3,231	(16,303)
Segment income (loss)		6,323	6,444	6,614	7,786	5,800
	YoY (%)	99.1	101.9	102.6	117.7	74.5
	YoY difference	(59)	120	170	1,171	(1,986)
Other businesses						
Sales		130,665	133,439	145,441	88,970	88,000
	YoY (%)	99.5	102.1	109.0	61.2	98.9
	YoY difference	(612)	2,773	12,001	(56,470)	(970)
Segment income (loss)		(700)	765	(2,252)	(302)	1,700
	YoY (%)	-	-	-	-	-
	YoY difference	(478)	1,466	(3,018)	1,950	2,002
Amount listed on consolidated financial statements*						
Sales		1,287,253	1,253,457	1,256,386	1,196,803	1,190,000
	YoY (%)	101.2	97.4	100.2	95.3	99.4
	YoY difference	15,123	(33,796)	2,929	(59,583)	(6,803)
Operating income (loss)		33,107	23,935	24,413	29,229	30,000
	YoY (%)	100.1	72.3	102.0	119.7	102.6
	YoY difference	23	(9,172)	477	4,816	770

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

7. Consolidated Companies
(1) Results for 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.	-		14,542	5,195	4,559	(8,697)
		YoY difference	(1,029)	(3,150)	(2,494)	(11,237)
Isetan Mitsukoshi Ltd.	100.0		634,280	18,323	20,989	22,354
		YoY difference	(14,334)	727	2,178	20,744
Sapporo Marui Mitsukoshi Ltd.	100.0		65,360	55	(47)	(49)
		YoY difference	(127)	(36)	(136)	(156)
Hakodate Marui Imai Ltd.	100.0		7,289	57	59	39
		YoY difference	(306)	34	32	5
Sendai Mitsukoshi Ltd.	100.0		32,390	121	141	87
		YoY difference	(624)	(102)	(104)	(67)
Nagoya Mitsukoshi Ltd.	100.0		67,340	410	449	33
		YoY difference	1,257	308	301	34
Shizuoka Isetan Co., Ltd.	100.0		19,040	140	140	73
		YoY difference	(695)	1	0	19
Niigata Isetan Mitsukoshi Ltd.	100.0		44,030	538	545	360
		YoY difference	(334)	51	43	37
Hiroshima Mitsukoshi Ltd.	100.0		14,002	(439)	(448)	(449)
		YoY difference	(843)	(63)	(94)	(94)
Takamatsu Mitsukoshi Ltd.	100.0		22,740	30	39	(130)
		YoY difference	(200)	(36)	(35)	(165)
Matsuyama Mitsukoshi Ltd.	100.0		13,096	(531)	(550)	(556)
		YoY difference	(510)	(62)	(66)	(66)
Iwataya Mitsukoshi Ltd.	100.0		117,230	1,349	1,317	559
		YoY difference	(636)	592	587	(132)
Isetan (Singapore) Ltd.	52.7		9,301	(375)	(195)	(1,158)
		YoY difference	(992)	(120)	(923)	(1,887)
Isetan of Japan Sdn. Bhd.	100.0		10,542	88	(640)	(641)
		YoY difference	(735)	(67)	(828)	(613)
ICJ Department Store (Malaysia) Sdn.Bhd.	100.0		1,503	(290)	(350)	(350)
		YoY difference	(114)	227	212	212
Isetan (Thailand) Co., Ltd.	49.0		4,782	92	108	86
		YoY difference	22	55	54	43
Isetan (China) Holdings Ltd.	100.0		23	33	10	10
		YoY difference	(6)	25	(7)	(7)
Shanghai Mei Long Zhen Isetan	80.0		8,782	(70)	(41)	(212)
		YoY difference	(1,401)	(103)	(114)	(286)
Tianjin Isetan Co., Ltd.	100.0		9,824	416	461	347
		YoY difference	(300)	23	17	17
Tianjin Binhai New District Isetan Co., Ltd.	100.0		1,638	70	44	44
		YoY difference	(404)	5	16	16
Chengdu Isetan Co., Ltd.	100.0		7,709	147	117	88
		YoY difference	453	50	20	(9)
Mitsukoshi Italia S.p.A.	100.0		1,729	38	25	18
		YoY difference	(172)	0	(3)	6
Mitsukoshi (USA) Inc.	100.0		5,822	745	782	579
		YoY difference	243	111	143	231

(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		35,197	6,692	6,536	4,511
		YoY difference	457	1,083	1,085	1,028
MI TOMONOKAI Co., Ltd.	100.0		4,732	(269)	223	147
		YoY difference	(237)	(24)	(115)	(58)
Isetan Mitsukoshi Real Estate Co., Ltd.	95.0		6,029	1,218	1,179	769
		YoY difference	933	438	338	194
Isetan Mitsukoshi Property Design Ltd.	100.0		33,159	624	621	(327)
		YoY difference	2,072	372	433	(227)
Isetan Mitsukoshi Food Service Ltd.	–		–	(25)	174	(892)
		YoY difference	(49,737)	29	227	1,882
Mammina Co., Ltd.	–		–	(23)	(65)	2,395
		YoY difference	(3,209)	1,209	1,180	4,165
Isetan Mitsukoshi Direct Shopping Ltd.	100.0		43	27	30	(190)
		YoY difference	(31)	(33)	(33)	(248)
Isetan Mitsukoshi System Solutions Ltd.	100.0		15,598	81	(48)	(95)
		YoY difference	(442)	451	356	478
Isetan Mitsukoshi Human Solutions Ltd.	100.0		8,489	339	330	191
		YoY difference	(469)	31	34	8
Isetan Mitsukoshi Business Support Ltd.	100.0		26,226	208	212	(12)
		YoY difference	426	89	88	(95)
Isetan Mitsukoshi Gift Solutions Ltd.	100.0		6,762	159	240	195
		YoY difference	(479)	(25)	(56)	(54)
Isetan Mitsukoshi Travel Co., Ltd.	100.0		4,527	(48)	(49)	(50)
		YoY difference	(394)	148	146	146
Nikko Travel Co., Ltd.	100.0		3,957	135	115	12
		YoY difference	214	127	(35)	(141)
Lime Tree Cruises B.V.	-		417	19	1	1
		YoY difference	(38)	(18)	(16)	(12)
Leotex Co., Ltd.	100.0		1,654	(183)	(191)	(192)
		YoY difference	(78)	(125)	(127)	(109)
Century Trading Co., Ltd.	80.0		3,238	(35)	(27)	(27)
		YoY difference	(181)	(78)	(77)	(77)
Isetan Mitsukoshi Italia S.r.l	100.0		379	(39)	(18)	(19)
		YoY difference	(250)	(29)	(29)	(24)
Studio Alta Co., Ltd.	100.0		1,068	74	67	66
		YoY difference	27	791	799	1,908
SWP Holdings Inc.	100.0		–	0	(29)	(7,186)
		YoY difference	–	2	3	(7,152)
SocieWorld Co., Ltd.	100.0		14,203	(756)	(534)	(2,184)
		YoY difference	(1,064)	(796)	(706)	(2,046)
TAIWAN SOCIE WORLD CO., LTD.	100.0		3,059	388	383	307
		YoY difference	230	40	(5)	(19)

* Isetan Mitsukoshi Food Service Ltd. was merged by Isetan Mitsukoshi Ltd. in December 2018. In addition, Mammina Co., Ltd. completed liquidation in December 2018.

(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	261
	YoY difference	1,359	(48)	(52)	227
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	902
	YoY difference	(3,230)	50	54	342
Isetan (Singapore) Ltd.*		–	–	–	–
	YoY difference	–	–	–	–
Isetan of Japan Sdn. Bhd.		11,047	31	12	9
	YoY difference	504	(57)	652	650
ICJ Department Store (Malaysia) Sdn.Bhd.		1,256	(19)	(158)	(158)
	YoY difference	(247)	271	192	192
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)

*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.		35,872	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	100	7	5
	YoY difference	1	18	55	100
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.*		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	47	285	130
	YoY difference	44	803	819	2,314
TAIWAN SOCIE WORLD CO., LTD.		3,312	430	441	353
	YoY difference	252	41	57	45

* Year-on-year difference of Mitsukoshi Isetan Nikko Travel, Ltd. is the comparison to the combined 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 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019 (Forecast)
Net sales		679,085	660,147	648,615	634,280	634,100
	YoY (%)	103.5	97.2	98.3	97.8	100.0
	YoY difference	22,722	(18,938)	(11,532)	(14,334)	(180)
Gross profit		185,844	186,406	182,797	181,209	182,100
	YoY (%)	103.6	100.3	98.1	99.1	100.5
	YoY difference	6,526	562	(3,608)	(1,588)	890
Gross operating profit		198,028	199,350	195,792	194,129	193,000
	YoY (%)	103.2	100.7	98.2	99.2	99.4
	YoY difference	6,217	1,322	(3,557)	(1,663)	(1,129)
Operating income		24,355	15,937	17,595	18,323	19,000
	YoY (%)	101.2	65.4	110.4	104.1	103.7
	YoY difference	299	(8,417)	1,658	727	676
Recurring income		25,687	16,796	18,810	20,989	20,000
	YoY (%)	98.4	65.4	112.0	111.6	95.3
	YoY difference	(415)	(8,891)	2,014	2,178	(989)
Net income		17,059	3,245	1,609	22,354	8,000
	YoY (%)	59.3	19.0	49.6	1,388.8	35.8
	YoY difference	(11,688)	(13,814)	(1,636)	20,744	(14,354)
Gross profit margin (%)		27.37	28.24	28.18	28.57	28.72
	YoY difference (%)	0.05	0.87	(0.05)	0.39	0.15
Gross operating profit margin (%)		29.16	30.20	30.19	30.61	30.44
	YoY difference(%)	(0.06)	1.04	(0.01)	0.42	(0.17)
Operating profit margin (%)		3.6	2.4	2.7	2.9	3.0
	YoY difference(%)	(0.1)	(1.2)	0.3	0.2	0.1
Recurring profit margin (%)		3.8	2.5	2.9	3.3	3.2
	YoY difference(%)	(0.2)	(1.2)	0.4	0.4	(0.2)
Return on sales (%)		2.5	0.5	0.2	3.5	1.3
	YoY difference(%)	(1.9)	(2.0)	(0.2)	3.3	(2.3)

(2) Financial Position

(Millions of yen)

		Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019 (Forecast)
Total assets		668,369	668,341	655,700	644,356	654,000
	YoY (%)	93.7	100.0	98.1	98.3	101.5
	YoY difference	(44,856)	(28)	(12,641)	(11,343)	9,643
Total net assets		238,118	219,079	214,217	229,310	237,000
	YoY (%)	104.2	92.0	97.8	107.0	103.4
	YoY difference	9,686	(19,038)	(4,862)	15,093	7,689
Return on assets (ROA) (%)		3.5	2.4	2.7	2.8	2.9
	YoY difference (%)	0.2	(1.1)	0.3	0.2	0.1
Return on equity (ROE) (%)		7.3	1.4	0.7	10.1	3.4
	YoY difference (%)	(6.0)	(5.9)	(0.7)	9.3	(6.6)
Shareholder's equity ratio (%)		35.6	32.8	32.7	35.6	36.2
	YoY difference (%)	3.6	(2.8)	(0.1)	2.9	0.7

(3) Selling, General and Administrative Expenses

(Millions of yen)

		Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019 (Forecast)
Selling, general and administrative expenses		173,672	183,413	178,196	175,805	174,000
	YoY (%)	103.5	105.6	97.2	98.7	99.0
	YoY difference	5,918	9,740	(5,216)	(2,391)	(1,805)
Advertising expenses*		10,982	9,927	8,323	8,467	8,000
	YoY (%)	102.9	90.4	83.8	101.7	94.5
	YoY difference	310	(1,054)	(1,603)	143	(467)
Point related expenses		-	11,219	10,670	10,134	9,900
	YoY (%)	-	-	95.1	95.0	97.7
	YoY difference	-	11,219	(549)	(536)	(234)
Personnel expenses		58,582	56,388	59,576	56,582	54,300
	YoY (%)	105.0	96.3	105.7	95.0	96.0
	YoY difference	2,764	(2,193)	3,187	(2,994)	(2,282)
Depreciation and amortization		10,977	10,520	10,136	10,487	10,700
	YoY (%)	102.2	95.8	96.4	103.5	102.0
	YoY difference	231	(456)	(383)	350	212
Lease payments		12,024	12,839	11,982	11,024	10,300
	YoY (%)	103.1	106.8	93.3	92.0	93.4
	YoY difference	364	814	(856)	(958)	(724)
Business consignment expenses		19,466	20,664	20,293	21,713	21,600
	YoY (%)	102.9	106.2	98.2	107.0	99.5
	YoY difference	542	1,198	(371)	1,419	(113)
Others		61,639	61,852	57,212	57,397	59,200
	YoY (%)	102.8	100.3	92.5	100.3	103.1
	YoY difference	1,706	212	(4,639)	184	1,802
SGA ratio (%)		25.6	27.8	27.5	27.7	27.4
	YoY difference (%)	0.0	2.2	(0.3)	0.2	(0.3)

(4) Others

(Millions of yen)

		Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019 (Forecast)
Capital investment		20,818	18,813	22,510	48,568	36,500
	YoY (%)	129.4	90.4	119.7	215.8	75.2
	YoY difference	4,733	(2,004)	3,696	26,057	(12,068)
Number of employees		5,290	5,203	5,010	4,837	4,490
	YoY (%)	96.5	98.4	96.3	96.5	92.8
	YoY difference	(190)	(87)	(193)	(173)	(347)

2. Net Sales

(1) Net Sales by Store

(Millions of yen)

		Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019 (Forecast)
Isetan Shinjuku Main Store		272,465	268,597	274,149	288,879	294,207
	YoY (%)	105.4	98.6	102.1	105.4	101.8
	YoY difference	13,968	(3,868)	5,552	14,730	5,327
Mitsukoshi Nihombashi Main store		168,316	165,127	155,357	144,775	149,148
	YoY (%)	101.7	98.1	94.1	93.2	103.0
	YoY difference	2,755	(3,188)	(9,769)	(10,582)	4,372
Mitsukoshi Ginza store		85,292	81,034	87,862	91,189	93,992
	YoY (%)	114.6	95.0	108.4	103.8	103.1
	YoY difference	10,864	(4,258)	6,827	3,327	2,802
Isetan Tachikawa store		37,380	35,734	35,836	36,215	36,906
	YoY (%)	97.0	95.6	100.3	101.1	101.9
	YoY difference	(1,158)	(1,645)	101	379	690
Isetan Urawa store		41,897	40,351	40,388	40,516	40,733
	YoY (%)	99.0	96.3	100.1	100.3	100.5
	YoY difference	(427)	(1,546)	37	127	216
Isetan Sagamihara store		22,949	20,558	19,515	18,797	11,284
	YoY (%)	95.5	89.6	94.9	96.3	60.0
	YoY difference	(1,089)	(2,390)	(1,042)	(718)	(7,513)
Isetan Fuchu store		18,901	15,770	14,869	13,906	7,830
	YoY (%)	96.5	83.4	94.3	93.5	56.3
	YoY difference	(690)	(3,131)	(900)	(963)	(6,076)
Isetan Matsudo store		19,225	18,134	20,634	-	-
	YoY (%)	97.1	94.3	113.8	-	-
	YoY difference	(571)	(1,090)	2,500	(20,634)	-
Mitsukoshi Chiba store		12,655	14,837	-	-	-
	YoY (%)	93.2	117.2	-	-	-
	YoY difference	(928)	2,182	(14,837)	-	-
Total		679,085	660,147	648,615	634,280	634,100
	YoY (%)	103.5	97.2	98.3	97.8	100.0
	YoY difference	22,722	(18,938)	(11,532)	(14,334)	(180)

* The business operation of Isetan Sagamihara store and Isetan Fuchu store is scheduled to be terminated in September 2019.

(2) Net Sales by Month

(Millions of yen)

		April	May	June	July	August	September	First half total
Fiscal 2015	Store total	52,917	54,483	57,029	62,190	45,163	48,484	320,269
	YoY (%)	116.6	111.9	109.2	104.2	104.1	101.1	107.7
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

		October	November	December	January	February	March	Second half total	Full-year total
Fiscal 2015	Store total	53,933	61,828	76,234	58,102	47,789	60,928	358,816	679,085
	YoY (%)	104.2	99.5	100.7	98.2	101.6	96.3	99.9	103.5
Fiscal 2016	Store total	52,305	60,376	74,565	57,919	47,811	62,892	355,870	660,147
	YoY (%)	97.0	97.7	97.8	99.7	100.0	103.2	99.2	97.2
Fiscal 2017	Store total	50,778	61,407	73,620	56,418	47,124	59,198	348,547	648,615
	YoY (%)	97.1	101.7	98.7	97.4	98.6	94.1	97.9	98.3
Fiscal 2018	Store total	50,748	59,896	70,704	52,265	44,609	57,231	335,456	634,280
	YoY (%)	99.9	97.5	96.0	92.6	94.7	96.7	96.2	97.8

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

(Millions of yen)

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	226,695	97.5	(5,834)	35.8	(0.0)	32.84	0.72
(Men's clothing)	69,530	97.5	(1,806)	11.0	(0.0)	35.36	1.18
(Women's clothing)	125,623	98.5	(1,865)	19.8	0.2	31.52	0.54
(Children's clothing)	17,807	97.6	(442)	2.8	(0.0)	30.96	0.35
(Formal wear and bedding)	13,733	88.9	(1,720)	2.2	(0.2)	34.59	0.68
Accessories	79,280	99.7	(257)	12.5	0.2	28.87	0.14
Sundry goods	140,326	103.9	5,255	22.1	1.3	29.32	0.05
(Cosmetics)	69,869	103.7	2,489	11.0	0.6	33.55	0.45
(Fine arts, jewelries, precious metals)	51,052	106.0	2,867	8.0	0.6	24.23	(0.37)
(Other sundry goods)	19,404	99.5	(101)	3.1	0.1	27.49	(0.11)
Household	23,740	86.8	(3,618)	3.7	(0.5)	29.76	1.18
Foods	130,873	95.2	(6,625)	20.6	(0.6)	22.78	0.27
Others	33,364	91.1	(3,253)	5.3	(0.4)	17.57	(1.38)
Total	634,280	97.8	(14,334)	100.0	0.0	28.57	0.39

(4) Net Sales by Category

(Millions of yen)

		Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Cash sale		303,073	282,917	288,189	284,741
	Composition (%)	44.6	42.9	44.4	44.9
	YoY (%)	107.5	93.3	101.9	98.8
Credit sale		376,011	377,230	360,425	349,539
	Composition (%)	55.4	57.1	55.6	55.1
	YoY (%)	100.4	100.3	95.5	97.0
of which, sales of MICARD		333,833	331,217	317,662	302,237
	Composition (%)	49.2	50.2	49.0	47.7
	YoY (%)	100.2	99.2	95.9	95.1
Total		679,085	660,147	648,615	634,280
	Composition (%)	100.0	100.0	100.0	100.0
	YoY (%)	103.5	97.2	98.3	97.8

(5) Duty Free Sales

(Millions of yen)

Fiscal 2018	Duty Free Sales			Share of Sales	
	Results	YoY (%)	YoY difference	Sales share (%)*	YoY difference (%)
Isetan Shinjuku Main Store	29,659	103.1	887	10.3	(0.2)
Mitsukoshi Nihombashi Main Store	3,355	120.4	569	2.3	0.5
Mitsukoshi Ginza Store	27,170	113.8	3,289	29.8	2.6
Others	497	103.7	17	0.5	0.1
Isetan Mitsukoshi total	60,683	108.5	4,764	9.6	0.9

* 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)

Fiscal 2018	Duty Free Sales			Share of Sales	
	Results	YoY (%)	YoY difference	Sales share (%)	YoY difference (%)
Sapporo Marui Mitsukoshi Ltd.	4,537	112.8	515	6.9	0.8
Nagoya Mitsukoshi Ltd.	3,199	129.9	737	4.8	1.0
Iwataya Mitsukoshi Ltd.	5,969	141.1	1,739	5.1	1.5
Others	1,164	132.6	286	0.8	0.2
Total domestic regional department stores	14,870	128.3	3,278	3.7	0.8

(Millions of yen)

Fiscal 2018	Duty Free Sales			Share of Sales	
	Results	YoY (%)	YoY difference	Sales share (%)	YoY difference (%)
Total domestic department stores	75,554	111.9	8,043	7.3	0.9