ISETAN MITSUKOSHI HOLDINGS

Reference Materials for Settlement of Consolidated Accounts for the Fiscal Year Ending March 31, 2021

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July 29, 2020
Isetan Mitsukoshi Holdings Ltd.

Isetan Mitsukoshi Holdings Consolidated Results

1. Outline of Consolidated Business Results

(1) Consolidated Business Results

(Millions of yen)

		Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020 (Forecast)
Net sales		1,253,457	1,256,386	1,196,803	1,119,191	823,000
	YoY (%)	97.4	100.2	95.3	93.5	73.5
	YoY difference	(33,796)	2,929	(59,583)	(77,611)	(296,191)
Gross profit		365,609	367,282	348,282	322,702	234,000
	YoY (%)	101.1	100.5	94.8	92.7	72.5
	YoY difference	3,840	1,673	(19,000)	(25,579)	(88,702)
Operating income		23,935	24,413	29,229	15,679	(38,000)
	YoY (%)	72.3	102.0	119.7	53.6	-
	YoY difference	(9,172)	477	4,816	(13,550)	(53,679)
Recurring income		27,418	27,325	31,995	19,771	(41,000)
	YoY (%)	74.7	99.7	117.1	61.8	-
	YoY difference	(9,286)	(93)	4,670	(12,223)	(60,771)
Net income attributable to parent company shareholders		14,976	(960)	13,480	(11,187)	(60,000)
	YoY (%)	56.5	-	-	-	-
	YoY difference	(11,529)	(15,936)	14,441	(24,667)	(48,812)
Net income per share (yen)		38.27	(2.47)	34.58	(28.90)	(157.81)
	YoY difference (yen)	(29.15)	(40.73)	37.04	(63.47)	(128.91)
Gross profit margin (%)		29.17	29.23	29.10	28.83	28.43
	YoY difference (%)	1.06	0.07	(0.13)	(0.27)	(0.40)
Operating profit margin (%)		1.9	1.9	2.4	1.4	(4.6)
	YoY difference (%)	(0.7)	0.0	0.5	(1.0)	(6.0)
Recurring profit margin (%)		2.2	2.2	2.7	1.8	(5.0)
	YoY difference (%)	(0.7)	(0.0)	0.5	(0.9)	(6.7)
Return on sales (%)		1.2	(0.1)	1.1	(1.0)	(7.3)
	YoY difference (%)	(0.9)	(1.3)	1.2	(2.1)	(6.3)

(2) Consolidated Financial Positions

(Millions of yen)

		Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020 (Forecast)
Total assets		1,312,074	1,275,535	1,247,427	1,223,800	1,196,000
	YoY (%)	101.5	97.2	97.8	98.1	97.7
	YoY difference	19,031	(36,539)	(28,108)	(23,626)	(27,800)
Net assets		579,782	588,091	585,715	550,161	487,000
	YoY (%)	101.0	101.4	99.6	93.9	88.5
	YoY difference	5,466	8,308	(2,376)	(35,553)	(63,161)
Interest-bearing debt		186,751	139,972	136,746	175,548	204,000
	YoY (%)	106.2	75.0	97.7	128.4	116.2
	YoY difference	10,879	(46,778)	(3,226)	38,801	28,451
Net financial revenue		425	1,294	647	578	(100)
	YoY (%)	95.4	304.0	50.0	89.4	-
	YoY difference	(20)	868	(647)	(68)	(678)
Return on assets (ROA) (%)		1.8	1.9	2.3	1.3	(3.1)
	YoY difference (%)	(0.7)	0.0	0.4	(1.0)	(4.4)
Return on equity (ROE) (%)		2.6	(0.2)	2.3	(2.0)	(11.7)
	YoY difference (%)	(2.1)	(2.8)	2.5	(4.3)	(9.7)
Rate of return on invested capital (ROIC) (%)*		2.2	2.3	2.8	1.5	(3.8)
	YoY difference (%)	(0.8)	0.1	0.5	(1.3)	(5.3)
Shareholder's equity ratio (%)		43.4	45.2	46.1	44.3	40.1
	YoY difference (%)	(0.2)	1.8	0.9	(1.8)	(4.3)
Interest-bearing debt dependency (%)		14.2	11.0	11.0	14.3	17.1
	YoY difference (%)	0.6	(3.3)	(0.0)	3.4	2.7
Consolidated debt equity ratio (DER) (times)		0.33	0.24	0.24	0.32	0.43
	YoY difference (times)	0.02	(0.09)	(0.01)	0.09	0.10

* Rate of return on invested capital (ROIC) = Consolidated operating income after deducting taxes/(Interest-bearing debt + Shareholder's equity)

(3) Consolidated Business Results of Consolidated Cash Flows

(Millions of yen)

		Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020 (Forecast)
Cash flows from operating activities		35,373	72,972	28,286	16,281	(31,000)
	YoY difference	(7,726)	37,598	(44,685)	(12,005)	(47,281)
Cash flows from investing activities		(40,913)	(26,981)	(22,450)	(9,965)	(32,000)
	YoY difference	(16,432)	13,932	4,530	12,484	(22,034)
Cash flows from financing activities		2,413	(52,753)	(9,063)	20,259	23,000
	YoY difference	6,124	(55,166)	43,689	29,323	2,740
Cash and cash equivalents at end of period		60,024	53,969	50,147	76,659	37,000
	YoY difference	(4,214)	(6,054)	(3,822)	26,511	(39,659)

(4) Others

(Millions of yen)

		Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020 (Forecast)
Capital investment		34,200	38,446	56,526	38,055	28,500
	YoY (%)	85.4	112.4	147.0	67.3	74.9
	YoY difference	(5,842)	4,245	18,079	(18,470)	(9,555)
Number of employees		12,382	14,269	13,211	12,453	12,390
	YoY (%)	100.8	115.2	92.6	94.3	99.5
	YoY difference	97	1,887	(1,058)	(758)	(63)
Number of consolidated subsidiaries		43	43	41	38	39
(as of March 31)	YoY difference	5	0	(2)	(3)	1
Number of equity-method affiliates		7	7	9	8	9
(as of March 31)	YoY difference	(1)	0	2	(1)	1
Cash dividends per share (yen)		12.00	12.00	12.00	12.00	9.00
	YoY difference (yen)	0.00	0.00	0.00	0.00	(3.00)

2. Consolidated Selling, General and Administrative Expenses

(Millions of yen)

		Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020 (Forecast)
Selling, general and administrative expenses		341,673	342,869	319,052	307,023	272,000
	YoY (%)	104.0	100.3	93.1	96.2	88.6
	YoY difference	13,013	1,195	(23,816)	(12,029)	(35,023)
Advertising expenses		21,659	20,365	19,114	18,702	15,000
	YoY (%)	96.5	94.0	93.9	97.8	80.2
	YoY difference	(781)	(1,294)	(1,250)	(411)	(3,702)
Point related expenses		23,038	22,985	21,464	19,280	15,500
	YoY (%)	532.6	99.8	93.4	89.8	80.4
	YoY difference	18,713	(52)	(1,521)	(2,183)	(3,780)
Personnel expenses		118,038	119,465	109,299	103,778	90,000
	YoY (%)	97.1	101.2	91.5	94.9	86.7
	YoY difference	(3,573)	1,426	(10,165)	(5,521)	(13,778)
Depreciation and amortization		23,562	25,272	25,734	27,021	24,500
	YoY (%)	102.4	107.3	101.8	105.0	90.7
	YoY difference	542	1,709	462	1,287	(2,521)
Lease payments		41,087	40,820	36,198	31,858	28,500
	YoY (%)	97.7	99.4	88.7	88.0	89.5
	YoY difference	(957)	(266)	(4,622)	(4,339)	(3,358)
Business consignment expenses		35,748	34,866	33,961	33,426	32,000
	YoY (%)	102.0	97.5	97.4	98.4	95.7
	YoY difference	711	(882)	(904)	(535)	(1,426)
Others		78,539	79,093	73,279	72,954	66,500
	YoY (%)	98.0	100.7	92.6	99.6	91.2
	YoY difference	(1,642)	554	(5,814)	(324)	(6,454)
SGA ratio (%)		27.3	27.3	26.7	27.4	33.0
	YoY difference (%)	1.7	0.0	(0.6)	0.8	5.6

3. Consolidated Non-operating Income/Loss

(Millions of yen)

		Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020 (Forecast)
Non-operating income		15,615	14,851	13,846	16,409	9,500
	YoY difference	(1,302)	(763)	(1,004)	2,562	(6,909)
Interest and dividend income		1,412	2,134	1,417	1,520	1,200
	YoY difference	(123)	722	(717)	103	(320)
Equity in earnings of affiliates		4,263	3,548	3,058	2,228	0
	YoY difference	(1,257)	(715)	(489)	(830)	(2,228)
Income from unredeemed gift vouchers		5,397	5,550	5,747	5,928	5,800
	YoY difference	15	153	196	181	(128)
Gain on donated fixed assets		2,551	2,182	2,645	5,231	1,500
	YoY difference	(340)	(368)	463	2,586	(3,731)
Other non-operating income		1,990	1,435	977	1,499	1,000
	YoY difference	403	(555)	(457)	522	(499)
Non-operating expenses		12,131	11,939	11,080	12,316	12,500
	YoY difference	(1,189)	(192)	(859)	1,236	183
Interest expenses		986	839	770	942	1,300
	YoY difference	(103)	(146)	(69)	171	357
Loss on retirement of property and equipment		1,503	1,615	1,342	1,233	1,600
	YoY difference	(477)	111	(273)	(108)	366
Provision of reserve for loss from redemption of gift vouchers		5,346	5,500	5,744	5,873	6,000
	YoY difference	(211)	153	244	128	126
Other non-operating expenses		4,294	3,984	3,223	4,267	3,600
	YoY difference	(397)	(310)	(760)	1,044	(667)

4. Consolidated Capital Investment

(Millions of yen)

		Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020 (Forecast)
Isetan Mitsukoshi Ltd.		18,813	22,510	48,568	28,569	21,000
	YoY (%)	90.4	119.7	215.8	58.8	73.5
	YoY difference	(2,004)	3,696	26,057	(19,998)	(7,569)
MICARD CO. Ltd.		3,112	1,837	1,259	1,251	2,000
	YoY (%)	54.5	59.0	68.5	99.4	159.8
	YoY difference	(2,597)	(1,275)	(577)	(7)	748
Isetan Mitsukoshi System Solutions Ltd.		6,386	4,156	4,339	4,764	4,100
	YoY (%)	84.4	65.1	104.4	109.8	86.0
	YoY difference	(1,182)	(2,229)	182	425	(664)
Others		6,278	10,256	2,760	3,696	1,700
	YoY (%)	84.9	163.4	26.9	133.9	46.0
	YoY difference	(1,120)	3,978	(7,496)	935	(1,996)
Elimination of intra-company transactions		(390)	(315)	(401)	(226)	(300)
	YoY (%)	-	-	-	-	-
	YoY difference	1,062	75	(85)	174	(73)
Total		34,200	38,446	56,526	38,055	28,500
	YoY (%)	85.4	112.4	147.0	67.3	74.9
	YoY difference	(5,842)	4,245	18,079	(18,470)	(9,555)

Note: Figures include investments made for intangible fixed assets.

5. Net Sales by Segment and Operating Income/Loss

(Millions of yen)

		Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020 (Forecast)
Department store business						
Sales		1,151,020	1,132,007	1,111,202	1,035,589	753,000
	YoY (%)	96.9	98.3	98.2	93.2	72.7
	YoY difference	(36,368)	(19,012)	(20,805)	(75,613)	(282,589)
Segment income (loss)		11,093	14,484	15,313	2,203	(41,000)
	YoY (%)	51.4	130.6	105.7	14.4	-
	YoY difference	(10,476)	3,390	829	(13,110)	(43,203)
Credit & finance business/ Customer organization management business						
Sales		37,780	38,906	39,116	38,595	32,500
	YoY (%)	104.3	103.0	100.5	98.7	84.2
	YoY difference	1,554	1,126	209	(520)	(6,095)
Segment income (loss)		5,380	5,364	6,422	5,669	1,000
	YoY (%)	95.8	99.7	119.7	88.3	17.6
	YoY difference	(236)	(16)	1,058	(752)	(4,669)
Real estate business						
Sales		41,671	45,071	48,303	35,399	28,500
	YoY (%)	90.1	108.2	107.2	73.3	80.5
	YoY difference	(4,562)	3,399	3,231	(12,904)	(6,899)
Segment income (loss)		6,444	6,614	7,786	5,970	5,000
	YoY (%)	101.9	102.6	117.7	76.7	83.7
	YoY difference	120	170	1,171	(1,815)	(970)
Other businesses						
Sales		133,439	145,441	88,970	82,418	61,000
	YoY (%)	102.1	109.0	61.2	92.6	74.0
	YoY difference	2,773	12,001	(56,470)	(6,552)	(21,418)
Segment income (loss)		765	(2,252)	(302)	1,618	(3,000)
	YoY (%)	-	-	-	-	-
	YoY difference	1,466	(3,018)	1,950	1,921	(4,618)
Amount listed on consolidated financial statements*						
Sales		1,253,457	1,256,386	1,196,803	1,119,191	823,000
	YoY (%)	97.4	100.2	95.3	93.5	73.5
	YoY difference	(33,796)	2,929	(59,583)	(77,611)	(296,191)
Operating income (loss)		23,935	24,413	29,229	15,679	(38,000)
	YoY (%)	72.3	102.0	119.7	53.6	-
	YoY difference	(9,172)	477	4,816	(13,550)	(53,679)

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