



ISETAN MITSUKOSHI HOLDINGS

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## **Explanatory Materials for Settlement of Consolidated Accounts for the Second Quarter of Fiscal Year Ending March 31, 2018**

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November 7, 2017  
Isetan Mitsukoshi Holdings Ltd.



## I. Isetan Mitsukoshi Holdings Consolidated Results

### 1. Outline of Consolidated Business Results

#### (1) Consolidated Business Results

(Millions of yen)

|                                                        | Fiscal 2015 |           | Fiscal 2016 |           | Fiscal 2017 |                         |
|--------------------------------------------------------|-------------|-----------|-------------|-----------|-------------|-------------------------|
|                                                        | 2Q          | Full Year | 2Q          | Full Year | 2Q          | Full Year<br>(Forecast) |
| Net sales                                              | 613,868     | 1,287,253 | 582,173     | 1,253,457 | 595,261     | 1,265,000               |
| YoY (%)                                                | 105.5       | 101.2     | 94.8        | 97.4      | 102.2       | 100.9                   |
| YoY difference                                         | 32,249      | 15,123    | (31,694)    | (33,796)  | 13,087      | 11,542                  |
| Gross profit                                           | 173,023     | 361,768   | 171,430     | 365,609   | 173,993     | 368,000                 |
| YoY (%)                                                | 106.2       | 101.8     | 99.1        | 101.1     | 101.5       | 100.7                   |
| YoY difference                                         | 10,043      | 6,311     | (1,592)     | 3,840     | 2,563       | 2,390                   |
| Operating income                                       | 14,499      | 33,107    | 6,100       | 23,935    | 7,649       | 18,000                  |
| YoY (%)                                                | 148.6       | 100.1     | 42.1        | 72.3      | 125.4       | 75.2                    |
| YoY difference                                         | 4,740       | 23        | (8,398)     | (9,172)   | 1,549       | (5,935)                 |
| Recurring income                                       | 16,823      | 36,704    | 7,578       | 27,418    | 9,552       | 20,000                  |
| YoY (%)                                                | 150.1       | 106.2     | 45.0        | 74.7      | 126.0       | 72.9                    |
| YoY difference                                         | 5,611       | 2,141     | (9,244)     | (9,286)   | 1,973       | (7,418)                 |
| Net income attributable to parent company shareholders | 10,868      | 26,506    | 8,338       | 14,976    | 18          | 5,000                   |
| YoY (%)                                                | 178.1       | 88.7      | 76.7        | 56.5      | 0.2         | 33.4                    |
| YoY difference                                         | 4,765       | (3,380)   | (2,529)     | (11,529)  | (8,320)     | (9,976)                 |
| Net income per share (yen)                             | 27.57       | 67.41     | 21.29       | 38.27     | 0.05        | 12.83                   |
| YoY difference (yen)                                   | 12.11       | (8.33)    | (6.28)      | (29.15)   | (21.24)     | (25.43)                 |
| Gross profit margin (%)                                | 28.19       | 28.10     | 29.45       | 29.17     | 29.23       | 29.09                   |
| YoY difference (%)                                     | 0.16        | 0.16      | 1.26        | 1.06      | (0.22)      | (0.08)                  |
| Operating profit margin (%)                            | 2.4         | 2.6       | 1.0         | 1.9       | 1.3         | 1.4                     |
| YoY difference (%)                                     | 0.7         | (0.0)     | (1.3)       | (0.7)     | 0.2         | (0.5)                   |
| Recurring profit margin (%)                            | 2.7         | 2.9       | 1.3         | 2.2       | 1.6         | 1.6                     |
| YoY difference (%)                                     | 0.8         | 0.1       | (1.4)       | (0.7)     | 0.3         | (0.6)                   |
| Return on sales (%)                                    | 1.8         | 2.1       | 1.4         | 1.2       | 0.0         | 0.4                     |
| YoY difference (%)                                     | 0.7         | (0.3)     | (0.3)       | (0.9)     | (1.4)       | (0.8)                   |

#### (2) Consolidated Financial Positions

(Millions of yen)

|                                                  | Fiscal 2015 |           | Fiscal 2016 |           | Fiscal 2017 |                         |
|--------------------------------------------------|-------------|-----------|-------------|-----------|-------------|-------------------------|
|                                                  | 2Q          | Full Year | 2Q          | Full Year | 2Q          | Full Year<br>(Forecast) |
| Total assets *1                                  | 1,274,742   | 1,293,043 | 1,242,027   | 1,312,074 | 1,288,329   | 1,325,000               |
| YoY (%)                                          | 103.5       | 100.1     | 97.4        | 101.5     | 103.7       | 101.0                   |
| YoY difference                                   | 42,848      | 1,483     | (32,714)    | 19,031    | 46,301      | 12,925                  |
| Net assets                                       | 586,606     | 574,316   | 564,210     | 579,782   | 581,658     | 585,000                 |
| YoY (%)                                          | 109.0       | 99.4      | 96.2        | 101.0     | 103.1       | 100.9                   |
| YoY difference                                   | 48,558      | (3,338)   | (22,396)    | 5,466     | 17,448      | 5,217                   |
| Interest-bearing debt                            | 160,877     | 175,871   | 176,678     | 186,751   | 185,639     | 198,000                 |
| YoY (%)                                          | 95.0        | 109.5     | 109.8       | 106.2     | 105.1       | 106.0                   |
| YoY difference                                   | (8,520)     | 15,270    | 15,801      | 10,879    | 8,960       | 11,248                  |
| Net financial revenue                            | 305         | 446       | 296         | 425       | 426         | 500                     |
| YoY (%)                                          | 103.0       | 96.3      | 97.2        | 95.4      | 143.7       | 117.4                   |
| YoY difference                                   | 8           | (16)      | (8)         | (20)      | 129         | 74                      |
| Return on assets (ROA) (%)                       | -           | 2.6       | -           | 1.8       | -           | 1.4                     |
| YoY difference (%)                               | -           | (0.0)     | -           | (0.7)     | -           | (0.5)                   |
| Return on equity (ROE) (%)                       | -           | 4.7       | -           | 2.6       | -           | 0.9                     |
| YoY difference (%)                               | -           | (0.8)     | -           | (2.1)     | -           | (1.8)                   |
| Rate of return on invested capital (ROIC) (%) *2 | -           | 3.0       | -           | 2.2       | -           | 1.6                     |
| YoY difference (%)                               | -           | 0.0       | -           | (0.8)     | -           | (0.6)                   |
| Shareholder's equity ratio (%)                   | 44.7        | 43.6      | 44.6        | 43.4      | 44.3        | 43.3                    |
| YoY difference (%)                               | 2.4         | 0.2       | (0.1)       | (0.2)     | (0.3)       | (0.0)                   |
| Interest-bearing debt dependency (%)             | 12.6        | 13.6      | 14.2        | 14.2      | 14.4        | 14.9                    |
| YoY difference (%)                               | (1.1)       | 1.2       | 1.6         | 0.6       | 0.2         | 0.7                     |
| Consolidated debt equity ratio (DER) (times)     | 0.28        | 0.31      | 0.32        | 0.33      | 0.33        | 0.34                    |
| YoY difference (times)                           | (0.04)      | 0.03      | 0.04        | 0.02      | 0.01        | 0.02                    |

\*1 Total assets for fiscal 2016 have been revised due to the finalization of provisional accounting treatment for business combinations.

\*2 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 2015 |           | Fiscal 2016 |           | Fiscal 2017 |                         |
|--------------------------------------------|-------------|-----------|-------------|-----------|-------------|-------------------------|
|                                            | 2Q          | Full Year | 2Q          | Full Year | 2Q          | Full Year<br>(Forecast) |
| Cash flows from operating activities       | 8,458       | 43,099    | (3,844)     | 35,373    | 19,361      | 35,000                  |
| YoY difference                             | 2,864       | (6,348)   | (12,303)    | (7,726)   | 23,205      | (373)                   |
| Cash flows from investing activities       | (12,218)    | (24,481)  | (13,020)    | (40,913)  | (13,001)    | (46,000)                |
| YoY difference                             | 5,893       | 9,893     | (801)       | (16,432)  | 18          | (5,086)                 |
| Cash flows from financing activities       | (5,670)     | (3,711)   | (1,967)     | 2,413     | (4,418)     | 6,500                   |
| YoY difference                             | 1,339       | 13,661    | 3,703       | 6,124     | (2,451)     | 4,086                   |
| Cash and cash equivalents at end of period | 40,951      | 64,238    | 43,192      | 60,024    | 62,047      | 55,500                  |
| YoY difference                             | 10,539      | 13,938    | 2,240       | (4,214)   | 18,854      | (4,524)                 |

### (4) Others

(Millions of yen)

|                                                               | Fiscal 2015 |           | Fiscal 2016 |           | Fiscal 2017 |                         |
|---------------------------------------------------------------|-------------|-----------|-------------|-----------|-------------|-------------------------|
|                                                               | 2Q          | Full Year | 2Q          | Full Year | 2Q          | Full Year<br>(Forecast) |
| Capital investment                                            | 17,215      | 40,043    | 13,221      | 34,200    | 12,161      | 0                       |
| YoY (%)                                                       | 210.5       | 136.8     | 76.8        | 85.4      | 92.0        | 0.0                     |
| YoY difference                                                | 9,035       | 10,763    | (3,993)     | (5,842)   | (1,059)     | (34,200)                |
| Number of employees                                           | 12,614      | 12,285    | 12,331      | 12,382    | 14,768      | 14,400                  |
| YoY (%)                                                       | 100.3       | 100.0     | 97.8        | 100.8     | 119.8       | 116.3                   |
| YoY difference                                                | 37          | (1)       | (283)       | 97        | 2,437       | 2,018                   |
| Number of consolidated subsidiaries<br>(as of March 31)       | 38          | 38        | 38          | 43        | 43          | 43                      |
| YoY difference                                                | 0           | 1         | 0           | 5         | 5           | 0                       |
| Number of equity-method affiliates<br>(as of March 31)        | 8           | 8         | 8           | 7         | 7           | 7                       |
| YoY difference                                                | (1)         | 0         | 0           | (1)       | (1)         | 0                       |
| Cash dividends per share (yen)                                | 0.00        | 12.00     | 6.00        | 12.00     | 6.00        | 12.00                   |
| (Total annual dividend for the full year) YoY difference(yen) | 0.00        | 1.00      | 6.00        | 0.00      | 0.00        | 0.00                    |

## 2. Consolidated Selling, General and Administrative Expenses

(Millions of yen)

|                                              | Fiscal 2015 |           | Fiscal 2016 |           | Fiscal 2017 |                         |
|----------------------------------------------|-------------|-----------|-------------|-----------|-------------|-------------------------|
|                                              | 2Q          | Full Year | 2Q          | Full Year | 2Q          | Full Year<br>(Forecast) |
| Selling, general and administrative expenses | 158,523     | 328,660   | 165,329     | 341,673   | 166,343     | 350,000                 |
| YoY (%)                                      | 103.5       | 102.0     | 104.3       | 104.0     | 100.6       | 102.4                   |
| YoY difference                               | 5,302       | 6,287     | 6,806       | 13,013    | 1,013       | 8,326                   |
| Marketing expenses                           | 10,240      | 22,440    | 10,518      | 21,659    | 9,817       | 22,000                  |
| YoY (%)                                      | 99.8        | 100.0     | 102.7       | 96.5      | 93.3        | 101.6                   |
| YoY difference                               | (23)        | 0         | 277         | (781)     | (701)       | 340                     |
| Point related expenses                       | 2,372       | 4,325     | 10,664      | 23,038    | 11,406      | 24,500                  |
| YoY (%)                                      | 124.0       | 109.7     | 449.5       | 532.6     | 107.0       | 106.3                   |
| YoY difference                               | 458         | 381       | 8,292       | 18,713    | 741         | 1,461                   |
| Personnel expenses                           | 56,833      | 121,611   | 57,008      | 118,038   | 56,694      | 118,000                 |
| YoY (%)                                      | 102.0       | 102.1     | 100.3       | 97.1      | 99.5        | 100.0                   |
| YoY difference                               | 1,119       | 2,548     | 174         | (3,573)   | (313)       | (38)                    |
| Depreciation and amortization                | 11,161      | 23,020    | 11,924      | 23,562    | 12,546      | 25,000                  |
| YoY (%)                                      | 102.1       | 100.9     | 106.8       | 102.4     | 105.2       | 106.1                   |
| YoY difference                               | 232         | 202       | 762         | 542       | 622         | 1,437                   |
| Lease payments                               | 21,336      | 42,044    | 20,108      | 41,087    | 20,241      | 41,000                  |
| YoY (%)                                      | 105.2       | 100.0     | 94.2        | 97.7      | 100.7       | 99.8                    |
| YoY difference                               | 1,055       | 19        | (1,227)     | (957)     | 133         | (87)                    |
| Business consignment expenses                | 17,268      | 35,037    | 17,052      | 35,748    | 17,083      | 36,000                  |
| YoY (%)                                      | 101.5       | 102.3     | 98.7        | 102.0     | 100.2       | 100.7                   |
| YoY difference                               | 260         | 796       | (215)       | 711       | 30          | 251                     |
| Others                                       | 39,310      | 80,181    | 38,054      | 78,539    | 38,553      | 83,500                  |
| YoY (%)                                      | 105.9       | 103.0     | 96.8        | 98.0      | 101.3       | 106.3                   |
| YoY difference                               | 2,199       | 2,339     | (1,256)     | (1,642)   | 499         | 4,960                   |
| SGA ratio (%)                                | 25.8        | 25.5      | 28.4        | 27.3      | 27.9        | 27.7                    |
| YoY difference (%)                           | (0.5)       | 0.2       | 2.6         | 1.7       | (0.5)       | 0.4                     |

## 3. Consolidated Non-operating Income/Loss

(Millions of yen)

|                                                                | Fiscal 2015 |           | Fiscal 2016 |           | Fiscal 2017 |                         |
|----------------------------------------------------------------|-------------|-----------|-------------|-----------|-------------|-------------------------|
|                                                                | 2Q          | Full Year | 2Q          | Full Year | 2Q          | Full Year<br>(Forecast) |
| Non-operating income                                           | 5,428       | 16,918    | 4,820       | 15,615    | 4,422       | 14,000                  |
| YoY difference                                                 | 686         | 2,872     | (608)       | (1,302)   | (398)       | (1,615)                 |
| Interest and dividend income                                   | 880         | 1,535     | 802         | 1,412     | 849         | 1,500                   |
| YoY difference                                                 | (57)        | (170)     | (78)        | (123)     | 47          | 87                      |
| Equity in earnings of affiliates                               | 2,971       | 5,521     | 2,076       | 4,263     | 2,122       | 4,000                   |
| YoY difference                                                 | 1,075       | 3,287     | (895)       | (1,257)   | 46          | (263)                   |
| Income from unredeemed gift vouchers                           | -           | 5,381     | -           | 5,397     | -           | 5,000                   |
| YoY difference                                                 | (10)        | 3         | -           | 15        | -           | (397)                   |
| Gain on donated fixed assets                                   | 1,043       | 2,891     | 1,091       | 2,551     | 630         | 2,000                   |
| YoY difference                                                 | 389         | 922       | 48          | (340)     | (461)       | (551)                   |
| Other non-operating income                                     | 532         | 1,587     | 850         | 1,990     | 819         | 1,500                   |
| YoY difference                                                 | (710)       | (1,169)   | 317         | 403       | (31)        | (490)                   |
| Non-operating expenses                                         | 3,104       | 13,320    | 3,342       | 12,131    | 2,519       | 12,000                  |
| YoY difference                                                 | (185)       | 754       | 237         | (1,189)   | (822)       | (131)                   |
| Interest expenses                                              | 575         | 1,089     | 505         | 986       | 423         | 1,000                   |
| YoY difference                                                 | (66)        | (153)     | (69)        | (103)     | (81)        | 13                      |
| Loss on retirement of property and equipment                   | 643         | 1,980     | 712         | 1,503     | 282         | 2,000                   |
| YoY difference                                                 | 280         | 920       | 68          | (477)     | (430)       | 496                     |
| Provision of reserve for loss from redemption of gift vouchers | -           | 5,558     | -           | 5,346     | -           | 5,000                   |
| YoY difference                                                 | -           | (865)     | -           | (211)     | -           | (346)                   |
| Other non-operating expenses                                   | 1,885       | 4,692     | 2,123       | 4,294     | 1,813       | 4,000                   |
| YoY difference                                                 | (398)       | 853       | 238         | (397)     | (310)       | (294)                   |

#### 4. Consolidated Extraordinary Gain/Loss

(Millions of yen)

|                                                    | Fiscal 2017<br>2Q | Details                                                          |
|----------------------------------------------------|-------------------|------------------------------------------------------------------|
| Extraordinary gain                                 | 570               |                                                                  |
| Gain on sales of investment securities             | 0                 |                                                                  |
| Extraordinary loss                                 | 7,194             |                                                                  |
| Loss on closing of stores                          | 2,742             | Isetan Matsudo Store, etc.                                       |
| Amortization of goodwill                           | 3,368             | One-time amortization of goodwill on Socie World Co., Ltd.       |
| Loss on liquidation of subsidiaries and associates | 402               | Mammina Co., Ltd., Isetan Mitsukoshi T Marketing Co., Ltd., etc. |
| Others                                             | 681               |                                                                  |

#### 5. Consolidated Capital Investment

(Millions of yen)

|                                           | Fiscal 2015 |           | Fiscal 2016 |           | Fiscal 2017 |                         |
|-------------------------------------------|-------------|-----------|-------------|-----------|-------------|-------------------------|
|                                           | 2Q          | Full Year | 2Q          | Full Year | 2Q          | Full Year<br>(Forecast) |
| Isetan Mitsukoshi Ltd.                    | 8,805       | 20,818    | 5,256       | 18,813    | 7,420       | 0                       |
| YoY (%)                                   | 218.4       | 129.4     | 59.7        | 90.4      | 141.2       | 0.0                     |
| YoY difference                            | 4,773       | 4,733     | (3,549)     | (2,004)   | 2,164       | (18,813)                |
| MICARD Co., Ltd.                          | 3,045       | 5,710     | 1,944       | 3,112     | 641         | 0                       |
| YoY (%)                                   | 305.6       | 157.0     | 63.8        | 54.5      | 33.0        | 0.0                     |
| YoY difference                            | 2,049       | 2,074     | (1,101)     | (2,597)   | (1,302)     | (3,112)                 |
| Isetan Mitsukoshi System Solutions Ltd.   | 3,541       | 7,568     | 3,531       | 6,386     | 1,702       | 0                       |
| YoY (%)                                   | 184.2       | 139.8     | 99.7        | 84.4      | 48.2        | 0.0                     |
| YoY difference                            | 1,618       | 2,154     | (10)        | (1,182)   | (1,828)     | (6,386)                 |
| Others                                    | 1,914       | 7,398     | 2,578       | 6,278     | 2,457       | 0                       |
| YoY (%)                                   | 139.6       | 163.4     | 134.7       | 84.9      | 95.3        | 0.0                     |
| YoY difference                            | 543         | 2,871     | 664         | (1,120)   | (120)       | (6,278)                 |
| Elimination of intra-company transactions | (91)        | (1,453)   | (88)        | (390)     | (60)        | 0                       |
| YoY (%)                                   | -           | -         | -           | -         | -           | -                       |
| YoY difference                            | 51          | (1,069)   | 3           | 1,062     | 27          | 390                     |
| Total                                     | 17,215      | 40,043    | 13,221      | 34,200    | 12,161      | 0                       |
| YoY (%)                                   | 210.5       | 136.8     | 76.8        | 85.4      | 92.0        | 0.0                     |
| YoY difference                            | 9,035       | 10,763    | (3,993)     | (5,842)   | (1,059)     | (34,200)                |

Note: Figures include investments made for intangible fixed assets.

## 6. Net Sales by Segment and Operating Income/Loss

(Millions of yen)

| Net sales                                                                  | Fiscal 2015 |           | Fiscal 2016 |           | Fiscal 2017 |                         |
|----------------------------------------------------------------------------|-------------|-----------|-------------|-----------|-------------|-------------------------|
|                                                                            | 2Q          | Full Year | 2Q          | Full Year | 2Q          | Full Year<br>(Forecast) |
| Department store business                                                  | 565,529     | 1,187,389 | 532,330     | 1,151,020 | 533,148     | 1,137,000               |
| YoY (%)                                                                    | 106.4       | 101.2     | 94.1        | 96.9      | 100.2       | 98.8                    |
| YoY difference                                                             | 34,238      | 14,502    | (33,199)    | (36,368)  | 818         | (14,020)                |
| Credit & finance business/<br>Customer organization<br>management business | 17,705      | 36,225    | 18,390      | 37,780    | 18,983      | 39,000                  |
| YoY (%)                                                                    | 106.7       | 105.0     | 103.9       | 104.3     | 103.2       | 103.2                   |
| YoY difference                                                             | 1,114       | 1,733     | 684         | 1,554     | 593         | 1,219                   |
| Other retail & specialty store business                                    | 27,068      | 55,827    | 26,615      | 56,074    | 27,446      | 55,000                  |
| YoY (%)                                                                    | 95.8        | 96.5      | 98.3        | 100.4     | 103.1       | 98.1                    |
| YoY difference                                                             | (1,197)     | (2,007)   | (452)       | 247       | 831         | (1,074)                 |
| Real estate business                                                       | 22,287      | 46,234    | 20,253      | 41,671    | 22,535      | 46,000                  |
| YoY (%)                                                                    | 101.7       | 107.8     | 90.9        | 90.1      | 111.3       | 110.4                   |
| YoY difference                                                             | 373         | 3,364     | (2,033)     | (4,562)   | 2,281       | 4,328                   |
| Other businesses and adjusted amounts                                      | (18,722)    | (38,422)  | (15,416)    | (33,089)  | (6,853)     | (12,000)                |
| YoY (%)                                                                    | -           | -         | -           | -         | -           | -                       |
| YoY difference                                                             | (2,280)     | (2,469)   | 3,306       | 5,333     | 8,562       | 21,089                  |
| Amount listed on consolidated financial statements                         | 613,868     | 1,287,253 | 582,173     | 1,253,457 | 595,261     | 1,265,000               |
| YoY (%)                                                                    | 105.5       | 101.2     | 94.8        | 97.4      | 102.2       | 100.9                   |
| YoY difference                                                             | 32,249      | 15,123    | (31,694)    | (33,796)  | 13,087      | 11,542                  |

(Millions of yen)

| Segment income (loss)                                                      | Fiscal 2015 |           | Fiscal 2016 |           | Fiscal 2017 |                         |
|----------------------------------------------------------------------------|-------------|-----------|-------------|-----------|-------------|-------------------------|
|                                                                            | 2Q          | Full Year | 2Q          | Full Year | 2Q          | Full Year<br>(Forecast) |
| Department store business                                                  | 8,957       | 21,569    | (458)       | 11,093    | 3,430       | 9,500                   |
| YoY (%)                                                                    | 221.9       | 100.4     | -           | 51.4      | -           | 85.6                    |
| YoY difference                                                             | 4,921       | 80        | (9,415)     | (10,476)  | 3,888       | (1,593)                 |
| Credit & finance business/<br>Customer organization<br>management business | 3,073       | 5,617     | 3,042       | 5,380     | 2,106       | 4,500                   |
| YoY (%)                                                                    | 102.8       | 100.7     | 99.0        | 95.8      | 69.2        | 83.6                    |
| YoY difference                                                             | 84          | 38        | (31)        | (236)     | (935)       | (880)                   |
| Other retail & specialty store business                                    | (734)       | (1,058)   | (820)       | (1,154)   | (521)       | (1,500)                 |
| YoY (%)                                                                    | -           | -         | -           | -         | -           | -                       |
| YoY difference                                                             | (232)       | (781)     | (86)        | (95)      | 298         | (345)                   |
| Real estate business                                                       | 3,104       | 6,323     | 3,162       | 6,444     | 3,451       | 6,000                   |
| YoY (%)                                                                    | 89.8        | 99.1      | 101.9       | 101.9     | 109.1       | 93.1                    |
| YoY difference                                                             | (350)       | (59)      | 57          | 120       | 289         | (444)                   |
| Other businesses and adjusted amounts                                      | 97          | 655       | 1,174       | 2,171     | (816)       | (500)                   |
| YoY (%)                                                                    | -           | -         | -           | -         | -           | -                       |
| YoY difference                                                             | 317         | 745       | 1,076       | 1,515     | (1,991)     | (2,671)                 |
| Amount listed on consolidated financial statements                         | 14,499      | 33,107    | 6,100       | 23,935    | 7,649       | 18,000                  |
| YoY (%)                                                                    | 148.6       | 100.1     | 42.1        | 72.3      | 125.4       | 75.2                    |
| YoY difference                                                             | 4,740       | 23        | (8,398)     | (9,172)   | 1,549       | (5,935)                 |

## 7. Consolidated Companies

### (1) Results for the Second Quarter of Fiscal 2017

(Millions of yen)

|                                              | Voting Rights<br>Held Percentage<br>(Ind. indirect<br>ownership) (%) | Net sales      | Operating<br>income (loss) | Recurring<br>income (loss) | Net income<br>(loss) |
|----------------------------------------------|----------------------------------------------------------------------|----------------|----------------------------|----------------------------|----------------------|
| Isetan Mitsukoshi Holdings Ltd.              | -                                                                    | 3,460          | (41)                       | (660)                      | (4,932)              |
|                                              |                                                                      | YoY difference | (27,499)                   | (25,621)                   | (30,591)             |
| Isetan Mitsukoshi Ltd.                       | 100.0                                                                | 300,067        | 7,225                      | 9,464                      | 5,647                |
|                                              |                                                                      | YoY difference | (4,209)                    | 3,133                      | 2,716                |
| Sapporo Marui Mitsukoshi Ltd.                | 100.0                                                                | 30,194         | (276)                      | (280)                      | (280)                |
|                                              |                                                                      | YoY difference | 1,338                      | 381                        | 394                  |
| Hakodate Marui Imai Ltd.                     | 100.0                                                                | 3,552          | 16                         | 15                         | 9                    |
|                                              |                                                                      | YoY difference | (232)                      | 46                         | 45                   |
| Sendai Mitsukoshi Ltd.                       | 100.0                                                                | 15,676         | 28                         | 41                         | 26                   |
|                                              |                                                                      | YoY difference | (55)                       | 109                        | 115                  |
| Nagoya Mitsukoshi Ltd.                       | 100.0                                                                | 30,339         | (370)                      | (356)                      | (356)                |
|                                              |                                                                      | YoY difference | (1,022)                    | (186)                      | (191)                |
| Shizuoka Isetan Co., Ltd.                    | 100.0                                                                | 9,241          | 39                         | 40                         | 12                   |
|                                              |                                                                      | YoY difference | 283                        | 111                        | 110                  |
| Niigata Isetan Mitsukoshi Ltd.               | 100.0                                                                | 20,842         | 55                         | 56                         | 36                   |
|                                              |                                                                      | YoY difference | (567)                      | 161                        | 176                  |
| Hiroshima Mitsukoshi Ltd.                    | 100.0                                                                | 7,264          | (226)                      | (232)                      | (232)                |
|                                              |                                                                      | YoY difference | (299)                      | (70)                       | (75)                 |
| Takamatsu Mitsukoshi Ltd.                    | 100.0                                                                | 10,580         | (103)                      | (99)                       | (99)                 |
|                                              |                                                                      | YoY difference | 10                         | (19)                       | (19)                 |
| Matsuyama Mitsukoshi Ltd.                    | 100.0                                                                | 6,418          | (299)                      | (304)                      | (304)                |
|                                              |                                                                      | YoY difference | (198)                      | 35                         | 34                   |
| Iwataya Mitsukoshi Ltd.                      | 100.0                                                                | 54,899         | (236)                      | (258)                      | (240)                |
|                                              |                                                                      | YoY difference | 1,631                      | 306                        | 308                  |
| Isetan (Singapore) Ltd.                      | 52.7                                                                 | 10,722         | (98)                       | 10                         | 12                   |
|                                              |                                                                      | YoY difference | (168)                      | 454                        | 559                  |
| Isetan of Japan Sdn. Bhd.                    | 100.0                                                                | 5,390          | 50                         | 75                         | 75                   |
|                                              |                                                                      | YoY difference | 7                          | 84                         | 116                  |
| ICJ Department Store (Malaysia) Sdn.Bhd      | 51.0                                                                 | 701            | (240)                      | (254)                      | (254)                |
|                                              |                                                                      | YoY difference | -                          | -                          | -                    |
| Isetan (Thailand) Co., Ltd.                  | 49.0                                                                 | 2,198          | 6                          | 10                         | 10                   |
|                                              |                                                                      | YoY difference | 203                        | 16                         | 17                   |
| Isetan (China) Holdings Ltd.                 | 100.0                                                                | 7              | 23                         | 27                         | 27                   |
|                                              |                                                                      | YoY difference | (60)                       | (184)                      | (183)                |
| Shanghai Mei Long Zhen Isetan                | 80.0                                                                 | 4,976          | 14                         | 35                         | 35                   |
|                                              |                                                                      | YoY difference | 605                        | 155                        | 154                  |
| Tianjin Isetan Co., Ltd.                     | 100.0                                                                | 5,043          | 234                        | 253                        | 189                  |
|                                              |                                                                      | YoY difference | 359                        | 50                         | 40                   |
| Tianjin Binhai New District Isetan Co., Ltd. | 100.0                                                                | 987            | 36                         | 14                         | 14                   |
|                                              |                                                                      | YoY difference | 67                         | 62                         | 53                   |
| Chengdu Isetan Co., Ltd.                     | 100.0                                                                | 3,497          | 42                         | 49                         | 49                   |
|                                              |                                                                      | YoY difference | 291                        | 29                         | 23                   |
| Mitsukoshi Italia S.p.A.                     | 100.0                                                                | 922            | 35                         | 34                         | 23                   |
|                                              |                                                                      | YoY difference | 244                        | 51                         | 43                   |
| Mitsukoshi (USA) Inc.                        | 100.0                                                                | 2,751          | 297                        | 299                        | 185                  |
|                                              |                                                                      | YoY difference | 390                        | 71                         | 71                   |



(Millions of yen)

|                                         | Voting Rights<br>Held Percentage<br>(Incl. indirect<br>ownership) (%) | Net sales      | Operating<br>income (loss) | Recurring<br>income (loss) | Net income<br>(loss) |
|-----------------------------------------|-----------------------------------------------------------------------|----------------|----------------------------|----------------------------|----------------------|
| MICARD Co., Ltd.                        | 100.0                                                                 | 17,067         | 2,227                      | 2,178                      | 1,504                |
|                                         |                                                                       | YoY difference | 498                        | (1,078)                    | (783)                |
| MI TOMONOKAI Co., Ltd.                  | 100.0                                                                 | 2,314          | (120)                      | 57                         | 37                   |
|                                         |                                                                       | YoY difference | 66                         | 142                        | 103                  |
| Isetan Mitsukoshi Food Service Ltd.     | 100.0                                                                 | 24,719         | (255)                      | (110)                      | (448)                |
|                                         |                                                                       | YoY difference | 1,123                      | 587                        | 288                  |
| Mamma Co., Ltd.                         | 100.0                                                                 | 1,668          | (384)                      | (390)                      | (489)                |
|                                         |                                                                       | YoY difference | (265)                      | (236)                      | (337)                |
| Isetan Mitsukoshi Direct Shopping Ltd.  | 100.0                                                                 | 125            | 118                        | 120                        | 78                   |
|                                         |                                                                       | YoY difference | (53)                       | (52)                       | (34)                 |
| Isetan Mitsukoshi Real Estate Co., Ltd. | 95.0                                                                  | 3,205          | 638                        | 700                        | 447                  |
|                                         |                                                                       | YoY difference | 1,419                      | 383                        | (463)                |
| Isetan Mitsukoshi Property Design Ltd.  | 100.0                                                                 | 14,901         | 24                         | 22                         | 14                   |
|                                         |                                                                       | YoY difference | 534                        | (20)                       | (15)                 |
| Isetan Mitsukoshi System Solutions Ltd. | 100.0                                                                 | 7,700          | (428)                      | (436)                      | (698)                |
|                                         |                                                                       | YoY difference | (535)                      | (887)                      | (979)                |
| Isetan Mitsukoshi Human Solutions Ltd.  | 100.0                                                                 | 4,328          | 181                        | 177                        | 115                  |
|                                         |                                                                       | YoY difference | (44)                       | (38)                       | (27)                 |
| Isetan Mitsukoshi Business Support Ltd. | 100.0                                                                 | 12,540         | 61                         | 63                         | 42                   |
|                                         |                                                                       | YoY difference | (892)                      | (50)                       | 70                   |
| Isetan Mitsukoshi Gift Solutions Ltd.   | 100.0                                                                 | 3,608          | 108                        | 161                        | 161                  |
|                                         |                                                                       | YoY difference | (488)                      | 58                         | 57                   |
| Isetan Mitsukoshi Travel Co., Ltd.      | 100.0                                                                 | 2,412          | (99)                       | (98)                       | (98)                 |
|                                         |                                                                       | YoY difference | (150)                      | (146)                      | (147)                |
| Nikko Travel Co., Ltd.                  | 91.2                                                                  | 1,923          | (24)                       | 128                        | 121                  |
|                                         |                                                                       | YoY difference | —                          | —                          | —                    |
| Lime Tree Cruises B.V. (the Netherland) | 100.0                                                                 | 332            | 103                        | 93                         | 72                   |
|                                         |                                                                       | YoY difference | —                          | —                          | —                    |
| Leotex Co., Ltd.                        | 100.0                                                                 | 874            | (39)                       | (42)                       | (42)                 |
|                                         |                                                                       | YoY difference | (312)                      | (3)                        | (3)                  |
| Century Trading Co., Ltd.               | 80.0                                                                  | 1,174          | (62)                       | (57)                       | (58)                 |
|                                         |                                                                       | YoY difference | 46                         | (21)                       | (20)                 |
| Isetan Mitsukoshi Italia S.r.l          | 100.0                                                                 | 397            | 3                          | 13                         | 8                    |
|                                         |                                                                       | YoY difference | 29                         | 4                          | 2                    |
| Studio Alta Co., Ltd.                   | 95.0                                                                  | 546            | (380)                      | (381)                      | (381)                |
|                                         |                                                                       | YoY difference | 103                        | (374)                      | (411)                |
| SWP Holdings Inc.                       | 100.0                                                                 | 0              | (3)                        | (19)                       | (19)                 |
|                                         |                                                                       | YoY difference | —                          | —                          | —                    |
| Socie World Co., Ltd.                   | 100.0                                                                 | 7,715          | (156)                      | 30                         | 15                   |
|                                         |                                                                       | YoY difference | —                          | —                          | —                    |
| TAIWAN SOCIE WORLD CO., LTD.            | 100.0                                                                 | 1,173          | 182                        | 215                        | 182                  |
|                                         |                                                                       | YoY difference | —                          | —                          | —                    |

## (2) Full-year Forecast for Fiscal 2017

(Millions of yen)

|                                              | Net sales | Operating income (loss) | Recurring income (loss) | Net income (loss) |
|----------------------------------------------|-----------|-------------------------|-------------------------|-------------------|
| Isetan Mitsukoshi Holdings Ltd.              | 7,824     | 145                     | (827)                   | (5,102)           |
| YoY difference                               | (28,145)  | (24,496)                | (24,306)                | (27,484)          |
| Isetan Mitsukoshi Ltd.                       | 642,325   | 13,000                  | 14,000                  | 7,500             |
| YoY difference                               | (17,822)  | (2,937)                 | (2,796)                 | 4,254             |
| Sapporo Marui Mitsukoshi Ltd.                | 64,743    | 10                      | (8)                     | (14)              |
| YoY difference                               | 1,378     | 519                     | 516                     | 1,232             |
| Hakodate Marui Imai Ltd.                     | 7,767     | (65)                    | (64)                    | (64)              |
| YoY difference                               | (314)     | (116)                   | (117)                   | (84)              |
| Sendai Mitsukoshi Ltd.                       | 33,209    | 251                     | 271                     | 177               |
| YoY difference                               | (484)     | 34                      | 41                      | 30                |
| Nagoya Mitsukoshi Ltd.                       | 67,391    | 300                     | 323                     | 211               |
| YoY difference                               | 393       | (55)                    | (63)                    | (99)              |
| Shizuoka Isetan Co., Ltd.                    | 19,700    | 120                     | 122                     | 66                |
| YoY difference                               | 114       | 2                       | 2                       | (28)              |
| Niigata Isetan Mitsukoshi Ltd.               | 44,499    | 449                     | 460                     | 301               |
| YoY difference                               | (1,062)   | 23                      | 35                      | 70                |
| Hiroshima Mitsukoshi Ltd.                    | 15,570    | (60)                    | (68)                    | (69)              |
| YoY difference                               | 3         | 122                     | 116                     | 116               |
| Takamatsu Mitsukoshi Ltd.                    | 23,249    | 50                      | 57                      | 37                |
| YoY difference                               | 168       | (30)                    | (31)                    | 0                 |
| Matsuyama Mitsukoshi Ltd.                    | 13,859    | (447)                   | (458)                   | (463)             |
| YoY difference                               | (328)     | 33                      | 30                      | 31                |
| Iwataya Mitsukoshi Ltd.                      | 117,636   | 500                     | 450                     | 307               |
| YoY difference                               | 2,775     | 35                      | 0                       | 189               |
| Isetan (Singapore) Ltd.                      | –         | –                       | –                       | –                 |
| YoY difference                               | –         | –                       | –                       | –                 |
| Isetan of Japan Sdn. Bhd.                    | 10,955    | 164                     | 196                     | 149               |
| YoY difference                               | 221       | 159                     | 266                     | 286               |
| ICJ Department Store (Malaysia) Sdn.Bhd.     | 1,524     | (477)                   | (502)                   | (502)             |
| YoY difference                               | –         | –                       | –                       | –                 |
| Isetan (Thailand) Co., Ltd.                  | 4,639     | 67                      | 75                      | 60                |
| YoY difference                               | 148       | 52                      | 50                      | 44                |
| Isetan (China) Holdings Ltd.                 | 23        | (56)                    | (59)                    | (59)              |
| YoY difference                               | (152)     | (254)                   | (263)                   | (263)             |
| Shanghai Mei Long Zhen Isetan                | 9,808     | (19)                    | 21                      | 16                |
| YoY difference                               | 192       | 257                     | 272                     | 266               |
| Tianjin Isetan Co., Ltd.                     | 9,501     | 317                     | 352                     | 264               |
| YoY difference                               | (123)     | 14                      | (2)                     | 27                |
| Tianjin Binhai New District Isetan Co., Ltd. | 1,954     | 49                      | 15                      | 11                |
| YoY difference                               | (23)      | 48                      | 44                      | 49                |
| Chengdu Isetan Co., Ltd.                     | 7,048     | 54                      | 41                      | 31                |
| YoY difference                               | 179       | 10                      | 12                      | 1                 |
| Mitsukoshi Italia S.p.A.                     | 1,942     | 71                      | 82                      | 51                |
| YoY difference                               | 293       | 53                      | 48                      | 32                |
| Mitsukoshi (USA) Inc.                        | 5,718     | 628                     | 643                     | 405               |
| YoY difference                               | 94        | 61                      | 72                      | 46                |

\*The full year forecast for Isetan (Singapore) Ltd., which is listed on the local stock market, is not included.

(Millions of yen)

|                                         | Net sales | Operating income (loss) | Recurring income (loss) | Net income (loss) |
|-----------------------------------------|-----------|-------------------------|-------------------------|-------------------|
| MICARD Co., Ltd.                        | 35,242    | 4,799                   | 4,702                   | 3,244             |
| YoY difference                          | 1,535     | (1,058)                 | (1,147)                 | (753)             |
| MI TOMONOKAI Co., Ltd.                  | 4,872     | (389)                   | 117                     | 77                |
| YoY difference                          | (51)      | 97                      | (12)                    | 32                |
| Isetan Mitsukoshi Food Service Ltd.     | 49,854    | (300)                   | (267)                   | (1,586)           |
| YoY difference                          | 92        | 819                     | 743                     | (316)             |
| Mammina Co., Ltd.                       | 3,002     | (1,389)                 | (1,442)                 | (1,704)           |
| YoY difference                          | (1,021)   | (1,046)                 | (1,077)                 | (1,220)           |
| Isetan Mitsukoshi Direct Shopping Ltd.  | 304       | 289                     | 292                     | 175               |
| YoY difference                          | (71)      | (19)                    | (20)                    | (13)              |
| Isetan Mitsukoshi Real Estate Co., Ltd. | 5,160     | 643                     | 695                     | 481               |
| YoY difference                          | 1,696     | 194                     | 253                     | (563)             |
| Isetan Mitsukoshi Property Design Ltd.  | 32,188    | 4                       | 1                       | (84)              |
| YoY difference                          | 2,180     | (346)                   | (333)                   | (133)             |
| Isetan Mitsukoshi System Solutions Ltd. | 16,025    | (720)                   | (768)                   | (768)             |
| YoY difference                          | (637)     | (1,472)                 | (1,471)                 | (1,273)           |
| Isetan Mitsukoshi Human Solutions Ltd.  | 9,129     | 341                     | 342                     | 209               |
| YoY difference                          | 220       | (15)                    | (12)                    | (8)               |
| Isetan Mitsukoshi Business Support Ltd. | 26,545    | 110                     | 114                     | 115               |
| YoY difference                          | (1,131)   | 26                      | 168                     | 154               |
| Isetan Mitsukoshi Gift Solutions Ltd.   | 7,452     | 79                      | 181                     | 150               |
| YoY difference                          | (1,344)   | (107)                   | (124)                   | (113)             |
| Isetan Mitsukoshi Travel Co., Ltd.      | 5,574     | 30                      | 32                      | 21                |
| YoY difference                          | 741       | 26                      | 47                      | 38                |
| Nikko Travel Co., Ltd.                  | 4,187     | 100                     | 218                     | 133               |
| YoY difference                          | —         | —                       | —                       | —                 |
| Lime Tree Cruises B.V. (the Netherland) | 420       | 73                      | 33                      | 26                |
| YoY difference                          | —         | —                       | —                       | —                 |
| Leotex Co., Ltd.                        | 1,903     | (43)                    | (49)                    | (50)              |
| YoY difference                          | (728)     | 24                      | 24                      | 24                |
| Century Trading Co., Ltd.               | 3,210     | 29                      | 36                      | 35                |
| YoY difference                          | (3)       | (35)                    | (35)                    | (36)              |
| Isetan Mitsukoshi Italia S.r.l          | 652       | (6)                     | 14                      | 6                 |
| YoY difference                          | (73)      | (8)                     | (7)                     | (6)               |
| Studio Alta Co., Ltd.                   | 1,110     | (907)                   | (916)                   | (916)             |
| YoY difference                          | 204       | (875)                   | (867)                   | (906)             |
| SWP Holdings Inc.                       | 0         | (4)                     | (32)                    | (33)              |
| YoY difference                          | —         | —                       | —                       | —                 |
| Socie World Co., Ltd.                   | 15,790    | 106                     | 290                     | 53                |
| YoY difference                          | —         | —                       | —                       | —                 |
| TAIWAN SOCIE WORLD CO., LTD.            | 2,900     | 397                     | 424                     | 352               |
| YoY difference                          | —         | —                       | —                       | —                 |

## II. Isetan Mitsukoshi Ltd. Non-consolidated Business Results

### 1. Outline of Non-consolidated Business Results

#### (1) Business Results

(Millions of yen)

|                                   | Fiscal 2015 |           | Fiscal 2016 |           | Fiscal 2017 |                         |
|-----------------------------------|-------------|-----------|-------------|-----------|-------------|-------------------------|
|                                   | 2Q          | Full Year | 2Q          | Full Year | 2Q          | Full Year<br>(Forecast) |
| Net sales                         | 320,269     | 679,085   | 304,276     | 660,147   | 300,067     | 642,325                 |
| YoY (%)                           | 107.7       | 103.5     | 95.0        | 97.2      | 98.6        | 97.3                    |
| YoY difference                    | 22,974      | 22,722    | (15,992)    | (18,938)  | (4,209)     | (17,822)                |
| Gross profit                      | 87,714      | 185,844   | 86,474      | 186,406   | 84,575      | 181,163                 |
| YoY (%)                           | 108.3       | 103.6     | 98.6        | 100.3     | 97.8        | 97.2                    |
| YoY difference                    | 6,757       | 6,526     | (1,239)     | 562       | (1,898)     | (5,243)                 |
| Gross operating profit            | 93,522      | 198,028   | 93,150      | 199,350   | 91,695      | 193,167                 |
| YoY (%)                           | 106.9       | 103.2     | 99.6        | 100.7     | 98.4        | 96.9                    |
| YoY difference                    | 6,074       | 6,217     | (371)       | 1,322     | (1,455)     | (6,182)                 |
| Operating income                  | 11,440      | 24,355    | 4,092       | 15,937    | 7,225       | 13,000                  |
| YoY (%)                           | 136.3       | 101.2     | 35.8        | 65.4      | 176.6       | 81.6                    |
| YoY difference                    | 3,043       | 299       | (7,348)     | (8,417)   | 3,133       | (2,937)                 |
| Recurring income                  | 14,341      | 25,687    | 6,747       | 16,796    | 9,464       | 14,000                  |
| YoY (%)                           | 132.6       | 98.4      | 47.0        | 65.4      | 140.3       | 83.4                    |
| YoY difference                    | 3,527       | (415)     | (7,594)     | (8,891)   | 2,716       | (2,796)                 |
| Net income                        | 10,000      | 17,059    | 3,718       | 3,245     | 5,647       | 7,500                   |
| YoY (%)                           | 55.5        | 59.3      | 37.2        | 19.0      | 151.9       | 231.1                   |
| YoY difference                    | (8,033)     | (11,688)  | (6,282)     | (13,814)  | 1,929       | 4,254                   |
| Gross profit margin (%)           | 27.39       | 27.37     | 28.42       | 28.24     | 28.19       | 28.20                   |
| YoY difference (%)                | 0.16        | 0.05      | 1.03        | 0.87      | (0.23)      | (0.03)                  |
| Gross operating profit margin (%) | 29.20       | 29.16     | 30.61       | 30.20     | 30.56       | 30.07                   |
| YoY difference (%)                | (0.21)      | (0.06)    | 1.41        | 1.04      | (0.06)      | (0.12)                  |
| Operating profit margin (%)       | 3.6         | 3.6       | 1.3         | 2.4       | 2.4         | 2.0                     |
| YoY difference (%)                | 0.7         | (0.1)     | (2.2)       | (1.2)     | 1.1         | (0.4)                   |
| Recurring profit margin (%)       | 4.5         | 3.8       | 2.2         | 2.5       | 3.2         | 2.2                     |
| YoY difference (%)                | 0.8         | (0.2)     | (2.3)       | (1.2)     | 0.9         | (0.4)                   |
| Return on sales (%)               | 3.1         | 2.5       | 1.2         | 0.5       | 1.9         | 1.2                     |
| YoY difference (%)                | (2.9)       | (1.9)     | (1.9)       | (2.0)     | 0.7         | 0.7                     |

#### (2) Financial Position

(Millions of yen)

|                                | Fiscal 2015 |           | Fiscal 2016 |           | Fiscal 2017 |                         |
|--------------------------------|-------------|-----------|-------------|-----------|-------------|-------------------------|
|                                | 2Q          | Full Year | 2Q          | Full Year | 2Q          | Full Year<br>(Forecast) |
| Total assets                   | 666,845     | 668,369   | 662,098     | 668,341   | 655,286     | 677,000                 |
| YoY (%)                        | 95.2        | 93.7      | 99.3        | 100.0     | 99.0        | 101.3                   |
| YoY difference                 | (33,561)    | (44,856)  | (4,746)     | (28)      | (6,811)     | 8,658                   |
| Total net assets               | 238,137     | 238,118   | 216,124     | 219,079   | 227,023     | 225,000                 |
| YoY (%)                        | 107.4       | 104.2     | 90.8        | 92.0      | 105.0       | 102.7                   |
| YoY difference                 | 16,430      | 9,686     | (22,013)    | (19,038)  | 10,898      | 5,920                   |
| Return on assets (ROA) (%)     | -           | 3.5       | -           | 2.4       | -           | 1.9                     |
| YoY difference (%)             | -           | 0.2       | -           | (1.1)     | -           | (0.5)                   |
| Return on equity (ROE) (%)     | -           | 7.3       | -           | 1.4       | -           | 3.4                     |
| YoY difference (%)             | -           | (6.0)     | -           | (5.9)     | -           | 2.0                     |
| Shareholder's equity ratio (%) | 35.7        | 35.6      | 32.6        | 32.8      | 34.6        | 33.2                    |
| YoY difference (%)             | 4.1         | 3.6       | (3.1)       | (2.8)     | 2.0         | 0.5                     |

### (3) Selling, General and Administrative Expenses

(Millions of yen)

|                                              | Fiscal 2015 |           | Fiscal 2016 |           | Fiscal 2017 |                         |
|----------------------------------------------|-------------|-----------|-------------|-----------|-------------|-------------------------|
|                                              | 2Q          | Full Year | 2Q          | Full Year | 2Q          | Full Year<br>(Forecast) |
| Selling, general and administrative expenses | 82,081      | 173,672   | 89,058      | 183,413   | 84,469      | 180,167                 |
| YoY (%)                                      | 103.8       | 103.5     | 108.5       | 105.6     | 94.8        | 98.2                    |
| YoY difference                               | 3,030       | 5,918     | 6,977       | 9,740     | (4,588)     | (3,245)                 |
| Marketing expenses                           | 4,907       | 10,982    | 4,785       | 9,927     | 3,942       | 8,873                   |
| YoY (%)                                      | 101.2       | 102.9     | 97.5        | 90.4      | 82.4        | 89.4                    |
| YoY difference                               | 59          | 310       | (121)       | (1,054)   | (843)       | (1,053)                 |
| Point related expenses                       | -           | -         | 5,301       | 11,219    | 5,181       | 11,068                  |
| YoY (%)                                      | -           | -         | #DIV/0!     | #DIV/0!   | 97.7        | 98.6                    |
| YoY difference                               | -           | -         | 5,301       | 11,219    | (120)       | (151)                   |
| Personnel expenses                           | 26,262      | 58,582    | 26,774      | 56,388    | 27,217      | 57,190                  |
| YoY (%)                                      | 104.8       | 105.0     | 101.9       | 96.3      | 101.7       | 101.4                   |
| YoY difference                               | 1,196       | 2,764     | 511         | (2,193)   | 443         | 801                     |
| Depreciation and amortization                | 5,275       | 10,977    | 5,291       | 10,520    | 5,066       | 10,137                  |
| YoY (%)                                      | 99.3        | 102.2     | 100.3       | 95.8      | 95.8        | 96.4                    |
| YoY difference                               | (35)        | 231       | 16          | (456)     | (224)       | (382)                   |
| Lease payments                               | 5,907       | 12,024    | 6,410       | 12,839    | 5,980       | 12,285                  |
| YoY (%)                                      | 100.4       | 103.1     | 108.5       | 106.8     | 93.3        | 95.7                    |
| YoY difference                               | 22          | 364       | 502         | 814       | (429)       | (553)                   |
| Business consignment expenses                | 9,317       | 19,466    | 10,049      | 20,664    | 9,748       | 20,334                  |
| YoY (%)                                      | 102.2       | 102.9     | 107.9       | 106.2     | 97.0        | 98.4                    |
| YoY difference                               | 196         | 542       | 732         | 1,198     | (301)       | (330)                   |
| Others                                       | 30,411      | 61,639    | 30,445      | 61,852    | 27,332      | 60,277                  |
| YoY (%)                                      | 105.5       | 102.8     | 100.1       | 100.3     | 89.8        | 97.5                    |
| YoY difference                               | 1,591       | 1,706     | 34          | 212       | (3,112)     | (1,574)                 |
| SGA ratio (%)                                | 25.6        | 25.6      | 29.3        | 27.8      | 28.2        | 28.0                    |
| YoY difference (%)                           | (1.0)       | 0.0       | 3.6         | 2.2       | (1.1)       | 0.3                     |

### (4) Others

(Millions of yen)

|                     | Fiscal 2015 |           | Fiscal 2016 |           | Fiscal 2017 |                         |
|---------------------|-------------|-----------|-------------|-----------|-------------|-------------------------|
|                     | 2Q          | Full Year | 2Q          | Full Year | 2Q          | Full Year<br>(Forecast) |
| Capital investment  | 8,805       | 20,818    | 5,256       | 18,813    | 7,420       | 0                       |
| YoY (%)             | 218.4       | 129.4     | 59.7        | 90.4      | 141.2       | 0.0                     |
| YoY difference      | 4,773       | 4,733     | (3,549)     | (2,004)   | 2,164       | (18,813)                |
| Number of employees | 5,453       | 5,290     | 5,367       | 5,203     | 5,291       | 5,200                   |
| YoY (%)             | 98.4        | 96.5      | 98.4        | 98.4      | 98.6        | 99.9                    |
| YoY difference      | (91)        | (190)     | (86)        | (87)      | (76)        | (3)                     |

## 2. Net Sales

### (1) Net Sales by Store

(Millions of yen)

|                                  | Fiscal 2015 |           | Fiscal 2016 |           | Fiscal 2017 |                      |
|----------------------------------|-------------|-----------|-------------|-----------|-------------|----------------------|
|                                  | 2Q          | Full Year | 2Q          | Full Year | 2Q          | Full Year (Forecast) |
| Isetan Shinjuku Main Store       | 127,545     | 272,465   | 122,782     | 268,597   | 126,110     | 273,233              |
| YoY (%)                          | 110.0       | 105.4     | 96.3        | 98.6      | 102.7       | 101.7                |
| YoY difference                   | 11,551      | 13,968    | (4,762)     | (3,868)   | 3,327       | 4,636                |
| Mitsukoshi Nihombashi Main Store | 79,452      | 168,316   | 77,162      | 165,127   | 73,199      | 154,812              |
| YoY (%)                          | 104.3       | 101.7     | 97.1        | 98.1      | 94.9        | 93.8                 |
| YoY difference                   | 3,276       | 2,755     | (2,289)     | (3,188)   | (3,962)     | (10,314)             |
| Mitsukoshi Ginza Store           | 40,985      | 85,292    | 37,638      | 81,034    | 40,876      | 85,222               |
| YoY (%)                          | 126.4       | 114.6     | 91.8        | 95.0      | 108.6       | 105.2                |
| YoY difference                   | 8,551       | 10,864    | (3,346)     | (4,258)   | 3,238       | 4,188                |
| Isetan Tachikawa Store           | 17,654      | 37,380    | 16,609      | 35,734    | 16,521      | 35,673               |
| YoY (%)                          | 99.6        | 97.0      | 94.1        | 95.6      | 99.5        | 99.8                 |
| YoY difference                   | (67)        | (1,158)   | (1,044)     | (1,645)   | (88)        | (61)                 |
| Isetan Matsudo Store             | 9,110       | 19,225    | 8,499       | 18,134    | 8,316       | 17,801               |
| YoY (%)                          | 100.0       | 97.1      | 93.3        | 94.3      | 97.9        | 98.2                 |
| YoY difference                   | (2)         | (571)     | (611)       | (1,090)   | (182)       | (332)                |
| Isetan Urawa Store               | 19,567      | 41,897    | 18,791      | 40,351    | 18,795      | 40,395               |
| YoY (%)                          | 101.3       | 99.0      | 96.0        | 96.3      | 100.0       | 100.1                |
| YoY difference                   | 251         | (427)     | (776)       | (1,546)   | 4           | 44                   |
| Isetan Sagamihara Store          | 10,910      | 22,949    | 9,659       | 20,558    | 9,188       | 19,988               |
| YoY (%)                          | 98.6        | 95.5      | 88.5        | 89.6      | 95.1        | 97.2                 |
| YoY difference                   | (152)       | (1,089)   | (1,250)     | (2,390)   | (470)       | (570)                |
| Isetan Fuchu Store               | 8,985       | 18,901    | 7,466       | 15,770    | 7,058       | 15,196               |
| YoY (%)                          | 98.9        | 96.5      | 83.1        | 83.4      | 94.5        | 96.4                 |
| YoY difference                   | (96)        | (690)     | (1,519)     | (3,131)   | (407)       | (574)                |
| Mitsukoshi Chiba Store           | 6,057       | 12,655    | 5,667       | 14,837    | -           | -                    |
| YoY (%)                          | 94.7        | 93.2      | 93.6        | 117.2     | -           | -                    |
| YoY difference                   | (338)       | (928)     | (390)       | 2,182     | -           | -                    |
| Total                            | 320,269     | 679,085   | 304,276     | 660,147   | 300,067     | 642,325              |
| YoY (%)                          | 107.7       | 103.5     | 95.0        | 97.2      | 98.6        | 97.3                 |
| YoY difference                   | 22,974      | 22,722    | (15,992)    | (18,938)  | (4,209)     | (17,822)             |

### (2) Net Sales by Month

(Millions of yen)

|             |             | April  | May    | June   | July   | August | September | First half total |
|-------------|-------------|--------|--------|--------|--------|--------|-----------|------------------|
| Fiscal 2015 | Store total | 52,917 | 54,483 | 57,029 | 62,190 | 45,163 | 48,484    | 320,269          |
|             | YoY (%)     | 116.6  | 111.9  | 109.2  | 104.2  | 104.1  | 101.1     | 107.7            |
| Fiscal 2016 | Store total | 50,555 | 49,736 | 54,372 | 61,929 | 40,992 | 46,690    | 304,276          |
|             | YoY (%)     | 95.5   | 91.3   | 95.3   | 99.6   | 90.8   | 96.3      | 95.0             |
| Fiscal 2017 | Store total | 49,028 | 47,834 | 53,011 | 60,077 | 41,921 | 48,193    | 300,067          |
|             | YoY (%)     | 97.0   | 96.2   | 97.5   | 97.0   | 102.3  | 103.2     | 98.6             |

### (3) Net Sales by Goods and Gross Profit Margin by Goods

(Millions of yen)

| 2Q of Fiscal 2017                       | Net Sales |        |                | Sales Composition      |                    | Gross Profit Margin              |                    |
|-----------------------------------------|-----------|--------|----------------|------------------------|--------------------|----------------------------------|--------------------|
|                                         | Amount    | YoY(%) | YoY difference | Net sales by goods (%) | YoY difference (%) | Gross profit margin by goods (%) | YoY difference (%) |
| Sales of apparel                        | 105,713   | 97.1   | (3,200)        | 35.2                   | (0.6)              | 31.77                            | (0.80)             |
| (Men's clothing)                        | 32,073    | 98.2   | (600)          | 10.7                   | (0.0)              | 33.51                            | (2.08)             |
| (Women's clothing)                      | 58,565    | 95.3   | (2,879)        | 19.5                   | (0.7)              | 30.67                            | (0.17)             |
| (Children's clothing)                   | 7,579     | 105.1  | 366            | 2.5                    | 0.2                | 30.75                            | (0.36)             |
| (Formal wear and bedding)               | 7,493     | 98.9   | (85)           | 2.5                    | 0.0                | 33.99                            | (0.91)             |
| Accessories                             | 37,327    | 98.5   | (579)          | 12.4                   | (0.0)              | 28.97                            | (1.13)             |
| Sundry goods                            | 63,974    | 106.5  | 3,905          | 21.3                   | 1.6                | 29.39                            | 0.35               |
| (Cosmetics)                             | 32,040    | 114.3  | 4,001          | 10.7                   | 1.5                | 33.05                            | 0.27               |
| (Fine arts, jewelries, precious metals) | 22,517    | 101.7  | 366            | 7.5                    | 0.2                | 24.76                            | (0.13)             |
| (Other sundry goods)                    | 9,417     | 95.3   | (463)          | 3.1                    | (0.1)              | 27.99                            | 0.28               |
| Household                               | 12,972    | 98.3   | (224)          | 4.3                    | (0.0)              | 28.74                            | (1.61)             |
| Foods                                   | 62,381    | 95.6   | (2,845)        | 20.8                   | (0.6)              | 22.81                            | 0.30               |
| Others                                  | 17,698    | 93.3   | (1,264)        | 5.9                    | (0.3)              | 19.33                            | 1.04               |
| Total                                   | 300,067   | 98.6   | (4,209)        | 100.0                  | 0.0                | 28.19                            | (0.23)             |

### (4) Net Sales by Category

(Millions of yen)

|                           | Fiscal 2015 |           | Fiscal 2016 |           | Fiscal 2017 |
|---------------------------|-------------|-----------|-------------|-----------|-------------|
|                           | 2Q          | Full Year | 2Q          | Full Year | 2Q          |
| Cash sale                 | 143,170     | 303,073   | 127,992     | 282,917   | 131,060     |
| Composition (%)           | 44.7        | 44.6      | 42.1        | 42.9      | 43.7        |
| YoY (%)                   | 114.0       | 107.5     | 89.4        | 93.3      | 102.4       |
| Credit sale               | 177,099     | 376,011   | 176,284     | 377,230   | 169,007     |
| Composition (%)           | 55.3        | 55.4      | 57.9        | 57.1      | 56.3        |
| YoY (%)                   | 103.2       | 100.4     | 99.5        | 100.3     | 95.9        |
| Of which, sales of MICARD | 157,712     | 333,833   | 155,649     | 331,217   | 149,715     |
| Composition (%)           | 49.2        | 49.2      | 51.2        | 50.2      | 49.9        |
| YoY (%)                   | 103.6       | 100.2     | 98.7        | 99.2      | 96.2        |
| Total                     | 320,269     | 679,085   | 304,276     | 660,147   | 300,067     |
| Composition (%)           | 100.0       | 100.0     | 100.0       | 100.0     | 100.0       |
| YoY (%)                   | 107.7       | 103.5     | 95.0        | 97.2      | 98.6        |

(5) Duty Free Sales

(Millions of yen)

| 2Q of Fiscal 2017                | Duty Free Sales |         |                | Share of Sales   |                    |
|----------------------------------|-----------------|---------|----------------|------------------|--------------------|
|                                  | Results         | YoY (%) | YoY difference | Sales share (%)* | YoY difference (%) |
| Isetan Shinjuku Main Store       | 12,927          | 127.5   | 2,785          | 10.3             | 2.0                |
| Mitsukoshi Nohombashi Main Store | 1,286           | 117.2   | 188            | 1.8              | 0.3                |
| Mitsukoshi Ginza Store           | 10,937          | 119.9   | 1,812          | 26.8             | 2.5                |
| Others                           | 209             | 133.7   | 52             | 0.4              | 0.1                |
| Isetan Mitsukoshi total          | 25,361          | 123.6   | 4,839          | 8.5              | 1.7                |

\* Sales share represents composition ratio of duty free sales against total sales of each store.

(Reference) Duty free sales at domestic department stores outside of Tokyo area

(Millions of yen)

| 2Q of Fiscal 2017                         | Duty Free Sales |         |                | Share of Sales  |                    |
|-------------------------------------------|-----------------|---------|----------------|-----------------|--------------------|
|                                           | Results         | YoY (%) | YoY difference | Sales share (%) | YoY difference (%) |
| Sapporo Marui Mitsukoshi Ltd.             | 1,340           | 149.6   | 444            | 4.4             | 1.3                |
| Nagoya Mitsukoshi Ltd.                    | 939             | 156.2   | 337            | 3.1             | 1.2                |
| Iwataya Mitsukoshi Ltd.                   | 1,854           | 151.9   | 633            | 3.4             | 1.1                |
| Others                                    | 362             | 159.7   | 135            | 0.5             | 0.2                |
| Total domestic regional department stores | 4,497           | 152.6   | 1,551          | 2.4             | 0.8                |

(Millions of yen)

| 2Q of Fiscal 2017                | Duty Free Sales |         |                | Share of Sales  |                    |
|----------------------------------|-----------------|---------|----------------|-----------------|--------------------|
|                                  | Results         | YoY (%) | YoY difference | Sales share (%) | YoY difference (%) |
| Total domestic department stores | 29,858          | 127.2   | 6,390          | 6.1             | 1.3                |