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

[Japanese Standards] (Consolidated)

November 10, 2023

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*): November 13, 2023
Scheduled date of dividend payments: December 11, 2023
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 2023 (From April 1, 2023 to September 30, 2023)

(1) Results of consolidated operations (Percentage figures indicate changes from the second 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 FY2023	248,518	11.5	20,190	125.7	22,907	140.1	14,865	91.3
2Q of FY2022	222,874	18.6	8,946	–	9,542	–	7,771	–

(Note) Comprehensive income: 2Q of FY2023: ¥27,705 million (57.6%), 2Q of FY2022: ¥17,583 million (–%)

	Net Income per Share (Basic)	Net Income per Share (Diluted)
	Yen	Yen
2Q of FY2023	38.92	38.84
2Q of FY2022	20.37	20.31

(Note) The Company determined a provisional accounting method for business combination in the third quarter of the fiscal year ended March 31, 2023, and the figures for the second quarter of the fiscal year ended March 31, 2023 reflect the determination of the provisional accounting method.

(2) Consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
2Q of FY2023	1,213,769	577,903	47.0
FY2022	1,217,308	552,519	44.9

(Reference) Shareholders' equity: 2Q of FY2023: ¥570,695 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)			–	12.00	24.00

(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	525,000	7.7	48,000	62.1	50,000	66.6	37,000	14.3	96.87

(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 ¥1,200,000 million, an increase of 10.2% 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 11.

(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
Notes on changes in accounting policy

(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)
2) Number of shares of treasury stock at the end of the period
3) Average number of shares during the period
Notes on number of shares issued and outstanding

Second quarter of FY2023	397,045,354 shares	FY2022	396,931,154 shares
Second quarter of FY2023	14,921,090 shares	FY2022	15,048,154 shares
Second quarter of FY2023	381,966,375 shares	Second quarter of FY2022	381,595,634 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.

○Table of Contents of Accompanying Materials

1. Qualitative Information on the Quarterly Results.... 2
(1) Explanation regarding Business Results.... 2
(2) Explanation regarding Financial Position.... 3
(3) Explanation regarding Future Outlook Including the Forecast of Consolidated Results.... 4

2. Consolidated Financial Statements and Primary Notes.... 5
(1) Consolidated Balance Sheets.... 5
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.... 7
(3) Consolidated Statements of Cash Flows.... 9
(4) Notes regarding Consolidated Financial Statements.... 11
(Notes on going concern assumption).... 11
(Notes on significant changes in shareholders' equity).... 11
(Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements).... 11
(Segment information).... 11
(Business combinations).... 12
(Significant subsequent events).... 13

1. Qualitative Information on the Quarterly Results

(1) Explanation regarding Business Results

During the second quarter of fiscal 2023 (April 1, 2023 to September 30, 2023), the Japanese economy showed signs of moderate recovery, such as 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 affecting consumption behavior remained uncertain, as prices of energy and raw materials soared and inflation continued.

Amid such an environment, the Company steadily promoted its medium-term management plan (Fiscal 2022–Fiscal 2024) as it strove to realize the Group's vision "We are a retail group centered on extraordinary department stores working toward improving the lives of our customers."

The domestic department store business remained strong as revenue and income increased not only at stores in the Tokyo metropolitan area but also at regional department stores, due to the increases in MICARD members and Isetan Mitsukoshi app subscribers, the efforts to realize the needs of individual customers, and the progress of reforms to the income and expenditure structure.

We also continued our efforts to further expand earnings at our Group affiliates by strengthening cooperation to maximize the Group's strengths while enhancing their expertise and uniqueness.

As a result, in the second quarter of the fiscal year under review on a consolidated basis, the Company recorded net sales of ¥248,518 million, up 11.5% year-on-year, operating income of ¥20,190 million, up 125.7% year-on-year, recurring income of ¥22,907 million, up 140.1% year-on-year, and net income attributable to parent company shareholders of ¥14,865 million, up 91.3% year-on-year.

In light of the fact that the "revitalization of department stores" phase set forth in the medium-term management plan is progressing ahead of schedule, we will further enhance the accuracy and speed of execution of each strategy, and will continue to steadily advance our "Urban Community Development" strategy, which maximizes the use of the Group's real estate holdings and provides a customer experience unique to the Group.

Results by segment were as follows.

1) Department Store Business

In the domestic department store business, the Company strengthened product lineups and services to meet the wide-ranging interests of customers in Japan and overseas against a backdrop of high growth in the number of store visitors, especially stores in the Tokyo metropolitan area. As a result, sales were strong not only for high-end items such as jewelry and luxury brands but also for a wide range of items including cosmetics and food products, and total net sales increased by more than double digits year-on-year, even surpassing the results of the previous year, when sales grew sharply as the pent-up demand during the pandemic was released.

Particularly, in September, the Company held invitation-only events for its customers ("Tanseikai" at the Isetan Shinjuku Main Store and "Ippinkai" at the Mitsukoshi Nihombashi Main Store), which symbolize the "high sensitivity, fine quality" strategy" and the "shift from mass to personal marketing" (themes that the Company emphasizes), thus enhancing the variety of items ranging from luxury brands to art and food products. The events attracted the support of our customers from all over the country, and the sales at both events resulted in record highs. At the invitation-only events held at the two main stores, business negotiations for products not usually handled at department stores, such as automobiles, real estate, and musical instruments, took place, as we delved further into the needs of individual customers, including out-of-store sales customers. As a result of our continued efforts to acquire MICARD members and increase the number of downloads of the Isetan Mitsukoshi app, the number of customers whom we can identify ("identifiable customers") increased steadily, and total net sales to identifiable customers, including out-of-store sales customers (total for domestic department stores), exceeded the level of the same period of the previous year. In particular, the share of purchases by identifiable customers at the two main stores remained at the 70% level, even as inbound sales from overseas visitors to Japan increased.

Tax-free sales at urban stores in the Tokyo metropolitan area and regional department stores both recovered to levels exceeding those of fiscal 2018, the year before the onset of the pandemic, on the enhancement of product lineups of luxury brand handbags, jewelry, and other high-value-added products in anticipation of the needs of overseas customers visiting Japan. Accordingly, in the second quarter of fiscal 2023, total tax-free sales of domestic department stores reached a record high.

In the online business, the Company strengthened its efforts with a focus on category-specific websites, and sales at the cosmetics (meeco), Hometown Tax, and other websites grew steadily, achieving double-digit year-on-year growths.

As a result of the above, Isetan Mitsukoshi Ltd. in the Tokyo metropolitan area achieved a significant increase in revenue, while regional department stores strengthened cooperation with the Shinjuku and Nihombashi Main Stores as part of the "base network" strategy, thus increasing their sales over the previous fiscal year, mainly in major cities such as Sapporo, Nagoya and Fukuoka. Particularly noteworthy is the fact that the total monthly net sales of the Isetan Shinjuku Main Store exceeded the same month results in fiscal 2018 (before the pandemic) for 18 consecutive months since April 2022, and reached a record high in the second quarter of fiscal 2023. In addition, we accelerated our nationwide efforts to thoroughly control expenses through the "scientific analysis of department stores" (reforms to the income and expenditure structure), and significantly improved the profitability of the domestic department store business, with the regional department stores as a whole returning to profitability.

In the overseas business (January 1, 2023 to June 30, 2023), sales at the stores in China increased year-on-year due to the shift from the zero-corona policy, while sales at the stores in Malaysia and the US were generally solid, with the business results exceeding those of the previous fiscal year due to the effects of the remodeling of the stores.

Segment sales amounted to ¥208,526 million, up 7.5% year-on-year, and operating income was ¥16,786 million, up 227.0% year-on-year.

2) Credit & Finance Business/Customer Organization Management Business

MICARD Co. Ltd. saw an increase in revenue due in part to a recovery in sales at the Group's department stores, an increase in card fee income owing to increased use outside the Group, and strengthening of card finance. On the other hand, income declined in the second quarter of fiscal 2023 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. As part of our growth strategy in this area, we began to develop new financial services to meet the general lifestyle needs of all identifiable customers connected through our department store business.

Segment sales amounted to ¥15,671 million, up 6.4% year-on-year, and operating income was ¥1,411 million, down 18.0% 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, mainly for construction work related to external commercial facilities, hotels, and offices, and improved its profitability while strongly affected by the soaring cost of raw materials.

Segment sales amounted to ¥11,003 million, up 21.5% year-on-year, and operating income was ¥1,237 million, down 41.3% year-on-year.

4) Other Businesses

The profit and loss of IM Food Style Ltd. was included in the consolidated results in the middle of fiscal 2022 (July 2022), significantly boosting total net sales in this segment for the second quarter of fiscal 2023. The company is involved in the operation of QUEEN'S ISETAN food supermarkets, which offer a wide selection of high-quality private brands, as well as OEM production of food products. It is working on thoroughly controlling costs when prices rise and expanding private brand sales channels and OEM orders by leveraging the Isetan Mitsukoshi Group's strengths.

In the travel industry, Mitsukoshi Isetan Nikko Travel, Ltd. significantly increased its revenue by offering a number of highly unique and high-value-added products in response to a recovery in demand for travel, such as travel plans associated with the 350th anniversary of the founding of Mitsukoshi and the resumption of its original river cruises in Europe. The company also achieved a significant improvement in profitability by lowering the break-even point during the pandemic by thoroughly reducing fixed costs, and returned to profitability for the first time in four years.

In the media business, Studio Alta Co., Ltd. saw a significant increase in both revenue and income, mainly due to the integration of the advertising media sales business for department stores into its business as the first step toward becoming a groupwide in-house agency and due also to the expansion of the creative business (production of advertisements and decorations).

Segment sales amounted to ¥42,480 million, up 33.1% year-on-year, and operating income was ¥664 million, compared to an operating loss of ¥165 million in the second quarter of the previous fiscal year.

(2) Explanation regarding Financial Position

Assets, Liabilities and Net Assets

Total assets at the end of the second quarter of the fiscal year under review amounted to ¥1,213,769 million, a decrease of ¥3,538 million from the end of the previous fiscal year. This was due mainly to a decrease in cash and bank deposits resulting from repayment of interest-bearing debt.

Total liabilities amounted to ¥635,865 million, a decrease of ¥28,923 million from the end of the previous fiscal year. This was mainly attributable to a decrease in interest-bearing debt.

Net assets amounted to ¥577,903 million, an increase of ¥25,384 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 accompanying the depreciation of the yen.

Cash Flows

Net cash provided by operating activities amounted to ¥10,163 million, a decrease in inflows of ¥12,909 million from the first half of the previous fiscal year. This was mainly attributable to such factors as an increase in receivables (a decrease in the first half of the previous fiscal year), while there was an increase in income before income taxes.

Net cash used in investing activities amounted to ¥17,626 million, a decrease in outflows of ¥860 million from the first half of the previous fiscal year. This was mainly attributable to such factors as purchase of shares of subsidiaries resulting in change in scope of consolidation during the first half of the previous fiscal year.

Net cash used in financing activities amounted to ¥23,741 million, an increase in outflows of ¥20,452 million from the first half of the previous fiscal year. This was mainly attributable to such factors as an increase in repayment of interest-bearing debt.

As a result, cash and cash equivalents at the end of the second quarter were ¥79,738 million, a decrease of ¥29,301 million from the end of the previous fiscal year.

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

In light of the business results for the second 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)	515,000	38,000	40,000	30,000	78.55
Revised forecast (B)	525,000	48,000	50,000	37,000	96.87
Change (B – A)	10,000	10,000	10,000	7,000	―
Change (%)	1.9	26.3	25.0	23.3	―
(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 ¥1,200,000 million (an increase of ¥45,000 million or 3.9% from the previous forecast of ¥1,155,000 million).

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2022 (As of March 31, 2023)	2Q of Fiscal 2023 (As of September 30, 2023)
ASSETS		
Current assets		
Cash and bank deposits	105,692	76,019
Notes and accounts receivable-trade, and contract assets	133,922	136,173
Marketable securities	859	627
Merchandise and finished goods	25,045	25,254
Work in process	332	798
Raw materials and supplies	606	634
Other current assets	25,544	39,181
Less: Allowance for doubtful accounts	(4,266)	(4,237)
Total current assets	287,735	274,451
Property and equipment		
Tangible fixed assets		
Buildings and structures, net	149,007	144,764
Land	528,032	528,174
Other tangible fixed assets, net	26,431	30,922
Total tangible fixed assets	703,470	703,862
Intangible fixed assets		
Software	17,334	17,571
Goodwill	10,332	9,911
Other intangible fixed assets	23,386	23,375
Total intangible fixed assets	51,052	50,857
Investments and other assets		
Investment securities	120,864	131,547
Other assets	54,309	53,186
Less: Allowance for doubtful accounts	(181)	(184)
Total investments and other assets	174,993	184,550
Total property and equipment	929,517	939,270
Deferred assets		
Bond issue costs	55	47
Total deferred assets	55	47
Total assets	1,217,308	1,213,769

(Millions of yen)

	Fiscal 2022 (As of March 31, 2023)	2Q of Fiscal 2023 (As of September 30, 2023)
LIABILITIES		
Current liabilities		
Notes and accounts payable	104,802	99,054
Current portion of bonds payable	10,000	–
Short-term borrowings	26,568	19,198
Commercial paper	40,000	40,000
Income taxes payable	4,969	7,591
Reserve for loss from redemption of gift vouchers	14,523	14,518
Allowance	12,911	9,491
Other current liabilities	189,933	187,376
Total current liabilities	403,709	377,230
Long-term liabilities		
Bonds payable	20,000	20,000
Long-term debt	68,300	65,800
Deferred tax liabilities	118,027	119,803
Net defined benefit liability	33,470	33,645
Allowance	22	20
Liabilities from application of equity method	3,520	2,949
Other long-term liabilities	17,738	16,417
Total long-term liabilities	261,079	258,635
Total liabilities	664,788	635,865
NET ASSETS		
Shareholders' equity		
Common stock	51,276	51,340
Capital surplus	323,609	323,728
Retained earnings	162,708	174,550
Less: Treasury stock	(18,159)	(17,984)
Total shareholders' equity	519,434	531,634
Accumulated other comprehensive income		
Net unrealized gains (losses) on other securities	5,514	10,050
Deferred gains (losses) on hedges	2	1
Foreign currency translation adjustments	20,931	28,678
Remeasurements of defined benefit plans	237	330
Total accumulated other comprehensive income	26,685	39,061
Stock acquisition rights	886	759
Non-controlling interests	5,512	6,449
Total net assets	552,519	577,903
Total liabilities and net assets	1,217,308	1,213,769

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

Consolidated Statements of Income

Second Quarter Period

(Millions of yen)

	2Q of Fiscal 2022 (From April 1, 2022 to September 30, 2022)	2Q of Fiscal 2023 (From April 1, 2023 to September 30, 2023)
Net sales	222,874	248,518
Cost of sales	90,931	100,637
Gross profit	131,942	147,880
Selling, general and administrative expenses	122,996	127,689
Operating income	8,946	20,190
Non-operating income		
Interest income	169	244
Dividend income	271	303
Equity in earnings of affiliates	1,278	3,606
Other non-operating income	773	662
Total non-operating income	2,493	4,816
Non-operating expenses		
Interest expenses	385	396
Loss on retirement of property and equipment	498	780
Other non-operating expenses	1,013	924
Total non-operating expenses	1,897	2,100
Recurring income	9,542	22,907
Extraordinary gain		
Gain on step acquisitions	3,810	–
Total extraordinary gain	3,810	–
Extraordinary loss		
Impairment losses	–	362
Loss on closing of stores	12	–
Business structure improvement expenses	–	20
COVID-19-related loss	296	–
Total extraordinary loss	308	382
Income before income taxes	13,043	22,525
Income taxes	5,224	7,682
Net income	7,818	14,843
Net income (loss) attributable to non-controlling interests	47	(22)
Net income attributable to parent company shareholders	7,771	14,865

Consolidated Statements of Comprehensive Income (Loss)
Second Quarter Period

(Millions of yen)

	2Q of Fiscal 2022 (From April 1, 2022 to September 30, 2022)	2Q of Fiscal 2023 (From April 1, 2023 to September 30, 2023)
Net income	7,818	14,843
Other comprehensive income		
Net unrealized gains (losses) on other securities	252	3,643
Deferred gains (losses) on hedges	(43)	(1)
Foreign currency translation adjustments	2,784	1,872
Gain (loss) on revision of retirement benefit plans	125	92
Amount corresponding to equity interest in equity method affiliates	6,645	7,254
Total other comprehensive income	9,765	12,862
Comprehensive income	17,583	27,705
(Breakdown)		
Comprehensive income attributable to parent company shareholders	16,836	27,241
Comprehensive income attributable to non-controlling interests	747	464

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	2Q of Fiscal 2022 (From April 1, 2022 to September 30, 2022)	2Q of Fiscal 2023 (From April 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Income before income taxes	13,043	22,525
Depreciation and amortization	12,425	12,222
Impairment losses	12	362
Amortization of goodwill	210	421
Increase (decrease) in allowance for bonuses	(51)	(3,581)
Increase (decrease) in allowance for doubtful accounts	18	(27)
Increase (decrease) in net defined benefit liabilities	1,241	269
Interest and dividend income	(441)	(547)
Interest expenses	385	396
Equity in loss (earnings) of affiliated companies	(1,278)	(3,606)
Loss (gain) on step acquisitions	(3,810)	–
Decrease (increase) in receivables	4,710	(15,615)
Decrease (increase) in inventories	919	(522)
Increase (decrease) in payables	(4,832)	(6,239)
Increase (decrease) in accrued expenses	(411)	810
Increase (decrease) in accrued liabilities	(577)	106
Other, net	(5,861)	1,197
Sub-total	15,702	8,171
Interest and dividend income received	3,571	5,323
Interest expense paid	(385)	(397)
Income taxes paid	(470)	(4,746)
Income taxes refund	4,654	1,812
Net cash provided by operating activities	23,073	10,163
Cash flows from investing activities		
Increase in fixed deposits	(510)	(543)
Decrease in fixed deposits	10	10
Payments for purchase of tangible fixed assets	(6,165)	(13,740)
Payments for purchase of intangible fixed assets	(2,669)	(3,321)
Proceeds from collection of lease and guarantee deposits	1,452	1,026
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(10,599)	–
Payments for purchase of marketable securities and investment securities	(227)	(551)
Proceeds from sales and redemption of marketable securities and investment securities	916	707
Other, net	(692)	(1,214)
Net cash used in investing activities	(18,486)	(17,626)

(Millions of yen)

	2Q of Fiscal 2022 (From April 1, 2022 to September 30, 2022)	2Q of Fiscal 2023 (From April 1, 2023 to September 30, 2023)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(134)	122
Proceeds from borrowings of long-term debt	3,800	–
Repayment of long-term debt	(3,800)	(10,000)
Redemption of bonds	(10,000)	(10,000)
Increase (decrease) in commercial paper	10,000	–
Dividends paid	(1,898)	(3,041)
Repayment of lease obligations	(972)	(815)
Payments for purchases of shares of subsidiaries that do not result in change in scope of consolidation	(281)	–
Other, net	(2)	(5)
Net cash used in financing activities	(3,289)	(23,741)
Effect of exchange rate changes on cash and cash equivalents	1,928	1,234
Net increase (decrease) in cash and cash equivalents	3,225	(29,970)
Cash and cash equivalents at beginning of period	84,472	109,039
Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation	1	669
Cash and cash equivalents at end of period	87,699	79,738

(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.

(Segment information)

[Segment information]

I. Second quarter of the previous consolidated accounting period (April 1, 2022 to September 30, 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	192,467	8,948	7,935	209,351	13,522	222,874	—	222,874
Intersegment sales or transfer	1,435	5,778	1,120	8,334	18,390	26,724	(26,724)	—
Total	193,903	14,726	9,055	217,685	31,912	249,598	(26,724)	222,874
Segment income (loss)	5,133	1,721	2,108	8,962	(165)	8,796	149	8,946

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 (loss) adjustment of ¥149 million is intersegment eliminations, unrealized income, etc.
3. Segment income (loss) is adjusted to operating income.
4. Segment income (loss) is based on the amount after reflecting a material revision of the initially allocated amount of the acquisition costs following the determination of the provisional accounting method for the business combination.

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 ¥22,483 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. The amount of such segment assets is based on the amount after reflecting a material revision of the initially allocated amount of the acquisition costs following the determination of the provisional accounting method for the business combination.

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." Further, the amount of such goodwill is based on the amount after reflecting a material revision of the initially allocated amount of the acquisition costs following the determination of the provisional accounting method for the business combination.

II. Second quarter of the current consolidated accounting period (April 1, 2023 to September 30, 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	206,918	9,502	8,958	225,378	23,139	248,518	—	248,518
Intersegment sales or transfer	1,608	6,169	2,045	9,823	19,341	29,164	(29,164)	—
Total	208,526	15,671	11,003	235,202	42,480	277,682	(29,164)	248,518
Segment income	16,786	1,411	1,237	19,434	664	20,099	91	20,190

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 ¥91 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)
Disclosure is omitted due to immateriality.

(Significant changes in the amount of goodwill)

Disclosure is omitted due to immateriality.

(Business combinations)

Material revision of the initially allocated amount of the acquisition costs in comparative information

The business combination between the Company and IM Food Style Ltd. on June 30, 2022 was accounted for using a provisional accounting method in the second quarter of the previous fiscal year, but was finalized in the third quarter of the previous fiscal year. The initially allocated amount of the acquisition costs has been revised to reflect the finalization of this provisional accounting method.

As a result, selling, general and administrative expenses decreased by ¥5 million, and operating income, recurring income, and income before income taxes each increased by ¥5 million in the consolidated statements of income for the second quarter of the previous fiscal year.

(Significant subsequent events)

Not applicable.