Summary of Settlement of Consolidated Accounts for the Third Quarter of the Fiscal Year Ending March 31, 2023

[Japanese Standards] (Consolidated)

February 3, 2023

Isetan Mitsukoshi Holdings Ltd.

Securities code: 3099 (Listed on the Prime Market of Tokyo Stock Exchange and Fukuoka Stock Exchange)
(URL: https://www.imhds.co.jp)
Representative: Toshiyuki Hosoya, President and CEO
Contact: Keiko Mihara, General Manager, Corporate Communication and IR Division, General Affairs Department
TEL: (050) 1704-0684

Scheduled date of filing of the quarterly securities report (*Shihanki Houkokusho*): February 6, 2023
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 2022 (From April 1, 2022 to December 31, 2022)

(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 FY2022	367,194	16.7	24,552	716.4	25,617	559.2	19,562	-
3Q of FY2021	314,650	-	3,007	-	3,885	-	923	-

(Note) Comprehensive income: 3Q of FY2022: ¥29,635 million (265.4%), 3Q of FY2021: ¥8,110 million (-%)

Since the "Accounting Standard for Revenue Recognition," etc. was adopted from the beginning of the first quarter of fiscal 2021, the percentage changes from the results of the third quarter of fiscal 2020 before the adoption of the accounting standard, etc. are not provided.

	Net Income per Share (Basic)	Net Income per Share (Diluted)
	Yen	Yen
3Q of FY2022	51.26	51.09
3Q of FY2021	2.42	2.41

(2) Consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
3Q of FY2022	1,252,733	543,015	42.8
FY2021	1,168,574	517,660	43.8

(Reference) Shareholders' equity: 3Q of FY2022: ¥536,509 million, FY2021: ¥511,796 million

2. Dividends

	Annual Dividends				
(Record date)	First Quarter	Second Quarter	Third Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	-	5.00	-	5.00	10.00
FY2022	-	6.00	-		
FY 2022 (Forecast)				6.00	12.00

(Note) Revision to recently announced dividend forecast: No

3. Forecast of Consolidated Results for Fiscal 2022 (From April 1, 2022 to March 31, 2023)

(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	490,000	17.1	26,000	337.7	26,000	173.1	25,500	106.7	66.81

(Note) Revision to recently announced consolidated results forecast: Yes
The forecast is based on the "Accounting Standard for Revenue Recognition," etc., which was adopted from the beginning of the first quarter of the fiscal year ended March 31, 2022. If the accounting standard, etc. had not been adopted, the net sales forecast would be ¥1,080,000 million, an increase of 18.4% 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: 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)
2) Number of shares of treasury stock at the end of the period
3) Average number of shares during the period

Third quarter of FY2022	396,908,154 shares	FY2021	396,736,654 shares
Third quarter of FY2022	15,045,993 shares	FY2021	15,199,783 shares
Third quarter of FY2022	381,656,531 shares	Third quarter of FY2021	381,264,168 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 4
(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) Notes regarding Consolidated Financial Statements 9
(Notes on going concern assumption) 9
(Notes on significant changes in shareholders' equity) 9
(Changes in accounting policies) 9
(Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements) 9
(Additional information) 9
(Segment information) 10

1. Qualitative Information on the Quarterly Results

(1) Explanation regarding Business Results

During the third quarter of fiscal 2022 (April 1, 2022 to December 31, 2022), despite downward pressure on consumption caused by price rises, the Japanese economy was on a recovery trend on the back of the normalization of socio-economic activity. With our attitude towards COVID-19 entering a new phase, we saw signs of a recovery in inbound consumption as the numbers of overseas visitors to Japan increasing significantly following the easing of border control restrictions in October.

However, with the outlook regarding the global economy remaining uncertain in light of the global trends in COVID-19, the prices of items and goods, fluctuations in exchange rates, etc., we will remain vigilant.

In this highly uncertain business environment, we have designated this fiscal year, the first year of the medium-term management plan (Fiscal 2022–Fiscal 2024), as a year to raise the certainty of "revitalization" and begin preparations for "deployment" in anticipation of "fruiting," and have been working on making sure that steps towards the revitalization of department stores are certain.

In our "high sensitivity, fine quality strategy" initiatives, in addition to strong net sales at both the Isetan Shinjuku Main Store and the Mitsukoshi Nihombashi Main Store in terms of (individual) out-of-store sales reform, net sales from the "overseas customer representatives" established in October 2022 grew significantly on the back of increased numbers of overseas visitors to Japan following the easing of border control restrictions and the depreciation of the yen. In response to a wide range of demands from our customers, we have also been steadily expanding net sales of products and services not available in department stores, such as imported vehicles, real estate, and travel.

In our "CRM Strategy connecting with individual customers" initiatives, we promoted an expansion of the number of "connected individual customers" as well as increases in the amount and frequency of usage by such customers. The number of Iseten Mitsukoshi app subscribers, in particular, significantly exceeded both last year's results and our target, driving an expansion in the number of identified customers and net sales to identified customers. We also expanded the number of followers to the Group's official social media accounts, allowing us to improve our ability to regularly connect with those customers who do not use our department stores frequently. These initiatives allow us to build up a fanbase of the Group, leading to increased retention of customers.

In our "stronger intra-Group coordination strategy" initiatives, we steadily expanded net sales through coordination between the revitalized Group companies. With B-to-B out-of-store sales of Group content to companies outside the group in particular, we steadily expanded net sales through inter-Group collaboration, which, in turn, led to large-scale orders from both new and existing corporate customers. Going forward, we will combine the skills and know-how cultivated by the Group companies and propose value propositions in a single package to achieve both further corporate customer acquisition and expand net sales.

In our "reforms to the income and expenditure structure" initiatives, we are continuing to perform thorough cost controls in spite of on-going increases in earnings following a recovery in terms of net sales. Going forward, we believe that a recovery in tax-free sales will contribute to a further increase in profits. In addition, we have also made efforts towards the systemization of guidance aimed at reforming income and expenditure structures, store structures, organization personnel, operations, etc., based on a scientific description of the business structure in the Group's department stores and on quantitative indicators.

Regarding sustainability initiatives, we have been progressing with initiatives aimed at resolving a range of social issues, including reducing emissions of greenhouse gases and curbing the use of plastics. In our department store business, in response to social issues such as food waste and the disposal of clothing, we have been working to reduce food waste at all our stores, implementing food drives and conducting campaigns aimed at collecting unwanted clothing at some of our stores. In December, we were accredited in a survey on climate change as an A-list company by the international environmental non-profit organization CDP, the highest possible evaluation. Going forward, we will continue to implement measures aimed at resolving social issues and improving corporate value.

In the third quarter of the fiscal year under review on a consolidated basis, the Company recorded net sales of ¥367,194 million, up 16.7% year-on-year, operating income of ¥24,552 million, up 716.4% year-on-year, recurring income of ¥25,617 million, up 559.2% year-on-year, and net income attributable to parent company shareholders of ¥19,562 million compared to net income attributable to parent company shareholders of ¥923 million in the third quarter of the previous fiscal year.

Results by segment were as follows.

1) Department Store Business

Following the lifting of movement restrictions, consumer spending remained robust in domestic department stores. Net sales have recovered to pre-COVID-19 levels across stores in the Tokyo metropolitan area and close to pre-COVID-19 levels in stores across Japan. Furthermore, following the easing of border control restrictions in October, tax-free sales have greatly increased, with figures recovering to 2018 levels across stores in the Tokyo metropolitan area and in stores in some other regions across Japan.

While the number of overseas visitors to our Shinjuku Main Store have not yet recovered to pre-COVID-19 levels, we did record our highest post-merger sales in the first half of the year. For the full year, we are seeing such a strong recovery that we expect to realize net sales in excess of ¥300.0 billion (total net sales before the adoption of the Accounting Standard

for Revenue Recognition), a figure we have only achieved once in the past. In particular, sales of high-value items, such as luxury brands, jewelry, and watches, continued to be strong in the first half of the year, and we have also seen high demand for Christmas and other end of year events. In addition, Japan's most prestigious perfume festival, "Salon de Parfum 2022," was held in the event hall for the first time in three years, attracting many customers to the store to experience the most in-season and latest products, including not only brands exclusive to the store, but also other advance-sale items.

In our online initiatives, net sales from the Mitsukoshi Isetan remote shopping app, which links the various Group stores across Japan via remote customer service, were strong, exceeding both last year's results and our targets. In the virtual reality city metaverse, "REV WORLDS," we not only strengthened collaborative planning with physical department stores and companies outside the Group, but also implemented initiatives towards improving functions for equipping avatar accessories, with the number of downloads significantly exceeding our plans and continuing to expand steadily. Going forward, we will continue to promote initiatives towards enriching customer lives online as well.

Regarding overseas department stores, although the harsh situation caused by the impact of COVID-19 continued at stores in China, store visitor numbers and spending per customer were strong in Malaysia, Singapore, and the United States, recovering to 2019 levels, and recorded an increase in income.

Segment sales amounted to ¥315,883 million, up 12.4% year-on-year, and operating income was ¥17,583 million, compared to operating loss of ¥6,195 million in the third quarter of the previous fiscal year.

2) Credit & Finance Business/Customer Organization Management Business

In this business, we are engaged in enhancing incidental financial services for the Group's customer base and strengthening our financial product offerings, as well as further expanding the customer base through measures such as alliances with companies outside the Group.

Despite a decrease in income due to changes in intra-Group transactions, the value of credit card transactions handled by MICARD Co. LTD. exceeded pre-COVID-19 levels outside department stores owing to increased credit card usage in areas such as travel and restaurants, which have been on fast recovery trends since the easing of movement restrictions. Going forward, we will continue to aim for a further expansion in earnings, not only by strengthening efforts towards acquiring new credit card members and promoting credit card usage, but also by implementing cost controls.

Segment sales amounted to ¥22,996 million, down 0.3% year-on-year, and operating income was ¥3,108 million, down 34.1% year-on-year.

3) Real Estate Business

In the real estate business, Isetan Mitsukoshi Property Design Ltd., in its main construction and design business, achieved a year-on-year increase in revenue due mainly to an increase in the completion of projects for which work had been delayed due to the COVID-19 crisis and an expansion in new orders received.

Segment sales amounted to ¥14,220 million, up 8.6% year-on-year, and operating income was ¥2,995 million, down 27.5% year-on-year.

4) Other Businesses

Isetan Mitsukoshi Business Support Ltd. saw a year-on-year decrease in net sales from business within the Group, including delivery and packaging businesses for gifts from our department stores and other products. However, in the digital (e-commerce) related delivery and packaging business, net sales were in line with the previous fiscal year. In businesses outside the Group, we promoted the acquisition of orders from new clients by proactively engaging in logistics exhibitions.

In the overseas travel business, Mitsukoshi Isetan Nikko Travel, Ltd. resumed its river cruise service in Europe for the first time in approximately two and a half years despite the ongoing situation in Ukraine. Meanwhile, the domestic travel business continued on its recovery trend, mainly owing to the removal of movement restrictions and the domestic travel subsidy program, and sales for independently arranged travel recovered to pre-COVID-19 levels.

IM Food Style Ltd. engaged in initiatives to strengthen its CRM activities in its mainstay food supermarket business, such as the creation of an app for our cash point card. In our "stronger intra-Group coordination strategy" initiatives, by strengthening coordination between Group companies, we have expanded sales channels in our external sales manufacturing business, which has resulted in the acquiring of OEM orders from companies outside the Group.

Despite a reduction in earnings in the product development business, revenue and income at IMGS CO., LTD. exceeded our targets thanks to an increase in revenue in the catalog business and continuing thorough implementation of cost control measures.

On the back of a revitalization of intra-Group coordination as part of our "stronger intra-Group coordination strategy," Studio Alta Co., Ltd. recorded increased revenue and income thanks to improved earnings in our department store media sales and advertising production business as well as strong sales of outdoor advertisements.

Segment sales amounted to ¥57,720 million, up 49.2% year-on-year, and operating income was ¥664 million, up 220.1% 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 ¥1,252,733 million, an increase of ¥84,159 million from the end of the previous fiscal year. This was due mainly to an increase in notes and accounts receivable-trade, and contract assets owing to seasonal factors, the acquisition of additional shares of IM Food Style Ltd. and its inclusion in the scope of consolidation.

Total liabilities amounted to ¥709,718 million, an increase of ¥58,804 million from the end of the previous fiscal year. This was mainly attributable to an increase in notes and accounts payable owing to seasonal factors.

Net assets amounted to ¥543,015 million, an increase of ¥25,354 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 2022 as follows.

Forecast of Consolidated Results for Fiscal 2022 (From April 1, 2022 to March 31, 2023)

	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)	494,000	24,000	24,000	24,000	62.89
Revised forecast (B)	490,000	26,000	26,000	25,500	66.81
Change (B – A)	(4,000)	2,000	2,000	1,500	―
Change (%)	(0.8)	8.3	8.3	6.3	―
(Reference) Results for the previous fiscal year (fiscal 2021)	418,338	5,940	9,520	12,338	32.36

Note: The forecast is based on the “Accounting Standard for Revenue Recognition,” etc., which was adopted from the beginning of the first quarter of the fiscal year ended March 31, 2022. If the accounting standard, etc. had not been adopted, the net sales forecast would be ¥1,080,000 million (an increase of ¥5,000 million or 0.5% from the previous forecast of ¥1,075,000 million).

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2021 (As of March 31, 2022)	3Q of Fiscal 2022 (As of December 31, 2022)
ASSETS		
Current assets		
Cash and bank deposits	81,194	116,042
Notes and accounts receivable-trade, and contract assets	120,924	151,682
Marketable securities	768	945
Merchandise and finished goods	24,595	27,414
Work in process	345	463
Raw materials and supplies	464	608
Other current assets	23,703	28,692
Less: Allowance for doubtful accounts	(4,239)	(4,277)
Total current assets	247,757	321,571
Property and equipment		
Tangible fixed assets		
Buildings and structures, net	155,908	150,678
Land	527,432	529,263
Other tangible fixed assets, net	24,669	24,617
Total tangible fixed assets	708,010	704,560
Intangible fixed assets		
Software	17,343	17,375
Goodwill	―	10,543
Other intangible fixed assets	23,422	23,412
Total intangible fixed assets	40,765	51,331
Investments and other assets		
Investment securities	120,413	123,065
Other assets	51,730	52,326
Less: Allowance for doubtful accounts	(179)	(182)
Total investments and other assets	171,965	175,210
Total property and equipment	920,741	931,102
Deferred assets		
Bond issue costs	75	59
Total deferred assets	75	59
Total assets	1,168,574	1,252,733

(Millions of yen)

	Fiscal 2021 (As of March 31, 2022)	3Q of Fiscal 2022 (As of December 31, 2022)
LIABILITIES		
Current liabilities		
Notes and accounts payable	87,102	132,227
Current portion of bonds payable	10,000	10,000
Short-term borrowings	13,145	26,012
Commercial paper	40,000	50,000
Income taxes payable	1,637	5,542
Reserve for loss from redemption of gift vouchers	16,064	16,081
Allowance	9,468	6,966
Other current liabilities	182,419	191,102
Total current liabilities	359,838	437,933
Long-term liabilities		
Bonds payable	30,000	20,000
Long-term debt	82,000	68,800
Deferred tax liabilities	126,921	128,453
Net defined benefit liability	32,827	34,869
Allowance	38	19
Liabilities from application of equity method	3,466	3,357
Other long-term liabilities	15,822	16,285
Total long-term liabilities	291,075	271,784
Total liabilities	650,914	709,718
NET ASSETS		
Shareholders' equity		
Common stock	51,162	51,263
Capital surplus	323,812	323,709
Retained earnings	134,558	149,892
Less: Treasury stock	(18,364)	(18,156)
Total shareholders' equity	491,168	506,709
Accumulated other comprehensive income		
Net unrealized gains (losses) on other securities	5,450	3,597
Deferred gains (losses) on hedges	43	(4)
Foreign currency translation adjustments	15,501	26,386
Remeasurements of defined benefit plans	(367)	(179)
Total accumulated other comprehensive income	20,627	29,800
Stock acquisition rights	1,115	914
Non-controlling interests	4,748	5,592
Total net assets	517,660	543,015
Total liabilities and net assets	1,168,574	1,252,733

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

Consolidated Statements of Income

Third Quarter Period

(Millions of yen)

	3Q of Fiscal 2021 (From April 1, 2021 to December 31, 2021)	3Q of Fiscal 2022 (From April 1, 2022 to December 31, 2022)
Net sales	314,650	367,194
Cost of sales	132,308	151,267
Gross profit	182,342	215,927
Selling, general and administrative expenses	179,335	191,374
Operating income	3,007	24,552
Non-operating income		
Interest income	266	279
Dividend income	449	483
Equity in earnings of affiliates	236	2,005
Gain on donated fixed assets	1,001	229
Other non-operating income	1,811	814
Total non-operating income	3,765	3,812
Non-operating expenses		
Interest expenses	649	579
Loss on retirement of property and equipment	916	746
Other non-operating expenses	1,321	1,422
Total non-operating expenses	2,887	2,748
Recurring income	3,885	25,617
Extraordinary gain		
Gain on step acquisitions	―	3,810
Gain on sales of shares of subsidiaries and associates	2,240	―
Subsidies for employment adjustment	902	―
Total extraordinary gain	3,143	3,810
Extraordinary loss		
Loss on disposal of property and equipment	561	―
Impairment losses	108	―
Loss on closing of stores	709	12
Business structure improvement expenses	177	66
COVID-19-related loss	3,083	337
Total extraordinary loss	4,639	415
Income before income taxes	2,389	29,011
Income taxes	1,650	9,385
Net income	738	19,625
Net income (loss) attributable to non-controlling interests	(184)	63
Net income attributable to parent company shareholders	923	19,562

Consolidated Statements of Comprehensive Income (Loss)
Third Quarter Period

(Millions of yen)

	3Q of Fiscal 2021 (From April 1, 2021 to December 31, 2021)	3Q of Fiscal 2022 (From April 1, 2022 to December 31, 2022)
Net income	738	19,625
Other comprehensive income		
Net unrealized gains (losses) on other securities	(1,387)	1,235
Deferred gains (losses) on hedges	(3)	(48)
Foreign currency translation adjustments	1,084	3,401
Gain (loss) on revision of retirement benefit plans	151	188
Amount corresponding to equity interest in equity method affiliates	7,525	5,233
Total other comprehensive income	7,371	10,010
Comprehensive income	8,110	29,635
(Breakdown)		
Comprehensive income attributable to parent company shareholders	8,091	28,734
Comprehensive income attributable to non-controlling interests	19	901

(3) Notes regarding Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.

(Changes in accounting policies)

(Adoption of Accounting Standard for Fair Value Measurement, etc.)

Effective from the beginning of the first quarter of the fiscal year under review, the Company adopted the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter, "Implementation Guidance on Accounting Standard for Fair Value Measurement"). Under the transitional treatment stipulated in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the Company decided to adopt the new accounting policy stipulated by the Implementation Guidance on Accounting Standard for Fair Value Measurement, etc. for the future. There is no impact on the quarterly consolidated financial statements.

(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.

(Additional information)

(Accounting estimates regarding the impact of COVID-19)

While it is difficult to accurately predict how COVID-19 will spread in the future or when it will be contained, accounting estimates have been made for the recoverability of deferred tax assets and impairment accounting of property and equipment for the third quarter of the fiscal year under review based on the assumption that the impact will continue until fiscal 2024. There is no important change to the description provided in (Significant accounting estimates) on the securities report (*Yukashoken Houkokusho*) for the previous fiscal year.

As there is a high level of uncertainty surrounding the impact of COVID-19 on economic activities, if changes in the above assumption occur, the consolidated financial statements of the Group may be affected.

(Adoption of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system)

Effective from the beginning of the first quarter of the fiscal year under review, the Company and some of its domestic consolidated subsidiaries transitioned from the consolidated taxation system to the group tax sharing system. As a result of this change, the provisions of "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42, August 12, 2021; hereinafter, "Practical Solution No. 42") are applied to the accounting treatment and disclosure of corporate income tax, local corporate income tax, and tax effect accounting. The change in accounting policy associated with the application of Practical Solution No. 42 is deemed to have no impact, based on Paragraph 32 (1) of Practical Solution No. 42.

(Segment information)

[Segment information]

I. Third quarter of the previous consolidated accounting period (April 1, 2021 to December 31, 2021)

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	279,464	13,298	11,924	304,687	9,963	314,650	—	314,650
Intersegment sales or transfer	1,500	9,762	1,165	12,429	28,716	41,145	(41,145)	—
Total	280,965	23,061	13,090	317,117	38,679	355,796	(41,145)	314,650
Segment income (loss)	(6,195)	4,721	4,134	2,660	207	2,867	139	3,007

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 (loss) adjustment of ¥139 million is intersegment eliminations, unrealized income, etc.
3. Segment income (loss) is adjusted to operating income.

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

(Significant impairment losses related to property and equipment)

(Millions of yen)

	Reporting segments				Other businesses	Total
	Department store business	Credit & finance business/ Customer organization management business	Real estate business	Subtotal		
Impairment losses	495	—	—	495	108	603

Note
Impairment losses include ¥495 million of loss on closing of stores.

II. Third quarter of the current 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 (loss)	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 concerning impairment losses on property and equipment or goodwill by 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." Further, the allocation of acquisition cost for the third quarter of the fiscal year under review has been completed, and this amount of goodwill is calculated based on the completed allocation of acquisition costs.