Summary of Settlement of Consolidated Accounts for the Third Quarter of the Fiscal Year Ending March 31, 2024

[Japanese Standards] (Consolidated)

February 2, 2024

Isetan Mitsukoshi Holdings Ltd.

Securities code: 3099 (Listed on the Prime Market of Tokyo Stock Exchange and Fukuoka Stock Exchange)
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Scheduled date of filing of the quarterly securities report (*Shihanki Houkokusho*): February 5, 2024
Scheduled date of dividend payments: –
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 Third Quarter of Fiscal 2023 (From April 1, 2023 to December 31, 2023)

(1) Results of consolidated operations (Percentage figures indicate changes from the third 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	%
3Q of FY2023	401,771	9.4	40,939	66.7	44,976	75.6	31,108	59.0
3Q of FY2022	367,194	16.7	24,552	716.4	25,617	559.2	19,562	–

(Note) Comprehensive income: 3Q of FY2023: ¥44,251 million (49.3%), 3Q of FY2022: ¥29,635 million (265.4%)

	Net Income per Share (Basic)	Net Income per Share (Diluted)
	Yen	Yen
3Q of FY2023	81.43	81.28
3Q of FY2022	51.26	51.09

(2) Consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
3Q of FY2023	1,271,766	589,860	45.8
FY2022	1,217,308	552,519	44.9

(Reference) Shareholders' equity: 3Q of FY2023: ¥582,485 million, FY2022: ¥546,120 million

2. Dividends

	Annual Dividends				
(Record date)	First Quarter	Second Quarter	Third Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	–	6.00	–	8.00	14.00
FY2023	–	12.00	–		
FY2023 (Forecast)				20.00	32.00

(Note) Revision to recently announced dividend forecast: Yes

3. Forecast of Consolidated Results for Fiscal 2023 (From April 1, 2023 to March 31, 2024)

(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 (Basic)
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	527,000	8.1	50,000	68.9	54,000	79.9	40,000	23.5	104.71

(Note) Revision to recently announced consolidated results forecast: Yes
The total net sales forecast (net sales if the "Accounting Standard for Revenue Recognition," etc. had not been adopted) would be ¥1,205,000 million, an increase of 10.7% from the previous fiscal year.

* 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 (3) Notes regarding Consolidated Financial Statements (Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements)" on page 9.

(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: No
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)	Third quarter of FY2023	397,083,654 shares	FY2022	396,931,154 shares
2) Number of shares of treasury stock at the end of the period	Third quarter of FY2023	14,923,220 shares	FY2022	15,048,154 shares
3) Average number of shares during the period	Third quarter of FY2023	382,018,461 shares	Third quarter of FY2022	381,656,531 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 4.

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.

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1. Qualitative Information on the Quarterly Results

(1) Explanation regarding Business Results

During the third quarter of fiscal 2023 (April 1, 2023 to December 31, 2023), the Japanese economy saw a rebound in personal consumption and an expansion in inbound tourism demand, amid the normalization of socio-economic activity, with the reclassification of COVID-19 as a Class 5 infectious disease.

On the other hand, the outlook for economic conditions at home and abroad remains uncertain, with factors such as the prolonged rise in prices and the effects of interest rate and exchange rate fluctuations, and the Company recognizes that it is necessary to continue to monitor the situation.

Amid such an environment, the Group strove to realize the vision "We are a retail group centered on extraordinary department stores working toward improving the lives of our customers," based on its medium-term management plan (Fiscal 2022–Fiscal 2024), constantly promoting efforts such as "High sensitivity, fine quality" strategy, "CRM Strategy connecting with individual customers," "Stronger intra-Group coordination strategy," and "scientific analysis of department stores" (reforms to the income and expenditure structure).

At the department stores in Japan, we promoted initiatives to realize the needs of individual customers such as identifying customers by increasing MICARD members and Isetan Mitsukoshi app subscribers and introducing products from the Isetan Shinjuku Main Store and the Mitsukoshi Nihombashi Main Store at regional department stores. In addition, revisions to the product mix in anticipation of the expansion of inbound demand and the strengthening of responses to individual needs by the person in charge of foreign customers have also led to an increase in earnings.

Group affiliates strengthened their cooperation to maximize the Group's strength while enhancing the expertise and uniqueness of each one of them by, for example, switching from outsourced operations to in-house operations to receive orders for advertising, decoration, and renovation work from the stores or expanding BtoB external sales activities through out-of-store sales.

In the area of sustainability, we promoted the "think good" initiatives, which introduced socially and environmentally friendly products and experiences, and established a code of conduct for our partners to promote collaborative efforts to build sustainable supply chains. In addition, Isetan Mitsukoshi Ltd. received the highest three-star rating in the "Eruboshi" certification by the Minister of Health, Labour and Welfare for its efforts to promote women's active participation.

In addition, MITSUKOSHI BGC, a commercial facility jointly developed by the Group in Manila, won the top prize in two categories at the 18th PropertyGuru Asia Property Awards, which recognize outstanding real estate projects from around the world.

In the third quarter of the fiscal year under review on a consolidated basis, the Company recorded net sales of ¥401,771 million, up 9.4% year-on-year, operating income of ¥40,939 million, up 66.7% year-on-year, recurring income of ¥44,976 million, up 75.6% year-on-year, and net income attributable to parent company shareholders of ¥31,108 million, up 59.0% year-on-year. Operating income and recurring income were the highest since the inauguration of Isetan Mitsukoshi Holdings Ltd. in April 2008 in terms of the performance in the nine months ended December 31, and the "revitalization of department stores" phase set forth in the medium-term management plan is progressing ahead of schedule.

In light of this situation, we will continue to promote the "Urban Community Development" strategy, which combines the various uses of department stores with the value provided by the Group to provide a unique customer experience.

Results by segment were as follows.

1) Department Store Business

In the nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023), the number of customers visiting department stores in Japan greatly exceeded that of the previous year, and the numerous campaigns and the expansion of the product lineup launched during the year-end shopping season for the first time since COVID-19 was reclassified as a Class 5 infectious disease resulted in robust sales of luxury brand items as well as a wide range of items such as autumn/winter clothing, cosmetics, and food products. As a result, duty-free sales reached a record high, and sales also increased with non-inbound customers including those whom we can identify ("identifiable customers") such as out-of-store customers and MICARD members. Thus, total sales increased by more than double digits from the previous year's results, which were in themselves a significant improvement over the year earlier, and recovered to the pre-pandemic level of fiscal 2018.

The Group is promoting the "High sensitivity, fine quality" strategy to meet the consumption needs of customers who seek high-quality and affluent lifestyles. In the October-December period, we launched a number of campaigns, both in-store and online, such as "THE STORIES," which presented Isetan Mitsukoshi's unique products with a "story" behind them, and the "think good"* campaign, which promoted sustainable goods and activities. In addition, we successfully launched the "350th Anniversary of Mitsukoshi Founding" with a special lineup of products in an attempt to meet the needs of customers who had been patronizing us for many years. Also, as part of the "CRM Strategy connecting with individual customers," we implemented various measures to promote new membership and more use of MICARD, and strengthened the product lineup for the year-end special sale targeting the top annual purchasers in the "Mitsukoshi Isetan Customer Program." As a result, the total number of identifiable customers, including the number of downloads of the Mitsukoshi Isetan app, steadily increased, and the total sales by identifiable customers (total for domestic department stores) exceeded those of the previous year.

Duty-free sales also increased. The monthly number of duty-free customers exceeded the fiscal 2018 level in November and December due to the recovery in the number of foreign tourists and the continued depreciation of the yen, and by country/region, the number of customers from South Korea and Taiwan as well as China, which celebrated its first National Day since the lifting of the zero-corona policy, grew significantly. Anticipating the strong consumption needs of customers visiting Japan, we continued to strengthen our product lineup of luxury brands and other high-value-added products. As a result, duty-free sales at the domestic department stores, including not only those in the metropolitan area but also those in other regions, exceeded the fiscal 2018 level, reaching a record high in the first nine months of the current fiscal year.

In the online business, gift e-commerce maintained the previous year's level as the year-end gift season approached. We strengthened our category-specific sites such as ISETAN DOOR (regular food delivery service), meeco (cosmetics), and Isetan Mitsukoshi Hometown Tax Program, all of which achieved double-digit year-on-year growths.

As a result, Isetan Mitsukoshi Ltd. in the Tokyo metropolitan area continued to achieve a significant increase in sales during the nine months ended December 31, 2023. In particular, total sales at the Isetan Shinjuku Main Store surpassed the record high set in the same period of the previous year by more than double digits, and we are now on track to achieve the full-year plan (¥372.7 billion). Among the regional department stores, Iwataya Mitsukoshi Ltd. (Fukuoka City) successfully held its own special invitation-only event during the Christmas period. Furthermore, the "base network strategy" was implemented to take more orders from the Shinjuku and Nihombashi Main Stores. The total sales of the regional department stores exceeded those of the previous year, mainly at those stores in major cities such as Fukuoka, Sapporo, and Nagoya.

On the other hand, in terms of expenses, the Company made progress in controlling costs by reducing fixed costs and curbing sales-linked expenses through the effects of thorough "scientific analysis of department stores" (reforms to the income and expenditure structure) at all stores nationwide. As a result, the domestic department store business significantly improved its profitability, with the total of the regional department stores remaining in the black.

During the nine months ended September 30, 2023 (January 1 to September 30, 2023), overseas stores performed well, led by Orlando Mitsukoshi (U.S.), where the sushi restaurant opened in August, and the Isetan stores in Kuala Lumpur (Malaysia), especially The Gardens, where the newly introduced restaurant floor mainly featuring Japanese cuisine contributed to attracting more customers. As part of structural reforms, the two stores in Tianjin, China (Tianjin Isetan and tentsu*kaishinkuiseitan) are scheduled to terminate operations upon expiration of the lease contracts of the buildings they occupy (scheduled for spring 2024).

Segment sales amounted to ¥337,017 million, up 6.7% year-on-year, and operating income was ¥34,190 million, up 94.4% year-on-year.

*In the October-December period, we worked on the "Peace de Mirai" project as part of the "think good" campaign. In this project, leftover fabric and other materials provided by various companies were upcycled by brands, creators, and artists in Japan and overseas, and used to create products with new value.

2) Credit & Finance Business/Customer Organization Management Business

MICARD Co. Ltd. enjoyed strong growth in credit card usage within the group due to increased sales at department stores, and transaction volume at non-group stores also increased significantly over the previous year due to the normalization of socioeconomic activities. Thus, card fee income increased, and installment fee income also grew due to the strengthening of card finance. The result was an increase in revenue in the nine months ended December 31. While the company continued to reform its revenue/expenditure structure, operating expenses exceeded operating revenues due to factors such as an increase in depreciation and amortization expenses accompanying the renewal of the core system implemented with a view to the future, resulting in a decrease in profit as in the second quarter of the fiscal year under review. As part of our growth strategy in this area, we are developing new financial services to meet the general lifestyle needs of all identifiable customers connected through our department store business. In October, we took a step in this direction by offering "MI Car Insurance," a new comprehensive automobile insurance policy that allows MICARD members to earn points to their advantage, in partnership with a damage insurance company.

Segment sales amounted to ¥24,403 million, up 6.1% year-on-year, and operating income was ¥2,950 million, down 5.1% year-on-year.

3) Real Estate Business

In the real estate business, lease revenue declined due to the replacement of tenants in properties owned by the Group, but Isetan Mitsukoshi Property Design Ltd., which engages in construction, design, and construction management, saw an increase in sales due to the renewal of brand-name stores and the completion of a series of large-scale development projects in central Tokyo, including hotel and office interiors. Although the company was strongly affected by the rising cost of raw materials, it was able to control costs and improve its profitability.

Segment sales amounted to ¥18,395 million, up 29.4% year-on-year, and operating income was ¥2,015 million, down 32.7% year-on-year.

4) Other Businesses

The profits and losses of IM Food Style Ltd., which operates QUEEN'S ISETAN food supermarkets and engages in food OEM manufacturing, have been added to the consolidated results since July 2022, boosting the total sales in this segment for the nine months ended December 31. The company is working to increase OEM orders for high-quality food products by leveraging its strength of having its own factory, and is also pursuing a policy of opening new stores as part of its efforts to

strengthen the Group's touch points with their customers. In October, we opened QUEEN'S ISETAN Shin-Koiwa Store in the Shin-Koiwa Station building.

In the travel business, Isetan Mitsukoshi Nikko Travel Ltd. continued to increase sales by offering a number of high value-added domestic and overseas travel packages in response to a full-fledged recovery in travel demand, including high-quality travel packages that leverage the company's strengths, such as the Serenade (European river cruise liner) and the Isetan Mitsukoshi Premium Cruiser (large domestic luxury bus with only 10 seats), as well as rare special trips commemorating the 350th anniversary of the founding of Mitsukoshi. Although the nine months ended December 31 were strongly affected by the prolonged depreciation of the yen and inflation in overseas travel destinations, the thorough lowering of the breakeven point during the pandemic contributed to the profitability of the segment, which continued from the six months ended September 30.

In the media business, Studio Alta Co., Ltd. has integrated the advertising media sales business for department stores into its own business toward becoming a groupwide in-house agency. In particular, during the third quarter of the current fiscal year (October-December), advertising sales in department stores and at the Alta Vision were strong, and the Company continued to improve the efficiency of selling, general and administrative expenses, resulting in a significant increase in both sales and income.

Segment sales amounted to ¥69,624 million, up 20.6% year-on-year, and operating income was ¥1,689 million, up 154.3% year-on-year.

(2) Explanation regarding Financial Position

Total assets at the end of the third quarter of the fiscal year under review amounted to ¥1,271,766 million, an increase of ¥54,458 million from the end of the previous fiscal year. This was mainly due to an increase in notes and accounts receivable-trade, and contract assets, which can be accounted for by seasonal factors.

Total liabilities amounted to ¥681,905 million, an increase of ¥17,116 million from the end of the previous fiscal year. This was mainly due to an increase in notes and accounts payable, which can be accounted for by seasonal factors.

Net assets amounted to ¥589,860 million, an increase of ¥37,341 million from the end of the previous fiscal year. This was mainly attributable to the recording of net income attributable to parent company shareholders and an increase in foreign currency translation adjustments.

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

In light of the business results for the third quarter of the fiscal year under review and the current trends in business performance, we have revised the consolidated results forecast for fiscal 2023 as follows.

Forecast of Consolidated Results for Fiscal 2023 (From April 1, 2023 to March 31, 2024)

	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
Previous forecast (A)	525,000	48,000	50,000	37,000	96.87
Revised forecast (B)	527,000	50,000	54,000	40,000	104.71
Change (B – A)	2,000	2,000	4,000	3,000	—
Change (%)	0.4	4.2	8.0	8.1	—
(Reference) Results for the previous fiscal year (fiscal 2022)	487,407	29,606	30,017	32,377	84.82

Note: The total net sales forecast (net sales if the "Accounting Standard for Revenue Recognition," etc. had not been adopted) would be ¥1,205,000 million (an increase of ¥5,000 million or 0.4% from the previous forecast of ¥1,200,000 million).

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2022 (As of March 31, 2023)	3Q of Fiscal 2023 (As of December 31, 2023)
ASSETS		
Current assets		
Cash and bank deposits	105,692	97,221
Notes and accounts receivable-trade, and contract assets	133,922	167,742
Marketable securities	859	769
Merchandise and finished goods	25,045	26,405
Work in process	332	660
Raw materials and supplies	606	684
Other current assets	25,544	45,627
Less: Allowance for doubtful accounts	(4,266)	(4,054)
Total current assets	287,735	335,057
Property and equipment		
Tangible fixed assets		
Buildings and structures, net	149,007	144,187
Land	528,032	528,219
Other tangible fixed assets, net	26,431	30,292
Total tangible fixed assets	703,470	702,698
Intangible fixed assets		
Software	17,334	17,414
Goodwill	10,332	9,700
Other intangible fixed assets	23,386	23,370
Total intangible fixed assets	51,052	50,485
Investments and other assets		
Investment securities	120,864	130,966
Other assets	54,309	52,697
Less: Allowance for doubtful accounts	(181)	(183)
Total investments and other assets	174,993	183,479
Total property and equipment	929,517	936,664
Deferred assets		
Bond issue costs	55	44
Total deferred assets	55	44
Total assets	1,217,308	1,271,766

(Millions of yen)

	Fiscal 2022 (As of March 31, 2023)	3Q of Fiscal 2023 (As of December 31, 2023)
LIABILITIES		
Current liabilities		
Notes and accounts payable	104,802	144,911
Current portion of bonds payable	10,000	–
Short-term borrowings	26,568	12,471
Commercial paper	40,000	43,000
Income taxes payable	4,969	10,810
Reserve for loss from redemption of gift vouchers	14,523	14,515
Allowance	12,911	7,840
Other current liabilities	189,933	190,803
Total current liabilities	403,709	424,353
Long-term liabilities		
Bonds payable	20,000	20,000
Long-term debt	68,300	65,800
Deferred tax liabilities	118,027	119,533
Net defined benefit liability	33,470	33,549
Allowance	22	19
Liabilities from application of equity method	3,520	2,672
Other long-term liabilities	17,738	15,977
Total long-term liabilities	261,079	257,551
Total liabilities	664,788	681,905
NET ASSETS		
Shareholders' equity		
Common stock	51,276	51,362
Capital surplus	323,609	323,749
Retained earnings	162,708	186,207
Less: Treasury stock	(18,159)	(17,987)
Total shareholders' equity	519,434	543,331
Accumulated other comprehensive income		
Net unrealized gains (losses) on other securities	5,514	9,673
Deferred gains (losses) on hedges	2	3
Foreign currency translation adjustments	20,931	28,996
Remeasurements of defined benefit plans	237	481
Total accumulated other comprehensive income	26,685	39,154
Stock acquisition rights	886	716
Non-controlling interests	5,512	6,658
Total net assets	552,519	589,860
Total liabilities and net assets	1,217,308	1,271,766

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

Consolidated Statements of Income

Third Quarter Period

(Millions of yen)

	3Q of Fiscal 2022 (From April 1, 2022 to December 31, 2022)	3Q of Fiscal 2023 (From April 1, 2023 to December 31, 2023)
Net sales	367,194	401,771
Cost of sales	151,267	163,283
Gross profit	215,927	238,487
Selling, general and administrative expenses	191,374	197,548
Operating income	24,552	40,939
Non-operating income		
Interest income	279	409
Dividend income	483	539
Equity in earnings of affiliates	2,005	4,642
Other non-operating income	1,044	1,470
Total non-operating income	3,812	7,062
Non-operating expenses		
Interest expenses	579	573
Loss on retirement of property and equipment	746	1,181
Other non-operating expenses	1,422	1,271
Total non-operating expenses	2,748	3,025
Recurring income	25,617	44,976
Extraordinary gain		
Gain on sales of investment securities	–	676
Gain on step acquisitions	3,810	–
Total extraordinary gain	3,810	676
Extraordinary loss		
Impairment losses	–	371
Loss on closing of stores	12	321
Business structure improvement expenses	66	173
COVID-19-related loss	337	–
Total extraordinary loss	415	866
Income before income taxes	29,011	44,786
Income taxes	9,385	13,627
Net income	19,625	31,158
Net income attributable to non-controlling interests	63	50
Net income attributable to parent company shareholders	19,562	31,108

Consolidated Statements of Comprehensive Income (Loss)
Third Quarter Period

(Millions of yen)

	3Q of Fiscal 2022 (From April 1, 2022 to December 31, 2022)	3Q of Fiscal 2023 (From April 1, 2023 to December 31, 2023)
Net income	19,625	31,158
Other comprehensive income		
Net unrealized gains (losses) on other securities	1,235	2,893
Deferred gains (losses) on hedges	(48)	1
Foreign currency translation adjustments	3,401	2,512
Gain (loss) on revision of retirement benefit plans	188	244
Amount corresponding to equity interest in equity method affiliates	5,233	7,441
Total other comprehensive income	10,010	13,092
Comprehensive income	29,635	44,251
(Breakdown)		
Comprehensive income attributable to parent company shareholders	28,734	43,578
Comprehensive income attributable to non-controlling interests	901	673

(3) 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.

(Segment information)

[Segment information]

I. Third quarter of the previous consolidated accounting period (April 1, 2022 to December 31, 2022)

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	313,864	13,511	12,473	339,849	27,345	367,194	—	367,194
Intersegment sales or transfer	2,019	9,484	1,746	13,250	30,374	43,625	(43,625)	—
Total	315,883	22,996	14,220	353,099	57,720	410,820	(43,625)	367,194
Segment income	17,583	3,108	2,995	23,687	664	24,352	200	24,552

Notes
1. The other businesses segment includes the services of retailing, manufacturing, exporting, importing, wholesaling, distribution, temporary personnel service, data processing service, and travel business that are not included in other reporting segments.
2. The segment income adjustment of ¥200 million is intersegment eliminations, unrealized income, etc.
3. Segment income is adjusted to operating income.

2. Information about assets for each reportable segment

During the first quarter of the fiscal year under review, assets of the "other businesses" segment increased by ¥24,631 million compared to the end of the previous fiscal year, due to the acquisition of additional shares of IM Food Style Ltd., and its inclusion in the scope of consolidation.

3. Information concerning impairment losses on property and equipment or goodwill by segment

(Significant impairment losses related to property and equipment)

Disclosure is omitted due to immateriality.
These impairment losses have been included in "loss on closing of stores" under extraordinary loss in the consolidated statements of income.

(Significant changes in the amount of goodwill)
Goodwill of ¥10,965 million arose from the acquisition of additional shares of IM Food Style Ltd., and its inclusion in the scope of consolidation in "other businesses."

II. Second quarter of the current consolidated accounting period (April 1, 2023 to December 31, 2023)

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	334,801	14,403	14,643	363,849	37,922	401,771	—	401,771
Intersegment sales or transfer	2,215	10,000	3,751	15,967	31,702	47,669	(47,669)	—
Total	337,017	24,403	18,395	379,816	69,624	449,440	(47,669)	401,771
Segment income	34,190	2,950	2,015	39,156	1,689	40,845	94	40,939

Notes
1. The other businesses segment includes the services of retailing, manufacturing, exporting, importing, wholesaling, distribution, temporary personnel service, data processing service, and travel business that are not included in other reporting segments.
2. The segment income adjustment of ¥94 million is intersegment eliminations, unrealized income, etc.
3. Segment income is adjusted to operating income.

2. Information about assets for each reportable segment
Disclosure is omitted due to immateriality.

3. Information concerning impairment losses on property and equipment or goodwill by segment
(Significant impairment losses related to property and equipment)
The "Department store business" segment recorded an impairment loss of ¥608 million. In the quarterly consolidated statements of income, ¥237 million of this impairment loss is included in "loss on closing of stores" under extraordinary loss.

(Significant changes in the amount of goodwill)
Not applicable.

(Significant subsequent events)
At a meeting of the Board of Directors held on February 2, 2024, the Company resolved matters pertaining to the acquisition of treasury shares in accordance with Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of the said Act, and also resolved to cancel treasury shares in accordance with Article 178 of the Companies Act.

1. Reason for purchase and cancellation of treasury shares
The Company is committed to returning profits to shareholders while seeking to increase corporate value over the long term. Under the current medium-term management plan, our basic policy is to maintain a stable dividend

level, increase dividends over the medium to long term in line with profit growth, and the total return combined with the acquisition of treasury shares is set to be a total payout ratio of 50%. Based on this policy, the Company has decided to purchase its own shares as follows, taking into consideration recent performance trends, financial soundness, stock price levels, and other factors. All acquired treasury shares will be cancelled.

2. Details of matters pertaining to acquisition

(1) Type of shares to be acquired: Common stock

(2) Total number of shares to be acquired: 11,000,000 shares (maximum)

(3) Total acquisition price of shares: 15,000,000,000 yen (maximum)

(4) Acquisition period: February 5, 2024 to March 29, 2024

(5) Method of acquisition: Purchase on the Tokyo Stock Exchange

3. Details of matters pertaining to cancellation

(1) Type of shares to be cancelled: Common stock

(2) Number of shares to be cancelled: All shares of treasury s acquired in accordance with 2. above

(3) Scheduled date of cancellation: April 30, 2024