Summary of Settlement of Consolidated Accounts for the Second Quarter of the Fiscal Year Ending March 31, 2021

[Japanese Standards] (Consolidated)

November 11, 2020

Isetan Mitsukoshi Holdings Ltd.

Securities code: 3099 (Listed on the First Section of Tokyo Stock Exchange and Fukuoka Stock Exchange)
(URL: https://www.imhds.co.jp)
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Scheduled date of filing of the quarterly securities report (*Shihanki Houkokusho*): November 13, 2020
Scheduled date of dividend payments: December 4, 2020
Preparation of quarterly results supplementary materials: Yes
Convening of quarterly results explanation meeting: Yes (for securities analysts)

(Figures are rounded down to the nearest million yen.)

1. Consolidated Business Results for the Second Quarter of Fiscal 2020 (From April 1, 2020 to September 30, 2020)

(1) Results of consolidated operations (Percentage figures indicate changes from the second quarter of the previous year.)

	Net Sales		Operating Income		Recurring Income		Net Income attributable to Parent Company Shareholders	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2Q of FY2020	335,701	(41.8)	(17,812)	-	(17,092)	-	(36,786)	-
2Q of FY2019	577,288	2.4	13,886	28.3	15,057	22.6	7,595	93.3

(Note) Comprehensive income: 2Q of FY2020: ¥(38,581) million (-%), 2Q of FY2019: ¥3,707 million (-%)

	Net Income per Share (Basic)	Net Income per Share (Diluted)
	Yen	Yen
2Q of FY2020	(96.74)	-
2Q of FY2019	19.47	19.38

(2) Consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
2Q of FY2020	1,166,391	510,131	43.1
FY2019	1,223,800	550,161	44.3

(Reference) Shareholders' equity: 2Q of FY2020: ¥502,871 million, FY2019: ¥542,345 million

2. Dividends

	Annual Dividends				
(Record date)	First Quarter	Second Quarter	Third Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2019	-	6.00	-	6.00	12.00
FY2020	-	3.00			
FY 2020 (Forecast)			-	6.00	9.00

(Note) Revision to recently announced dividend forecast: No

3. Forecast of Consolidated Results for Fiscal 2020 (From April 1, 2020 to March 31, 2021)

(Percentage figures indicate changes from the previous year.)

	Net sales		Operating Income		Recurring Income		Net Income attributable to Parent Company Shareholders		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	815,000	(27.2)	(33,000)	-	(34,000)	-	(45,000)	-	(118.34)

(Note) Revision to recently announced consolidated results forecast: Yes

* Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): No
Newly consolidated companies: ― Companies removed from consolidation: ―

(2) Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements: Yes

Note: For details, please refer to “2. Consolidated Financial Statements and Primary Notes (4) Notes regarding Consolidated Financial Statements (Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements)” on page 11.

(3) Changes in accounting policy, changes in accounting estimates or restatement due to correction
1) Changes in accounting policy in line with revision to accounting standards: No
2) Other changes: No
3) Changes in accounting estimates: No
4) Restatement due to correction: No

(4) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding at the end of the period (including treasury stock)	Second quarter of FY2020	396,321,454 shares	FY2019	396,100,954 shares
2) Number of shares of treasury stock at the end of the period	Second quarter of FY2020	15,939,877 shares	FY2019	15,938,328 shares
3) Average number of shares during the period	Second quarter of FY2020	380,258,149 shares	Second quarter of FY2019	390,081,686 shares

*** These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or auditing firms.**

*** Disclaimer regarding Forward-looking Statements**

This report contains forward-looking statements, which are based on the information currently available and certain assumptions the Company considers to be reasonable, and are not intended to be seen as targets that the Company assures it will achieve. Actual results, performance, achievements or financial position may be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. For assumptions on which forward-looking statements are based as well as for precautionary statements in the use of forward-looking statements, please refer to “1. Qualitative Information on the Quarterly Results (3) Explanation regarding Future Outlook Including the Forecast of Consolidated Results” on page 4.

Note:
This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

○Table of Contents of Accompanying Materials

1. Qualitative Information on the Quarterly Results

(1) Explanation regarding Business Results
During the second quarter of fiscal 2020 (April 1, 2020 to September 30, 2020), the business environment saw rapid deceleration in domestic and foreign economic conditions due to the worldwide spread of COVID-19. The pace of recovery in domestic individual consumption remained moderate with ups and downs in the number of new infections, amid efforts by the government to balance the prevention of the spread of infections with raising the level of economic activity following the lifting of the state of emergency. While “Go To” campaign and other large-scale economic measures are implemented, demand from inbound visitors continues to be sluggish due to strict restrictions on cross-border movement, and situation remains uncertain and harsh.

Under these circumstances, the Group’s department stores and businesses were forced to be closed temporarily under the declaration of emergency to prioritize the health and safety of customers and employees. After we resumed operation, we have reexamined and implemented new ways to communicate and the provision of new value to respond to customers’ needs under the new way of life, while thoroughly implementing measures to ensure health and safety.

As a result, consolidated net sales for the second quarter amounted to ¥335,701 million, a decrease of 41.8% from the second quarter of the previous fiscal year; an operating loss of ¥17,812 million was recorded, compared to an operating income of ¥13,886 million for the second quarter of the previous fiscal year; a recurring loss of ¥17,092 million was recorded, compared to a recurring income of ¥15,057 million in the second quarter of the previous fiscal year; and a net loss attributable to parent company shareholders of ¥36,786 million was recorded, compared to net income attributable to parent company shareholders of ¥7,595 million for the second quarter of the previous fiscal year.

Results by segment were as follows.

1) Department Store Business
In the department store business, in response to the emergency declaration to combat the spread of COVID-19 in April, the Group implemented temporary closures or operation at shortened opening hours and partial operation for about two months of April and May. Even after the resumption of operation, domestic consumption did not recover with ups and downs in the number of new infections. With the continued entry restrictions on foreign visitors, sales to inbound visitors were virtually lost, and net sales decreased significantly year on year.

After we resumed operation, we continue with measures at all stores to ensure health and safety by carrying out thorough body temperature checks of customers and employees, wearing face masks, and disinfection on a regular basis. Due to self-restraint on activities, customer footfall at stores is trending far below that of the previous year. However, by leveraging digital technology, we offer various initiatives so that customers can, without visiting stores, enjoy shopping and receive services equivalent to that at stores. One such example was a remote sales event of calligraphy works by a famous calligrapher. By connecting online the three locations of customers, the studio, and the art floor of Mitsukoshi Nihombashi Main Store, the calligrapher drew works live, which were then put for sale. Such one-to-one services that allow customers at home to communicate with our sales staff, an online reservation service before visiting stores that allows customers to be attended to without having to wait, and other seamless initiatives that we implemented were well received by customers. In addition, we adopted a new customer service method at our stores based on “Match Palette,” the Isetan Mitsukoshi’s proprietary body measurement service started in July, which measures the whole body of customers using 3D scanning to figure out the body shape of each customer. Also, as part of online initiatives, we strive to enhance our online business. Our “ISETAN DOOR” food delivery service and “meeco” online cosmetics store performed well beyond the plan.

As a result, segment sales amounted to ¥305,153 million, a decrease of 43.1% from the second quarter of the previous fiscal year, and an operating loss of ¥21,297 million was recorded, compared to an operating income of ¥6,802 million for the second quarter of the previous fiscal year.

2) Credit & Finance Business/Customer Organization Management Business
In the credit & finance business/customer organization management business, we are aiming for business expansion, building on the Company’s system infrastructure and excellent customer base.

As for MICARD Co., Ltd., net sales decreased significantly due to lower handling volume associated with temporary closures of the Group’s department stores and sluggish consumption after the resumption of operation, as well as significant declines in card usage in the travel and restaurant sectors resulting from self-restraint on outings in response to the state of emergency. But recently, with a sign of recovery in consumption in the travel and restaurant sectors spurred by the “Go To” campaign, card usage amount has been recovering from September.

Under these circumstances, selling and administrative expenses were below both targets and previous year’s results as a result of the partial suspension of various usage promotion measures, lower variable costs associated with temporary closures of stores, and implementation of cost reduction.

As a result, segment sales amounted to ¥15,055 million, a decrease of 24.3% from the second quarter of the previous fiscal year, and operating income was ¥1,285 million, a decrease of 51.3% from the second quarter of the previous fiscal year.

3) Real Estate Business

In the real estate business, we are proceeding with plans to create profitable business opportunities that utilize the excellent real estate held by the Group in Japan and overseas.

Isetan Mitsukoshi Property Design Ltd. reduced and exempted tenants' rent payment in its commercial facilities business due to the impact of COVID-19. In the construction business and environmental services business, operating income was in line with the target due to cost reduction negotiations and reduction in selling and administrative expenses, although net sales were below that of the previous year due to the absence of a large-scale construction work existed in the previous year.

At Isetan Mitsukoshi Real Estate Co., Ltd., both net sales and operating income were roughly in line with the targets thanks to stable income from rent fee.

As a result, segment sales amounted to ¥14,897 million, a decrease of 10.9% from the second quarter of the previous fiscal year, and operating income was ¥2,997 million, a decrease of 2.6% from the second quarter of the previous fiscal year.

4) Other Businesses

In the other businesses, we are aiming to offer new value to meet customers' needs, but the business faced a very harsh operating environment due to the impact of COVID-19.

In the travel business, Mitsukoshi Isetan Nikko Travel, Ltd. had to temporarily close its offices until the end of May and cancelled all tours in response to the emergency declaration announced in April. Domestic tours were resumed in June by reducing their scale, but as the mainstay overseas tours were not in prospect, the management environment continued to be severe.

In the beauty business, net sales dropped significantly due to self-imposed closures, but we resumed operation in steps from late May, and the number of customers gradually recovered, with net sales on the way to recovery both in Japan and abroad (Taiwan). On the management front, we are striving to reduce selling and administrative expenses by promoting consolidation and closure of unprofitable stores and structural reforms.

At Isetan Mitsukoshi Business Support Ltd., our logistics subsidiary, affected by temporary closures of the Group's department stores, net sales were below that of the previous year, but exceeded the target due to orders received from new e-commerce business operators outside the Group and growth of our department stores' e-commerce.

In addition, Isetan Mitsukoshi Innovations Ltd., which newly became a consolidated subsidiary, recorded revenue from sales of shares under net sales.

As a result, segment sales amounted to ¥29,145 million, a decrease of 29.7% from the second quarter of the previous fiscal year, and an operating loss of ¥723 million was recorded, compared to operating income of ¥1,148 million for the second quarter of the previous fiscal year.

(2) Explanation regarding Financial Position

Assets, Liabilities and Net Assets

Total assets at the end of the second quarter of the fiscal year amounted to ¥1,166,391 million, a decrease of ¥57,409 million from the end of the previous fiscal year. This was due mainly to decreases in cash and bank deposits and notes and accounts receivable-trade associated with decreased net sales resulting from COVID-19.

Total liabilities amounted to ¥656,259 million, a decrease of ¥17,379 million from the end of the previous fiscal year. As with the decreases in cash and bank deposits and notes and accounts receivable-trade, this was mainly attributable to a decrease in notes and accounts payable associated with a decline in purchases due to COVID-19.

Net assets amounted to ¥510,131 million, a decrease of ¥40,030 million from the end of the previous fiscal year. This was mainly attributable to the recording of a net loss attributable to parent company shareholders.

Cash Flows

Net cash used in operating activities amounted to ¥16,718 million, an increase in outflows of ¥23,217 million from the first half of the previous fiscal year. This was mainly attributable to such factors as the recording of loss before income taxes associated with a substantial decline in net sales due to COVID-19.

Net cash used in investing activities amounted to ¥17,937 million, a decrease in outflows of ¥1,383 million from the first half of the previous fiscal year. This was mainly attributable to such factors as the recording of proceeds from sales of real estate held by Isetan Mitsukoshi Ltd.

Net cash provided by financing activities amounted to ¥6,714 million, a decrease in inflows of ¥7,741 million from the first half of the previous fiscal year. This was mainly attributable to such factors as the fund of ¥30.0 billion already raised by the end of the previous fiscal year through additional issuance of commercial paper in March this year, which resulted in curbed funding during the six months ended September 30, 2020, despite a decrease in operating cash flows associated with decreased net sales due to COVID-19.

As a result, cash and cash equivalents at the end of the second quarter were ¥48,157 million, a decrease of ¥28,501 million from the end of the previous fiscal year.

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

In light of the results for the six months ended September 30, 2020, extraordinary gain to be recorded through transfer of shares of a subsidiary and other factors, we have revised the consolidated results forecast announced on July 29, 2020 (net sales, operating income, recurring income, and net income attributable to parent company shareholders) as follows.

For the transfer of shares of a subsidiary, please see “Notice Regarding the Transfer of Shares of a Subsidiary” announced today.

Forecast of Consolidated Results for Fiscal 2020 (From April 1, 2020 to March 31, 2021)

	Net Sales	Operating Income	Recurring Income	Net Income attributable to Parent Company Shareholders	Net Income per Share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	823,000	(38,000)	(41,000)	(60,000)	(157.81)
Revised forecast (B)	815,000	(33,000)	(34,000)	(45,000)	(118.34)
Change (B – A)	(8,000)	5,000	7,000	15,000	—
Change (%)	(1.0)	—	—	—	—
(Reference) Results for the previous fiscal year (fiscal 2019)	1,119,191	15,679	19,771	(11,187)	(28.90)

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2019 (As of March 31, 2020)	2Q of Fiscal 2020 (As of September 30, 2020)
ASSETS		
Current assets		
Cash and bank deposits	74,301	45,995
Notes and accounts receivable-trade	119,441	107,639
Marketable securities	1,718	697
Merchandise and finished goods	38,153	34,992
Work in process	2,797	1,711
Raw materials and supplies	629	622
Other current assets	39,007	36,342
Less: Allowance for doubtful accounts	(3,736)	(4,271)
Total current assets	272,313	223,729
Property and equipment		
Tangible fixed assets		
Buildings and structures, net	170,907	169,869
Land	533,433	534,608
Other tangible fixed assets, net	30,631	28,676
Total tangible fixed assets	734,972	733,154
Intangible fixed assets		
Software	18,044	15,757
Goodwill	15	11
Other intangible fixed assets	22,702	22,678
Total intangible fixed assets	40,762	38,447
Investments and other assets		
Investment securities	108,743	106,177
Other assets	67,048	64,939
Less: Allowance for doubtful accounts	(173)	(173)
Total investments and other assets	175,618	170,943
Total property and equipment	951,353	942,545
Deferred assets		
Bond issue costs	133	116
Total deferred assets	133	116
Total assets	1,223,800	1,166,391

(Millions of yen)

	Fiscal 2019 (As of March 31, 2020)	2Q of Fiscal 2020 (As of September 30, 2020)
LIABILITIES		
Current liabilities		
Notes and accounts payable	79,742	72,190
Short-term borrowings	21,401	21,264
Commercial paper	50,000	50,000
Income taxes payable	2,897	1,929
Reserve for loss from redemption of gift vouchers	32,799	32,245
Allowance	20,864	16,436
Other current liabilities	173,607	158,149
Total current liabilities	381,313	352,216
Long-term liabilities		
Bonds payable	40,000	40,000
Long-term debt	64,146	72,800
Deferred tax liabilities	128,011	132,360
Net defined benefit liability	36,150	36,455
Allowance	242	136
Liabilities from application of equity method	1,651	2,517
Other long-term liabilities	22,123	19,774
Total long-term liabilities	292,325	304,043
Total liabilities	673,639	656,259
NET ASSETS		
Shareholders' equity		
Common stock	50,790	50,917
Capital surplus	322,985	324,020
Retained earnings	183,644	144,299
Less: Treasury stock	(19,304)	(19,305)
Total shareholders' equity	538,115	499,930
Accumulated other comprehensive income		
Net unrealized gains (losses) on other securities	1,523	731
Deferred gains (losses) on hedges	43	42
Foreign currency translation adjustments	4,625	4,255
Remeasurements of defined benefit plans	(1,962)	(2,088)
Total accumulated other comprehensive income	4,229	2,940
Stock acquisition rights	1,857	1,605
Non-controlling interests	5,958	5,654
Total net assets	550,161	510,131
Total liabilities and net assets	1,223,800	1,166,391

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

Consolidated Statements of Income

Second Quarter Period

(Millions of yen)

	2Q of Fiscal 2019 (From April 1, 2019 to September 30, 2019)	2Q of Fiscal 2020 (From April 1, 2020 to September 30, 2020)
Net sales	577,288	335,701
Cost of sales	409,385	239,628
Gross profit	167,903	96,072
Selling, general and administrative expenses	154,016	113,884
Operating income (loss)	13,886	(17,812)
Non-operating income		
Interest income	370	265
Dividend income	461	389
Equity in earnings of affiliates	1,041	―
Gain on donated fixed assets	1,534	2,049
Other non-operating income	613	1,170
Total non-operating income	4,020	3,874
Non-operating expenses		
Interest expenses	450	447
Equity in losses of affiliates	―	19
Loss on retirement of property and equipment	647	998
Other non-operating expenses	1,751	1,689
Total non-operating expenses	2,850	3,154
Recurring income (loss)	15,057	(17,092)
Extraordinary gain		
Subsidies for employment adjustment	―	4,894
Gain on transfer of business	649	―
Other extraordinary gain	14	―
Total extraordinary gain	663	4,894
Extraordinary loss		
Loss on disposal of property and equipment	1,723	697
Impairment losses	400	852
Loss on valuation of investment securities	―	1,227
Loss on closing of stores	949	879
Business structure improvement expenses	1,601	2,507
COVID-19-related loss	―	12,672
Other extraordinary loss	―	349
Total extraordinary loss	4,675	19,186
Income (loss) before income taxes	11,046	(31,383)
Income taxes	3,328	5,667
Net income (loss)	7,717	(37,050)
Net income (loss) attributable to non-controlling interests	121	(264)
Net income (loss) attributable to parent company shareholders	7,595	(36,786)

Consolidated Statements of Comprehensive Income (Loss)

Second Quarter Period

(Millions of yen)

	2Q of Fiscal 2019 (From April 1, 2019 to September 30, 2019)	2Q of Fiscal 2020 (From April 1, 2020 to September 30, 2020)
Net income (loss)	7,717	(37,050)
Other comprehensive income		
Net unrealized gains (losses) on other securities	(1,300)	700
Deferred gains (losses) on hedges	(5)	(1)
Foreign currency translation adjustments	(642)	(940)
Gain (loss) on revision of retirement benefit plans	129	(125)
Amount corresponding to equity interest in equity method affiliates	(2,191)	(1,164)
Total other comprehensive income	(4,010)	(1,530)
Comprehensive income	3,707	(38,581)
(Breakdown)		
Comprehensive income attributable to parent company shareholders	3,670	(38,075)
Comprehensive income attributable to non-controlling interests	36	(506)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	2Q of Fiscal 2019 (From April 1, 2019 to September 30, 2019)	2Q of Fiscal 2020 (From April 1, 2020 to September 30, 2020)
Cash flows from operating activities		
Income (loss) before income taxes	11,046	(31,383)
Depreciation and amortization	14,874	14,218
Impairment losses	579	1,057
Amortization of goodwill	3	3
Increase (decrease) in allowance for bonuses	(4,673)	(4,406)
Increase (decrease) in allowance for doubtful accounts	120	536
Increase (decrease) in net defined benefit liabilities	50	272
Interest and dividend income	(831)	(655)
Interest expenses	450	447
Equity in loss (earnings) of affiliated companies	(1,041)	19
Loss (gain) on valuation of investment securities	—	1,227
Subsidies for employment adjustment	—	(4,894)
Loss (gain) on transfer of business	(649)	—
Decrease (increase) in receivables	(9,015)	13,443
Decrease (increase) in inventories	725	4,033
Increase (decrease) in payables	2,257	(7,181)
Increase (decrease) in accrued expenses	(3,757)	(1,853)
Increase (decrease) in accrued liabilities	(2,768)	(7,997)
Other, net	(511)	(499)
Sub-total	6,860	(23,610)
Interest and dividend income received	3,102	3,111
Interest expense paid	(464)	(439)
Subsidies for employment adjustment received	—	4,830
Income taxes paid	(2,998)	(610)
Net cash provided by (used in) operating activities	6,499	(16,718)
Cash flows from investing activities		
Increase in fixed deposits	(20)	(20)
Decrease in fixed deposits	20	20
Payments for purchase of tangible fixed assets	(16,808)	(17,999)
Proceeds from sales of tangible fixed assets	0	1,542
Payments for purchase of intangible fixed assets	(2,992)	(2,168)
Proceeds from collection of lease and guarantee deposits	2,116	1,105
Payments for purchase of marketable securities and investment securities	(2,448)	(1,597)
Proceeds from sales and redemption of marketable securities and investment securities	1,180	1,429
Proceeds from transfer of business	898	—
Other, net	(1,267)	(250)
Net cash used in investing activities	(19,321)	(17,937)

(Millions of yen)

	2Q of Fiscal 2019 (From April 1, 2019 to September 30, 2019)	2Q of Fiscal 2020 (From April 1, 2020 to September 30, 2020)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(3,279)	(14)
Proceeds from borrowings of long-term debt	3,800	10,040
Repayment of long-term debt	(8,000)	－
Increase (decrease) in commercial paper	26,000	－
Dividends paid	(2,332)	(2,249)
Repayment of lease obligations	(979)	(1,061)
Payments for purchases of shares of subsidiaries that do not result in change in scope of consolidation	(661)	－
Other, net	(91)	(0)
Net cash provided by financing activities	14,456	6,714
Effect of exchange rate changes on cash and cash equivalents	(421)	(453)
Net increase (decrease) in cash and cash equivalents	1,212	(28,394)
Cash and cash equivalents at beginning of period	50,147	76,659
Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation	(0)	(106)
Increase in cash and cash equivalents from merger with non-consolidated subsidiaries	79	－
Cash and cash equivalents at end of period	51,438	48,157

(4) Notes regarding Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.

(Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements)
Calculation of tax expenses
The effective tax rate on income before income taxes for the current fiscal year after tax effect accounting is reasonably estimated, and such estimated tax rate is applied to income before income taxes for the quarterly period to calculate the estimated tax expenses.

(Additional information)

(Accounting estimates associated with the impact of COVID-19)
While it is difficult to accurately predict how COVID-19 will spread in the future or when it will be contained, accounting estimates have been made for the recoverability of deferred tax assets and impairment accounting of property and equipment for the second quarter under review based on the assumption that the impact will continue roughly until the end of March 2021 in light of information available at the time of the preparation of the consolidated financial statements for the second quarter under review, including external information. There is no important change to the description provided in (Additional information), (Accounting estimates associated with the impact of COVID-19) on the quarterly securities report for the first quarter ended June 30, 2020.

(Segment information)

[Segment information]

I. Second quarter of the previous consolidated accounting period (April 1, 2019 to September 30, 2019)

1. Information concerning segment sales, income and losses

(Millions of yen)

	Reporting segments				Other businesses (Note 1)	Total	Adjusted amounts (Note 2)	Amount listed on quarterly Consolidated Statement of Income (Note 3)
	Department store business	Credit & finance business/ Customer organization management business	Real estate business	Subtotal				
Sales								
Sales to outside customers	534,273	11,960	14,734	560,968	16,320	577,288	—	577,288
Intersegment sales or transfer	1,977	7,933	1,987	11,898	25,118	37,016	(37,016)	—
Total	536,250	19,894	16,721	572,866	41,438	614,304	(37,016)	577,288
Segment income	6,802	2,639	3,076	12,518	1,148	13,666	220	13,886

Notes
1. The other businesses segment includes the services of manufacturing, exporting, importing, wholesaling, distribution, temporary personnel service, data processing service, travel business, and beauty business that are not included in other reporting segments.
2. The segment income adjustment of ¥220 million is intersegment eliminations, etc.
3. Segment income is adjusted to operating income.

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

(Significant impairment losses related to property and equipment)

(Millions of yen)

	Reporting segments				Other businesses	Total
	Department store business	Credit & finance business/ Customer organization management business	Real estate business	Subtotal		
Impairment losses	517	—	—	517	61	579

Note
Impairment losses include ¥179 million of loss on closing of stores.

II. Second quarter of the current consolidated accounting period (April 1, 2020 to September 30, 2020)

1. Information concerning segment sales, income and losses

(Millions of yen)

	Reporting segments				Other businesses (Note 1)	Total	Adjusted amounts (Note 2)	Amount listed on quarterly Consolidated Statement of Income (Note 3)
	Department store business	Credit & finance business/ Customer organization management business	Real estate business	Subtotal				
Sales								
Sales to outside customers	303,530	10,357	13,519	327,407	8,293	335,701	−	335,701
Intersegment sales or transfer	1,623	4,697	1,377	7,698	20,851	28,550	(28,550)	−
Total	305,153	15,055	14,897	335,106	29,145	364,251	(28,550)	335,701
Segment income (loss)	(21,297)	1,285	2,997	(17,015)	(723)	(17,738)	(73)	(17,812)

Notes
1. The other businesses segment includes the services of manufacturing, exporting, importing, wholesaling, distribution, temporary personnel service, data processing service, travel business, and beauty business that are not included in other reporting segments.
2. The segment income (loss) adjustment of negative ¥(73) million is intersegment eliminations, etc.
3. Segment income (loss) is adjusted to operating loss.

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

(Significant impairment losses related to property and equipment)

(Millions of yen)

	Reporting segments				Other businesses	Total
	Department store business	Credit & finance business/ Customer organization management business	Real estate business	Subtotal		
Impairment losses	114	72	−	186	871	1,057

Note
Impairment losses include ¥132 million of loss on closing of stores and ¥72 million of other extraordinary loss.

(Significant subsequent events)

(Transfer of shares of a subsidiary)

The Company resolved at the Executive Officers' Meeting held on November 11, 2020 to transfer all of the shares (100.0% of shares issued and outstanding) of Isetan Mitsukoshi Real Estate Co., Ltd. (hereinafter, "IMRE"), a consolidated subsidiary, that are held by Isetan Mitsukoshi Ltd. (hereinafter, "IM"), a wholly-owned subsidiary of the Company, to Echigo LLC (hereinafter, "Echigo"), which is a corporation established by a specified fund at which The Blackstone Group Inc. (NYSE: BX) and its affiliates (hereinafter, collectively, "Blackstone") serve as management or investment advisors.

(1) Reason for share transfer

While developing businesses centering on leasing of properties owned by the company and sales of condominiums, IMRE has also engaged in the subleasing business and leasing management business of properties held by real estate owners, and the management association business.

The Company has set "strengthening of the real estate business" as one of its priority initiatives in the Group's three-year plan, and has been examining businesses toward expanding revenue over the medium- to long-term by making effective use of the real estate held by the Group.

Specifically, its policy is to promote initiatives toward multiple use of the real estate held by the Group primarily for commercial purpose, and to preferentially allocate its management resources in the said area.

Under such Group policy, we decided to transfer all of shares in IMRE held by IM to Echigo, for the sake of further development of IMRE, in recognition of the management expertise and achievements possessed by Blackstone in the Japanese real estate industry.

(2) Name of counterparty of share transfer

Echigo LLC

(3) Timing of share transfer

1) Contract date:	November 11, 2020
2) Share transfer execution date:	January 4, 2021 (plan)

(4) Name and business lineup of the subsidiary and transactional relationship with the Company

1) Name:	Isetan Mitsukoshi Real Estate Co., Ltd.
2) Business lineup:	Real estate leasing, real estate leasing management
3) Transactional relationship with the Company:	Transactional relationships including business consignment with the Company and its consolidated subsidiaries.

(5) Number of shares to be transferred, transfer price, gain or loss on transfer and number of shares to be held after the transfer

1) Number of shares to be transferred:	192,542 shares (Ownership ratio of voting rights: 100.0%)
2) Transfer price:	This information is not disclosed in view of the confidentiality obligation set forth in the transfer agreement with the transferee. The price was decided through negotiations with the transferee, and we deem the price to be appropriate.
3) Gain or loss on transfer:	Approximately ¥7.1 billion will be recorded as gain on sales of shares of subsidiaries and associates under extraordinary gain in the fourth quarter of the fiscal year ending March 31, 2021.
4) Number of shares to be held after the transfer:	0 shares (Ownership ratio of voting rights: 0%)