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

[Japanese Standards] (Consolidated)

November 7, 2019

Isetan Mitsukoshi Holdings Ltd.

Securities code: 3099 (Listed on the First Section of Tokyo Stock Exchange and Fukuoka Stock Exchange)
(URL: https://www.imhds.co.jp)
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Scheduled date of filing of the quarterly securities report (*Shihanki Houkokusho*): November 11, 2019
Scheduled date of dividend payments: December 5, 2019
Preparation of quarterly results supplementary materials: Yes
Convening of quarterly results explanation meeting: Yes (for securities analysts)

(Figures are rounded down to the nearest million yen.)

1. Consolidated Business Results for the Second Quarter of Fiscal 2019 (From April 1, 2019 to September 30, 2019)

(1) Results of consolidated operations (Percentage figures indicate changes from the first quarter of the previous year.)

	Net Sales		Operating Income		Recurring Income		Net Income attributable to Parent Company Shareholders	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2Q of FY2019	577,288	2.4	13,886	28.3	15,057	22.6	7,595	93.3
2Q of FY2018	563,991	(4.3)	10,825	41.5	12,282	28.6	3,929	-

(Note) Comprehensive income: 2Q of FY2019: ¥3,707 million (-%), 2Q of FY2018: -¥92 million (-%)

	Net Income per Share (Basic)	Net Income per Share (Diluted)
	Yen	Yen
2Q of FY2019	19.47	19.38
2Q of FY2018	10.08	10.04

(2) Consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
2Q of FY2019	1,254,225	583,582	45.8
FY2018	1,247,427	585,715	46.1

(Reference) Shareholders' equity: 2Q of FY2019: ¥574,108 million, FY2018: ¥575,531 million
(Note) From the first quarter of the fiscal year ending March 31, 2020, overseas consolidated subsidiaries whose financial statements comply with the International Financial Reporting Standards (IFRS) have applied IFRS 16 "Leases." For the impact of the application, please refer to "2. Consolidated Financial Statements and Primary Notes (4) Notes regarding Consolidated Financial Statements (Changes in accounting policies)" on page 10.

2. Dividends

	Annual Dividends				
(Record date)	First Quarter	Second Quarter	Third Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2018	-	6.00	-	6.00	12.00
FY2019	-	6.00			
FY 2019 (Forecast)			-	6.00	12.00

(Note) Revision to recently announced dividend forecast: No

3. Forecast of Consolidated Results for Fiscal 2019 (From April 1, 2019 to March 31, 2020)

(Percentage figures indicate changes from the previous year.)

	Net sales		Operating Income		Recurring Income		Net Income attributable to Parent Company Shareholders		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	1,190,000	(0.6)	30,000	2.6	30,000	(6.2)	14,000	3.9	35.89

(Note) Revision to recently announced consolidated results forecast: No

* Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): No
Newly consolidated companies: ― Companies removed from consolidation: ―

(2) Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements: Yes
Note: For details, please refer to "2. Consolidated Financial Statements and Primary Notes (4) Notes regarding Consolidated Financial Statements (Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements)" on page 10.

(3) Changes in accounting policy, changes in accounting estimates or restatement due to correction
1) Changes in accounting policy in line with revision to accounting standards: Yes
2) Other changes: No
3) Changes in accounting estimates: No
4) Restatement due to correction: No

(4) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding at the end of the period (including treasury stock)	Second quarter of FY2019	395,894,554 shares	FY2018	395,694,754 shares
2) Number of shares of treasury stock at the end of the period	Second quarter of FY2019	5,701,424 shares	FY2018	5,698,790 shares
3) Average number of shares during the period	Second quarter of FY2019	390,081,686 shares	Second quarter of FY2018	389,830,906 shares

*** These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or auditing firms.**

*** Disclaimer regarding Forward-looking Statements**

This report contains forward-looking statements, which are based on the information currently available and certain assumptions the Company considers to be reasonable, and are not intended to be seen as targets that the Company assures it will achieve. Actual results, performance, achievements or financial position may be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. For assumptions on which forward-looking statements are based as well as for precautionary statements in the use of forward-looking statements, please refer to "1. Qualitative Information on the Quarterly Results (3) Explanation regarding Future Outlook Including the Forecast of Consolidated Results" on page 3.

Note:
This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

○Table of Contents of Accompanying Materials

1. Qualitative Information on the Quarterly Results

(1) Explanation regarding Business Results

During the second quarter of fiscal 2019 (April 1, 2019 to September 30, 2019), the Japanese economy experienced positive growth for a third consecutive quarter, with real GDP increasing on an annualized basis year on year. Although consumer confidence deteriorated due to bad weather and a decline in visitors from South Korea to Japan, favorable employment conditions and rush demand before the consumption tax hike on October 1 provided some support. The economic outlook is unclear, as the business environment is deeply uncertain due to a backlash after the consumption tax hike and tensions caused by the U.S.-China trade friction and the UK's withdrawal from the European Union. Under these uncertain circumstances, the Group aims to create a new value and ensure sustainable growth and development through its own “change” and “reform,” so as to connect customers with goods and events from around the world, as a platformer in a new era that leverages the power of IT, stores and human, in addition to goodwill, customers and other valid assets that it has built up to date.

As a result, consolidated net sales for the second quarter amounted to ¥577,288 million, an increase of 2.4% from the second quarter of the previous fiscal year; operating income amounted to ¥13,886 million, an increase of 28.3%; recurring income was ¥15,057 million, an increase of 22.6%; and net income attributable to parent company shareholders was ¥7,595 million, an increase of 93.3%.

Results by segment were as follows.

1) Department Store Business

In the department store business, high-priced items particularly performed well due to rush demand before the consumption tax hike and the remodeling effect of flagship stores. Under such circumstances, we have been pressing forward with initiatives to develop a new business model with the aim of generating stable profits constantly with the department store business as the Company’s core profit driver. In addition to making improvements to stores to achieve that objective, we are developing a seamless platform to offer customers the identical retail experiences either at our brick-and-mortar stores or online stores.

Our flagship stores, the Isetan Shinjuku Main Store and the Mitsukoshi Nihombashi Main Store, have been undergoing remodeling for store improvement. We began introducing categories and contents that match customer needs and installing flourishing shops and brands. In addition, we enhanced attendant services with the best use of power of human. We have also been creating seamless channels so that the same products as flagship stores can be purchased online, and we are rapidly digitizing product information. The online reservation service that enables customers to make customer service reservations before visiting stores has also gone through enhancement and been well received.

Regarding branch stores, regional department stores and overseas stores, we have been implementing structural reforms of stores with profitability issues in order to redistribute limited management resources to new growth sectors. The Isetan Sagamihara Store and the Isetan Fuchu Store ceased operations at the end of September 2019. With major structural reforms nearly completed, we will now change the models using a variety of methods including resizing and business format conversions, to respond to the needs of customers in individual regions, while adapting to the needs of customers in different regions and the circumstances of each store.

We are also focusing on the online businesses leveraging digital technologies. Sales of “meeco,” an online cosmetics specialty store launched in February 2019 have been increasing steadily. In autumn, we also started Hi TAILOR, a shirt tailoring service targeted at millennial male customers, and made it easier for customers to order by offering online digital fitting. With these initiatives, we are expanding product areas and diversifying sales methods. We are striving to improve convenience for customers and provide new value unique to our company by enhancing our services to allow customers to move freely across the border between online and brick-and-motor stores.

As a result, segment sales amounted to ¥536,250 million, an increase of 2.2% from the second quarter of the previous fiscal year, and operating income was ¥6,802 million, an increase of 27.9% from the second quarter of the previous fiscal year.

2) Credit & Finance Business/Customer Organization Management Business

In the credit & finance business/customer organization management business, we are aiming for further expansion as a core business, building on the Company’s excellent customer base.

While there is a decline in membership among department store customers due to the closing of stores, MICARD Co., Ltd. expanded services for Gold card and conducted an enrollment campaign, which resulted in the acquisition of high loyalty customers. In addition, there were increases in the fee income from card usage and the acquiring fees as a result of usage campaigns tied with some department stores, as well as rush demand before the consumption tax hike. We continue the issuance of a new “MICARD” which offers services different from department store’s card with an aim to increase new members. In response to the diversifying settlement methods, we will actively study new initiatives.

As a result, segment sales amounted to ¥19,894 million, an increase of 4.2% from the second quarter of the previous fiscal year, while operating income was ¥2,639 million, a decrease of 15.9% from the second quarter of the previous fiscal year.

3) Real Estate Business

In the real estate business, we are working to create new profitable business opportunities that utilize the excellent real estate held by the Group in Japan and overseas.

Isetan Mitsukoshi Property Design Ltd. transferred the building management business to Mitsukoshi Isetan Im Facilities Co., Ltd. in April 2019, and is focusing on the tenant management business and the construction and design business. In the tenant management business, "FOOD & TIME ISETAN YOKOHAMA" in JOINUS at Yokohama station has favorably performed. In view of this, we are currently considering developing a similar project. "mi:ts Kokubunji" at Kokubunji Station has been seeking to improve its earnings while replacing some tenants. The construction and design business steadily performed as the number of orders increased.

Isetan Mitsukoshi Real Estate Co., Ltd. secures stable profits through the rental apartments under its ownership and management.

As a result, segment sales amounted to ¥16,721 million, a decrease of 16.9% from the second quarter of the previous fiscal year, and operating income was ¥3,076 million, an increase of 2.2% from the second quarter of the previous fiscal year.

4) Other Businesses

In the other businesses, we are engaged in operations toward "being of use to our customers in their many different roles in life."

In the travel business, Mitsukoshi Isetan Nikko Travel, Ltd. drove overall revenue growth as a mainstay cruise ship tour in the overseas business performed well. We are striving to bolster profitability by raising operational efficiency, thereby reducing selling and administrative expenses.

In the beauty business, results of SOCIE WORLD CO., LTD. were weak both in the mainstay esthetic division and hair division, due to stagnant customer footfall. As cost reduction efforts are in place, and going forward, we will further implement a thorough cost control.

In the data processing service business, Isetan Mitsukoshi System Solutions Ltd. improved its earnings through cost reductions.

As a result, segment sales amounted to ¥41,438 million, a decrease of 4.5% from the second quarter of the previous fiscal year, and operating income was ¥1,148 million, compared to an operating loss of ¥769 million for the second quarter of the previous fiscal year.

(2) Explanation regarding Financial Position

Total assets at the end of the second quarter of the fiscal year amounted to ¥1,254,225 million, an increase of ¥6,798 million from the end of the previous fiscal year. This was due mainly to an increase in notes and accounts receivable – trade as sales in September were boosted by rush demand before the consumption tax hike, and an increase in other tangible fixed assets, net as overseas consolidated subsidiaries whose financial statements comply with the IFRS have applied IFRS 16 "Leases" from the first quarter of the fiscal year ending March 31, 2020.

Total liabilities amounted to ¥670,643 million, an increase of ¥8,931 million from the end of the previous fiscal year. This was mainly attributable to an increase in interest-bearing debt and increases in other current liabilities and other long-term liabilities as a result of applying the above-mentioned IFRS 16 "Leases."

Net assets amounted to ¥583,582 million, a decrease of ¥2,133 million from the end of the previous fiscal year. This was mainly attributable to an increase in retained earnings due to recording of net income attributable to parent company shareholders, offset by a decrease in foreign currency translation adjustments due to the yen's appreciation against certain currencies.

Cash Flows

Net cash provided by operating activities amounted to ¥6,499 million, an increase in inflows of ¥16,532 million from the first half of the previous fiscal year. This was mainly attributable to such factors as an increase in payables (compared to a decrease in the first half of the previous fiscal year).

Net cash used in investing activities amounted to ¥19,321 million, a decrease in outflows of ¥2,834 million from the first half of the previous fiscal year. This was mainly attributable to such factors as a decrease in payments for purchase of tangible fixed assets.

Net cash provided by financing activities amounted to ¥14,456 million, a decrease in inflows of ¥6,104 million from the first half of the previous fiscal year. This was mainly attributable to such factors as a decrease in proceeds from interest-bearing debt including commercial papers.

As a result, cash and cash equivalents at the end of the second quarter were ¥51,438 million, an increase of ¥1,290 million from the end of the previous fiscal year.

(3) Explanation regarding Future Outlook Including the Forecast of Consolidated Results

No changes have been made to the business results forecast for fiscal 2019 announced on May 8, 2019.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2018 (As of March 31, 2019)	2Q of Fiscal 2019 (As of September 30, 2019)
ASSETS		
Current assets		
Cash and bank deposits	47,345	48,955
Notes and accounts receivable-trade	137,239	144,230
Marketable securities	405	1,690
Merchandise and finished goods	45,599	43,719
Work in process	619	1,675
Raw materials and supplies	615	630
Other current assets	38,542	40,321
Less: Allowance for doubtful accounts	(2,116)	(3,437)
Total current assets	268,251	277,786
Property and equipment		
Tangible fixed assets		
Buildings and structures, net	173,332	173,550
Land	539,852	539,607
Other tangible fixed assets, net	26,569	35,181
Total tangible fixed assets	739,754	748,339
Intangible fixed assets		
Software	19,867	18,624
Goodwill	23	19
Other intangible fixed assets	23,334	23,253
Total intangible fixed assets	43,225	41,897
Investments and other assets		
Investment securities	122,849	114,907
Other assets	73,347	71,320
Less: Allowance for doubtful accounts	(162)	(173)
Total investments and other assets	196,034	186,054
Total property and equipment	979,014	976,291
Deferred assets		
Bond issue costs	161	148
Total deferred assets	161	148
Total assets	1,247,427	1,254,225

(Millions of yen)

	Fiscal 2018 (As of March 31, 2019)	2Q of Fiscal 2019 (As of September 30, 2019)
LIABILITIES		
Current liabilities		
Notes and accounts payable	106,486	107,657
Short-term borrowings	22,446	12,345
Commercial paper	4,000	30,000
Income taxes payable	4,848	4,557
Reserve for loss from redemption of gift vouchers	31,014	30,024
Allowance	22,437	17,630
Other current liabilities	181,472	169,877
Total current liabilities	372,704	372,093
Long-term liabilities		
Bonds payable	40,000	40,000
Long-term debt	70,300	74,099
Deferred tax liabilities	123,970	123,244
Net defined benefit liability	37,729	37,706
Allowance	210	240
Liabilities from application of equity method	1,402	1,535
Other long-term liabilities	15,394	21,722
Total long-term liabilities	289,007	298,549
Total liabilities	661,711	670,643
NET ASSETS		
Shareholders' equity		
Common stock	50,573	50,679
Capital surplus	322,770	322,874
Retained earnings	202,040	204,333
Less: Treasury stock	(9,300)	(9,302)
Total shareholders' equity	566,084	568,585
Accumulated other comprehensive income		
Net unrealized gains (losses) on other securities	6,448	5,502
Deferred gains (losses) on hedges	42	37
Foreign currency translation adjustments	4,964	1,860
Remeasurements of defined benefit plans	(2,008)	(1,878)
Total accumulated other comprehensive income	9,446	5,522
Stock acquisition rights	2,077	2,079
Non-controlling interests	8,106	7,394
Total net assets	585,715	583,582
Total liabilities and net assets	1,247,427	1,254,225

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Second Quarter Period

(Millions of yen)

	2Q of Fiscal 2018 (From April 1, 2018 to September 30, 2018)	2Q of Fiscal 2019 (From April 1, 2019 to September 30, 2019)
Net sales	563,991	577,288
Cost of sales	398,507	409,385
Gross profit	165,483	167,903
Selling, general and administrative expenses	154,658	154,016
Operating income	10,825	13,886
Non-operating income		
Interest income	373	370
Dividend income	420	461
Equity in earnings of affiliates	1,924	1,041
Gain on donated fixed assets	1,039	1,534
Other non-operating income	449	613
Total non-operating income	4,206	4,020
Non-operating expenses		
Interest expenses	418	450
Loss on retirement of property and equipment	543	647
Other non-operating expenses	1,787	1,751
Total non-operating expenses	2,749	2,850
Recurring income	12,282	15,057
Extraordinary gain		
Gain on transfer of business	—	649
Gain on sales of property and equipment	135	—
Other extraordinary gain	—	14
Total extraordinary gain	135	663
Extraordinary loss		
Loss on disposal of property and equipment	595	1,723
Impairment losses	93	400
Loss on closing of stores	3,208	949
Business structure improvement expenses	1,376	1,601
Total extraordinary loss	5,273	4,675
Income before income taxes	7,144	11,046
Income taxes	3,463	3,328
Net income	3,680	7,717
Net income (loss) attributable to non-controlling interests	(249)	121
Net income attributable to parent company shareholders	3,929	7,595

Consolidated Statements of Comprehensive Income (Loss)
Second Quarter Period

(Millions of yen)

	2Q of Fiscal 2018 (From April 1, 2018 to September 30, 2018)	2Q of Fiscal 2019 (From April 1, 2019 to September 30, 2019)
Net income	3,680	7,717
Other comprehensive income		
Net unrealized gains (losses) on other securities	1,076	(1,300)
Deferred gains (losses) on hedges	12	(5)
Foreign currency translation adjustments	(1,170)	(642)
Gain (loss) on revision of retirement benefit plans	(1,108)	129
Amount corresponding to equity interest in equity method affiliates	(2,583)	(2,191)
Total other comprehensive income	(3,772)	(4,010)
Comprehensive income	(92)	3,707
(Breakdown)		
Comprehensive income attributable to parent company shareholders	490	3,670
Comprehensive income attributable to non-controlling interests	(583)	36

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	2Q of Fiscal 2018 (From April 1, 2018 to September 30, 2018)	2Q of Fiscal 2019 (From April 1, 2019 to September 30, 2019)
Cash flows from operating activities		
Income before income taxes	7,144	11,046
Depreciation and amortization	13,417	14,874
Impairment losses	3,054	579
Amortization of goodwill	388	3
Increase (decrease) in allowance for bonuses	(5,321)	(4,673)
Increase (decrease) in allowance for doubtful accounts	(657)	120
Increase (decrease) in net defined benefit liabilities	424	50
Interest and dividend income	(793)	(831)
Interest expenses	418	450
Equity in loss (earnings) of affiliated companies	(1,924)	(1,041)
Loss (gain) on sales of property and equipment	(135)	—
Loss (gain) on transfer of business	—	(649)
Decrease (increase) in receivables	(2,455)	(9,015)
Decrease (increase) in inventories	(1,217)	725
Increase (decrease) in payables	(15,297)	2,257
Increase (decrease) in accrued expenses	(1,402)	(3,757)
Increase (decrease) in accrued liabilities	(3,860)	(2,768)
Other, net	(2,109)	(511)
Sub-total	(10,328)	6,860
Interest and dividend income received	3,658	3,102
Interest expense paid	(419)	(464)
Income taxes paid	(2,944)	(2,998)
Net cash provided by operating activities	(10,033)	6,499
Cash flows from investing activities		
Increase in fixed deposits	(20)	(20)
Decrease in fixed deposits	1,030	20
Payments for purchase of tangible fixed assets	(19,496)	(16,808)
Proceeds from sales of tangible fixed assets	135	0
Payments for purchase of intangible fixed assets	(3,041)	(2,992)
Proceeds from collection of lease and guarantee deposits	1,433	2,116
Payments for purchase of marketable securities and investment securities	(2,992)	(2,448)
Proceeds from sales and redemption of marketable securities and investment securities	295	1,180
Proceeds from transfer of business	—	898
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	1,315	—
Other, net	(815)	(1,267)
Net cash used in investing activities	(22,155)	(19,321)

(Millions of yen)

	2Q of Fiscal 2018 (From April 1, 2018 to September 30, 2018)	2Q of Fiscal 2019 (From April 1, 2019 to September 30, 2019)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(10,269)	(3,279)
Proceeds from borrowings of long-term debt	—	3,800
Repayment of long-term debt	—	(8,000)
Proceeds from issuance of bonds	9,943	—
Redemption of bonds	(10,000)	—
Increase (decrease) in commercial paper	34,000	26,000
Dividends paid	(2,332)	(2,332)
Repayment of lease obligations	(300)	(979)
Payments for purchases of shares of subsidiaries that do not result in change in scope of consolidation	(379)	(661)
Other, net	(100)	(91)
Net cash used in financing activities	20,560	14,456
Effect of exchange rate changes on cash and cash equivalents	(469)	(421)
Net increase (decrease) in cash and cash equivalents	(12,097)	1,212
Cash and cash equivalents at beginning of period	53,969	50,147
Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation	—	(0)
Increase in cash and cash equivalents from merger with non-consolidated subsidiaries	—	79
Cash and cash equivalents at end of period	41,872	51,438

(4) Notes regarding Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.

(Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements)
Calculation of tax expenses
The effective tax rate on income before income taxes for the current fiscal year after tax effect accounting is reasonably estimated, and such estimated tax rate is applied to income before income taxes for the quarterly period to calculate the estimated tax expenses.

(Changes in accounting policies)

(Adoption of the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements and other standards)
The "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements" (Practical Issues Task Force (PITF) No. 18, September 14, 2018) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (PITF No. 24, September 14, 2018) (hereinafter, collectively referred to as "PITF No. 18, etc.") have been applied from the beginning of the first quarter of the fiscal year ending March 31, 2020. As a result of this application, in case that overseas subsidiaries that adopt International Financial Reporting Standards (IFRS) 9 "Financial Instruments" have elected to present subsequent changes in fair value of equity instruments in other comprehensive income, the amounts of gain or loss on sale or impairment losses of such equity instruments will be adjusted as gain or loss for the period for consolidated accounting.

The application of PITF No. 18, etc. is in accordance with the transitional treatment, and thereby cumulative effects of changes in accounting policies were recorded as retained earnings as of the beginning of the first quarter of the fiscal year ending March 31, 2020.

As a result, the application of PITF No. 18, etc. has minimal impact on the balance of retained earnings as of the beginning of the period.

(Adoption of the International Financial Reporting Standard 16 "Leases" at overseas consolidated subsidiaries, etc.)
Overseas consolidated subsidiaries, etc. that adopt the International Financial Reporting Standards have applied IFRS 16 "Leases" (hereinafter, referred to as "IFRS 16") from the first quarter of the fiscal year ending March 31, 2020. Due to this application, a lessee of leases in principle is required to record all leases as assets and liabilities in the balance sheets. The application of IFRS 16 is in accordance with the transitional treatment, and thereby cumulative effects of changes in accounting policies were recorded as retained earnings as of the beginning of the first quarter of the fiscal year ending March 31, 2020.

As a result, at the end of the second quarter of the fiscal year ending March 31, 2020, "other tangible fixed assets, net" under tangible fixed assets increased by ¥8,335 million and "investment securities" decreased by ¥3,017 million, while "other current liabilities" under current liabilities and "other long-term liabilities" under long-term liabilities increased by ¥1,499 million and ¥6,966 million, respectively. The application of IFRS 16 has minimal impact on gain or loss for the second quarter of the current fiscal year. In addition, the balance of retained earnings as of the beginning of the period decreased by ¥2,488 million. In the quarterly consolidated statements of cash flows, net cash used in operating activities decreased by ¥854 million, and net cash used in financing activities increased by ¥854 million.

(Segment information)

[Segment information]

I. Second quarter of the previous consolidated accounting period (April 1, 2018 to September 30, 2018)

1. Information concerning segment sales, income and losses

(Millions of yen)

	Reporting segments				Other businesses (Note 1)	Total	Adjusted amounts (Note 2)	Amount listed on quarterly Consolidated Statement of Income (Note 3)
	Department store business	Credit & finance business/ Customer organization management business	Real estate business	Subtotal				
Sales								
Sales to outside customers	522,825	11,402	12,692	546,920	17,070	563,991	–	563,991
Intersegment sales or transfer	1,905	7,685	7,438	17,029	26,316	43,346	(43,346)	–
Total	524,730	19,088	20,131	563,949	43,387	607,337	(43,346)	563,991
Segment income (loss)	5,317	3,138	3,009	11,465	(769)	10,695	129	10,825

Notes

1. The other businesses segment includes the retail & specialty store business, services of manufacturing, exporting, importing, wholesaling, distribution, temporary personnel service, data processing service, travel business, and beauty business that are not included in other reporting segments.
2. The segment income adjustment of ¥129 million is intersegment eliminations, etc.
3. Segment income (loss) is adjusted to operating income.

2. Items concerning impairment of fixed assets or goodwill

(Significant impairment losses related to fixed assets)

(Millions of yen)

	Reporting segments				Other businesses	Total
	Department store business	Credit & finance business/ Customer organization management business	Real estate business	Subtotal		
Impairment losses	2,902	–	–	2,902	151	3,054

Note

Impairment losses include ¥2,960 million of loss on closing of stores.

II. Second quarter of the current consolidated accounting period (April 1, 2019 to September 30, 2019)

1. Information concerning segment sales, income and losses

(Millions of yen)

	Reporting segments				Other businesses (Note 1)	Total	Adjusted amounts (Note 2)	Amount listed on quarterly Consolidated Statement of Income (Note 3)
	Department store business	Credit & finance business/ Customer organization management business	Real estate business	Subtotal				
Sales								
Sales to outside customers	534,273	11,960	14,734	560,968	16,320	577,288	–	577,288
Intersegment sales or transfer	1,977	7,933	1,987	11,898	25,118	37,016	(37,016)	–
Total	536,250	19,894	16,721	572,866	41,438	614,304	(37,016)	577,288
Segment income	6,802	2,639	3,076	12,518	1,148	13,666	220	13,886

Notes
1. The other businesses segment includes the services of manufacturing, exporting, importing, wholesaling, distribution, temporary personnel service, data processing service, travel business, and beauty business that are not included in other reporting segments.
2. The segment income adjustment of ¥220 million is intersegment eliminations, etc.
3. Segment income is adjusted to operating income.

2. Items concerning impairment of fixed assets or goodwill

(Significant impairment losses related to fixed assets)

(Millions of yen)

	Reporting segments				Other businesses	Total
	Department store business	Credit & finance business/ Customer organization management business	Real estate business	Subtotal		
Impairment losses	517	–	–	517	61	579

Note
Impairment losses include ¥179 million of loss on closing of stores.

(Significant subsequent events)
The Company resolved at the Board of Directors' meeting held on November 7, 2019 to repurchase its own shares pursuant to the provisions of Article 156 of the Companies Act, as applied pursuant to Article 165, Paragraph 3 of the same act.

1. Reason:
   To improve capital efficiency over the medium- to long-term period and to enable the Company to implement capital policies according to the future business environment, comprehensively considering the financial situation and stock price trend under the current three-year plan (FY2019 to FY2021)
2. Class of shares to be repurchased: Common stock
3. Number of shares to be repurchased: 14,000,000 shares (maximum)
4. Total amount of repurchase: 10,000 million yen (maximum)
5. Repurchase period: from November 8, 2019 to April 30, 2020
6. Method of repurchase: Purchase through the Tokyo Stock Exchange