ISETAN MITSUKOSHI HOLDINGS

Financial Results Handout for the Fiscal Year Ended March 2018

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May 9, 2018
Isetan Mitsukoshi Holdings Ltd.

Ⅰ. Isetan Mitsukoshi Holdings Consolidated Results

1. Outline of Consolidated Business Results

(1) Consolidated Business Results

(Millions of yen)

		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018 (Forecast)
Net sales*		1,272,130	1,287,253	1,253,457	1,268,865	1,195,000
	YoY (%)	96.3	101.2	97.4	101.2	94.2
	YoY difference	(49,382)	15,123	(33,796)	15,408	(73,865)
Gross profit		355,456	361,768	365,609	367,282	354,000
	YoY (%)	96.1	101.8	101.1	100.5	96.4
	YoY difference	(14,565)	6,311	3,840	1,673	(13,282)
Operating income		33,083	33,107	23,935	24,413	29,000
	YoY (%)	95.5	100.1	72.3	102.0	118.8
	YoY difference	(1,562)	23	(9,172)	477	4,586
Recurring income		34,563	36,704	27,418	27,325	30,000
	YoY (%)	89.9	106.2	74.7	99.7	109.8
	YoY difference	(3,876)	2,141	(9,286)	(93)	2,674
Net income attributable to parent company shareholders		29,886	26,506	14,976	(960)	13,000
	YoY (%)	141.2	88.7	56.5	-	-
	YoY difference	8,720	(3,380)	(11,529)	(15,936)	13,960
Net income per share (yen)		75.74	67.41	38.27	(2.47)	33.35
	YoY difference(yen)	22.10	(8.33)	(29.15)	(40.73)	35.82
Gross profit margin (%)		27.94	28.10	29.17	28.95	29.62
	YoY difference (%)	(0.06)	0.16	1.06	(0.22)	0.68
Operating profit margin (%)		2.6	2.6	1.9	1.9	2.4
	YoY difference (%)	(0.0)	(0.0)	(0.7)	0.0	0.5
Recurring profit margin (%)		2.7	2.9	2.2	2.2	2.5
	YoY difference (%)	(0.2)	0.1	(0.7)	(0.0)	0.4
Return on sales (%)		2.3	2.1	1.2	(0.1)	1.1
	YoY difference (%)	0.7	(0.3)	(0.9)	(1.3)	1.2

* From fiscal 2018, for procurement for consumption by consolidated subsidiaries at home and abroad, whose financial statements conforming to the International Financial Reporting Standards (IFRS) were consolidated, the presentation method will be presented on net basis where the equivalent of income is calculated in sales. In addition to the above, sales on the existing base considering the closing of Isetan Mitsukoshi's Matsudo store, business transfer of Isetan Mitsukoshi Food Service, and termination of business operation of Mammina are 101.0% of those of the previous fiscal year, or up ¥11,905 million year on year.

(2) Consolidated Financial Positions

(Millions of yen)

		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018 (Forecast)
Total assets*1		1,291,560	1,293,043	1,312,074	1,284,208	1,310,000
	YoY (%)	100.5	100.1	101.5	97.9	102.0
	YoY difference	6,902	1,483	19,031	(27,866)	25,791
Net assets		577,655	574,316	579,782	588,091	596,000
	YoY (%)	106.8	99.4	101.0	101.4	101.3
	YoY difference	36,585	(3,338)	5,466	8,308	7,908
Interest-bearing debt		160,601	175,871	186,751	139,972	165,000
	YoY (%)	93.8	109.5	106.2	75.0	117.9
	YoY difference	(10,683)	15,270	10,879	(46,778)	25,027
Net financial revenue		463	446	425	1,294	500
	YoY (%)	98.9	96.3	95.4	304.0	38.6
	YoY difference	(5)	(16)	(20)	868	(794)
Return on assets (ROA) (%)		2.6	2.6	1.8	1.9	2.2
	YoY difference (%)	(0.2)	(0.0)	(0.7)	0.0	0.4
Return on equity (ROE) (%)		5.5	4.7	2.6	(0.2)	2.2
	YoY difference (%)	1.3	(0.8)	(2.1)	(2.8)	2.4
Rate of return on invested capital (ROIC) (%)*2		3.0	3.0	2.2	2.3	2.7
	YoY difference (%)	(0.1)	0.0	(0.8)	0.1	0.5
Shareholder's equity ratio (%)		43.4	43.6	43.4	44.9	44.6
	YoY difference (%)	2.6	0.2	(0.2)	1.5	(0.3)
Interest-bearing debt dependency (%)		12.4	13.6	14.2	10.9	12.6
	YoY difference (%)	(0.9)	1.2	0.6	(3.3)	1.7
Consolidated debt equity ratio (DER) (times)		0.29	0.31	0.33	0.24	0.28
	YoY difference (times)	(0.04)	0.03	0.02	(0.09)	0.04

*1 "Total assets" for fiscal 2016 were revised due to the settlement of the provisional accounting treatment for the business combination

*2 "Rate of return on invested capital (ROIC)" was calculated as follows:

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 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018 (Forecast)
Cash flows from operating activities		49,448	43,099	35,373	72,972	30,000
	YoY difference	3,425	(6,348)	(7,726)	37,598	(42,972)
Cash flows from investing activities		(34,374)	(24,481)	(40,913)	(26,981)	(56,000)
	YoY difference	(15,152)	9,893	(16,432)	13,932	(29,018)
Cash flows from financing activities		(17,372)	(3,711)	2,413	(52,753)	20,000
	YoY difference	(1,221)	13,661	6,124	(55,166)	72,753
Cash and cash equivalents at end of period		50,299	64,238	60,024	53,969	48,000
	YoY difference	(301)	13,938	(4,214)	(6,054)	(5,969)

(4) Others

(Millions of yen)

		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018 (Forecast)
Capital investment		29,279	40,043	34,200	38,446	52,000
	YoY (%)	92.7	136.8	85.4	112.4	135.3
	YoY difference	(2,289)	10,763	(5,842)	4,245	13,553
Number of employees		12,286	12,285	12,382	14,269	13,450
	YoY (%)	97.5	100.0	100.8	115.2	94.3
	YoY difference	(317)	(1)	97	1,887	(819)
Number of consolidated subsidiaries (as of March 31)		37	38	43	43	43
	YoY difference	(1)	1	5	0	0
Number of equity-method affiliates (as of March 31)		8	8	7	7	8
	YoY difference	0	0	(1)	0	1
Cash dividends per share (yen)		11.00	12.00	12.00	12.00	12.00
	YoY difference(yen)	0.00	1.00	0.00	0.00	0.00

2. Consolidated Selling, General and Administrative Expenses

(Millions of yen)

		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018 (Forecast)
Selling, general and administrative expenses		322,372	328,660	341,673	342,869	325,000
	YoY (%)	96.1	102.0	104.0	100.3	94.8
	YoY difference	(13,003)	6,287	13,013	1,195	(17,869)
Advertising expenses*		22,439	22,440	21,659	20,365	20,000
	YoY (%)	81.7	100.0	96.5	94.0	98.2
	YoY difference	(5,038)	0	(781)	(1,294)	(365)
Point related expenses		3,944	4,325	23,038	22,985	22,000
	YoY (%)	121.8	109.7	532.6	99.8	95.7
	YoY difference	705	381	18,713	(52)	(985)
Personnel expenses		119,063	121,611	118,038	119,465	110,000
	YoY (%)	98.0	102.1	97.1	101.2	92.1
	YoY difference	(2,426)	2,548	(3,573)	1,426	(9,465)
Depreciation and amortization		22,818	23,020	23,562	25,272	25,000
	YoY (%)	102.7	100.9	102.4	107.3	98.9
	YoY difference	589	202	542	1,709	(272)
Lease payments		42,024	42,044	41,087	40,820	38,000
	YoY (%)	100.6	100.0	97.7	99.4	93.1
	YoY difference	263	19	(957)	(266)	(2,820)
Business consignment expenses		34,241	35,037	35,748	34,866	34,000
	YoY (%)	95.1	102.3	102.0	97.5	97.5
	YoY difference	(1,776)	796	711	(882)	(866)
Others		77,841	80,181	78,539	79,093	76,000
	YoY (%)	93.6	103.0	98.0	100.7	96.1
	YoY difference	(5,319)	2,339	(1,642)	554	(3,093)
SGA ratio (%)		25.3	25.5	27.3	27.0	27.2
	YoY difference (%)	(0.0)	0.2	1.7	(0.2)	0.2

* Part of commissions, which had been included in "Others" until fiscal 2017, is included in "Advertising expenses" since fiscal 2018. When comparing advertising expenses using the current standard, they were 91.9% of those of the previous fiscal year, or down by ¥1,646 million year on year.

3. Consolidated Non-operating Income/Loss

(Millions of yen)

		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018 (Forecast)
Non-operating income		14,045	16,918	15,615	14,851	12,500
	YoY difference	(2,138)	2,872	(1,302)	(763)	(2,351)
Interest and dividend income		1,706	1,535	1,412	2,134	1,400
	YoY difference	(81)	(170)	(123)	722	(734)
Equity in earnings of affiliates		2,234	5,521	4,263	3,548	2,700
	YoY difference	(2,949)	3,287	(1,257)	(715)	(848)
Income from unredeemed gift vouchers		5,377	5,381	5,397	5,550	5,000
	YoY difference	(279)	3	15	153	(550)
Gain on donated fixed assets		1,968	2,891	2,551	2,182	2,000
	YoY difference	(178)	922	(340)	(368)	(182)
Other non-operating income		2,757	1,587	1,990	1,435	1,400
	YoY difference	1,351	(1,169)	403	(555)	(35)
Non-operating expenses		12,565	13,320	12,131	11,939	11,500
	YoY difference	176	754	(1,189)	(192)	(439)
Interest expenses		1,243	1,089	986	839	900
	YoY difference	(76)	(153)	(103)	(146)	60
Loss on retirement of property and equipment		1,060	1,980	1,503	1,615	2,000
	YoY difference	(705)	920	(477)	111	384
Provision of reserve for loss from redemption of gift vouchers		6,423	5,558	5,346	5,500	5,000
	YoY difference	1,076	(865)	(211)	153	(500)
Other non-operating expenses		3,838	4,692	4,294	3,984	3,600
	YoY difference	(118)	853	(397)	(310)	(384)

4. Consolidated Extraordinary Gain/Loss

(Millions of yen)

	Fiscal 2017	Details
Extraordinary gain	1,232	
Gain on sales of investment securities	1,147	
Other extraordinary gain	85	
Extraordinary loss	26,124	
Loss on disposal of property and equipment	963	Remodeling of Mitsukoshi Nihombashi Main store and Nagoya Mitsukoshi Sakae store, etc.
Impairment	11,187	Six department stores, six stores and factories of Isetan Mitsukoshi Food Service Ltd., etc.
Amortization of goodwill	3,368	Bullet amortization of SocieWorld Co., Ltd
Loss on closing of stores	2,415	Isetan Matsudo store, etc.
Loss on liquidation of subsidiaries and associates	1,049	Mammina Co., Ltd., etc.
Business structure improvement expenses	5,030	Additional retirement benefit due to the NEXT CAREER Program at Isetan Mitsukoshi Ltd., etc.
Loss on transfer of business	1,120	Transfer of business of Isetan Mitsukoshi Food Service Ltd.
Other extraordinary loss	989	

5. Consolidated Capital Investment

(Millions of yen)

		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018 (Forecast)
Isetan Mitsukoshi Ltd.		16,085	20,818	18,813	22,510	33,000
	YoY (%)	77.9	129.4	90.4	119.7	146.6
	YoY difference	(4,557)	4,733	(2,004)	3,696	10,489
MICARD CO. Ltd.		3,636	5,710	3,112	1,837	2,238
	YoY (%)	366.7	157.0	54.5	59.0	121.8
	YoY difference	2,644	2,074	(2,597)	(1,275)	400
Isetan Mitsukoshi System Solutions Ltd.		5,414	7,568	6,386	4,156	9,500
	YoY (%)	99.4	139.8	84.4	65.1	228.5
	YoY difference	(32)	2,154	(1,182)	(2,229)	5,343
Others		4,527	7,398	6,278	10,256	7,762
	YoY (%)	97.2	163.4	84.9	163.4	75.7
	YoY difference	(130)	2,871	(1,120)	3,978	(2,494)
Elimination of intra-company transactions		(383)	(1,453)	(390)	(315)	(500)
	YoY (%)	-	-	-	-	-
	YoY difference	(213)	(1,069)	1,062	75	(184)
Total		29,279	40,043	34,200	38,446	52,000
	YoY (%)	92.7	136.8	85.4	112.4	135.3
	YoY difference	(2,289)	10,763	(5,842)	4,245	13,553

Note: Figures include investments made for intangible fixed assets.

6. Net Sales by Segment and Operating Income/Loss

(Millions of yen)

Net sales		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018 (Forecast)
Department store business						
Sales		1,172,886	1,187,389	1,151,020	1,144,486	1,120,000
	YoY (%)	97.7	101.2	96.9	99.4	97.9
	YoY difference	(28,178)	14,502	(36,368)	(6,533)	(24,486)
Segment income (loss)		21,488	21,569	11,093	14,484	17,500
	YoY (%)	92.6	100.4	51.4	130.6	120.8
	YoY difference	(1,722)	80	(10,476)	3,390	3,015
Credit & finance business/ Customer organization management business						
Sales		34,492	36,225	37,780	38,906	40,000
	YoY (%)	103.0	105.0	104.3	103.0	102.8
	YoY difference	1,003	1,733	1,554	1,126	1,093
Segment income (loss)		5,578	5,617	5,380	5,364	6,000
	YoY (%)	107.4	100.7	95.8	99.7	111.9
	YoY difference	385	38	(236)	(16)	635
Other retail & specialty store business*1						
Sales		57,834	55,827	56,074	54,833	-
	YoY (%)	67.4	96.5	100.4	97.8	-
	YoY difference	(27,988)	(2,007)	247	(1,241)	(54,833)
Segment income (loss)		(277)	(1,058)	(1,154)	(1,226)	-
	YoY (%)	-	-	-	-	-
	YoY difference	41	(781)	(95)	(72)	1,226
Real estate business						
Sales		42,869	46,234	41,671	45,071	50,000
	YoY (%)	107.7	107.8	90.1	108.2	110.9
	YoY difference	3,079	3,364	(4,562)	3,399	4,928
Segment income (loss)		6,382	6,323	6,444	6,614	6,000
	YoY (%)	98.8	99.1	101.9	102.6	90.7
	YoY difference	(79)	(59)	120	170	(614)
Other businesses						
Sales		73,443	74,838	77,364	91,749	94,000
	YoY (%)	102.9	101.9	103.4	118.6	102.5
	YoY difference	2,041	1,394	2,526	14,385	2,250
Segment income (loss)		55	358	1,920	(1,033)	(700)
	YoY (%)	-	648.0	535.9	-	-
	YoY difference	124	303	1,561	(2,953)	333
Amount listed on consolidated financial statements*2						
Sales		1,272,130	1,287,253	1,253,457	1,268,865	1,195,000
	YoY (%)	96.3	101.2	97.4	101.2	94.2
	YoY difference	(49,382)	15,123	(33,796)	15,408	(73,865)
Segment income (loss)		33,083	33,107	23,935	24,413	29,000
	YoY (%)	95.5	100.1	72.3	102.0	118.8
	YoY difference	(1,562)	23	(9,172)	477	4,586

*1 "Other retail & specialty store business" is included in "Other businesses" from fiscal 2018.
*2 "Amount listed on consolidated financial statements" includes adjusted amounts.

7. Consolidated Companies
(1) Results for Fiscal 2017

(Millions of yen)

	Voting Rights Held Percentage (Incl. indirect ownership) (%)		Net sales	Operating income (loss)	Recurring income (loss)	Net income (loss)
Isetan Mitsukoshi Holdings Ltd.	-		15,572	8,345	7,054	2,539
		YoY difference	(20,398)	(16,295)	(16,424)	(19,842)
Isetan Mitsukoshi Ltd.	100.0		648,615	17,595	18,810	1,609
		YoY difference	(11,532)	1,658	2,014	(1,636)
Sapporo Marui Mitsukoshi Ltd.	100.0		65,488	91	88	106
		YoY difference	2,123	600	613	1,353
Hakodate Marui Imai Ltd.	100.0		7,595	22	27	33
		YoY difference	(485)	(28)	(24)	14
Sendai Mitsukoshi Ltd.	100.0		33,014	224	245	155
		YoY difference	(679)	7	14	8
Nagoya Mitsukoshi Ltd.	100.0		66,083	101	148	0
		YoY difference	(914)	(253)	(239)	(312)
Shizuoka Isetan Co., Ltd.	100.0		19,735	139	141	54
		YoY difference	149	21	20	(40)
Niigata Isetan Mitsukoshi Ltd.	100.0		44,364	486	502	323
		YoY difference	(1,197)	60	77	91
Hiroshima Mitsukoshi Ltd.	100.0		14,846	(376)	(354)	(355)
		YoY difference	(721)	(193)	(169)	(169)
Takamatsu Mitsukoshi Ltd.	100.0		22,940	67	75	34
		YoY difference	(139)	(13)	(14)	(3)
Matsuyama Mitsukoshi Ltd.	100.0		13,607	(468)	(484)	(489)
		YoY difference	(579)	12	5	5
Iwataya Mitsukoshi Ltd.	100.0		117,867	756	730	692
		YoY difference	3,006	292	279	574
Isetan (Singapore) Ltd.	52.7		22,772	(255)	727	729
		YoY difference	(671)	232	1,156	1,163
Isetan of Japan Sdn. Bhd.	100.0		11,278	155	188	(27)
		YoY difference	544	149	258	109
ICJ Department Store (Malaysia) Sdn.Bhd.	51.0		1,617	(518)	(562)	(562)
		YoY difference	–	–	–	–
Isetan (Thailand) Co., Ltd.	49.0		4,759	37	54	43
		YoY difference	269	22	29	26
Isetan (China) Holdings Ltd.	100.0		29	7	18	18
		YoY difference	(147)	(190)	(185)	(185)
Shanghai Mei Long Zhen Isetan	80.0		10,184	32	73	73
		YoY difference	568	309	324	324
Tianjin Isetan Co., Ltd.	100.0		10,124	393	444	329
		YoY difference	499	90	89	92
Tianjin Binhai New District Isetan Co., Ltd.	100.0		2,043	65	28	28
		YoY difference	65	64	56	66
Chengdu Isetan Co., Ltd.	100.0		7,255	97	97	97
		YoY difference	386	54	67	67
Mitsukoshi Italia S.p.A.	100.0		1,901	39	29	11
		YoY difference	253	20	(4)	(7)
Mitsukoshi (USA) Inc.	100.0		5,579	634	639	347
		YoY difference	(44)	67	67	(10)

(Millions of yen)

	Voting Rights Held Percentage (Incl. indirect ownership) (%)		Net sales	Operating income (loss)	Recurring income (loss)	Net income (loss)
MICARD Co., Ltd.	100.0		34,739	5,609	5,450	3,483
		YoY difference	1,033	(248)	(398)	(514)
MI TOMONOKAI Co., Ltd.	100.0		4,969	(245)	339	205
		YoY difference	45	241	209	160
Isetan Mitsukoshi Food Service Ltd.	100.0		49,737	(54)	(53)	(2,775)
		YoY difference	(24)	1,065	957	(1,506)
Mammina Co., Ltd.	100.0		3,209	(1,232)	(1,246)	(1,770)
		YoY difference	(814)	(889)	(881)	(1,286)
Isetan Mitsukoshi Direct Shopping Ltd.	100.0		75	60	64	58
		YoY difference	(300)	(248)	(248)	(131)
Isetan Mitsukoshi Real Estate Co., Ltd.	95.0		5,096	779	841	574
		YoY difference	1,631	331	399	(470)
Isetan Mitsukoshi Property Design Ltd.	100.0		31,087	252	188	(100)
		YoY difference	1,079	(98)	(147)	(150)
Isetan Mitsukoshi System Solutions Ltd.	100.0		16,040	(370)	(405)	(574)
		YoY difference	(621)	(1,122)	(1,108)	(1,079)
Isetan Mitsukoshi Human Solutions Ltd.	100.0		8,959	307	295	183
		YoY difference	49	(50)	(59)	(34)
Isetan Mitsukoshi Business Support Ltd.	100.0		25,800	119	123	83
		YoY difference	(1,876)	36	178	122
Isetan Mitsukoshi Gift Solutions Ltd.	100.0		7,242	185	296	249
		YoY difference	(1,554)	(1)	(10)	(15)
Isetan Mitsukoshi Travel Co., Ltd.	100.0		4,922	(197)	(195)	(197)
		YoY difference	88	(201)	(180)	(180)
Nikko Travel Co., Ltd.	100.0		3,743	8	151	154
		YoY difference	–	–	–	–
Lime Tree Cruises B.V.	-		456	38	17	14
		YoY difference	–	–	–	–
Leotex Co., Ltd.	100.0		1,732	(57)	(64)	(83)
		YoY difference	(898)	10	9	(9)
Century Trading Co., Ltd.	80.0		3,420	42	50	50
		YoY difference	207	(22)	(21)	(21)
Isetan Mitsukoshi Italia S.r.l	100.0		630	(9)	11	5
		YoY difference	(95)	(12)	(11)	(7)
Studio Alta Co., Ltd.	100.0		1,040	(717)	(732)	(1,842)
		YoY difference	134	(685)	(683)	(1,832)
SWP Holdings Inc.	100.0		–	(3)	(33)	(34)
		YoY difference	–	–	–	–
SocieWorld Co., Ltd.	100.0		15,267	39	171	(137)
		YoY difference	–	–	–	–
TAIWAN SOCIE WORLD CO., LTD.	100.0		2,829	348	389	327
		YoY difference	–	–	–	–

(2) Full-year Forecast for Fiscal 2018

(Millions of yen)

		Net sales	Operating income (loss)	Recurring income (loss)	Net income (loss)
Isetan Mitsukoshi Holdings Ltd.		8,785	152	(357)	(357)
	YoY difference	(6,786)	(8,193)	(7,412)	(2,897)
Isetan Mitsukoshi Ltd.		630,000	19,500	20,500	7,000
	YoY difference	(18,615)	1,904	1,689	5,390
Sapporo Marui Mitsukoshi Ltd.		65,800	67	(41)	(41)
	YoY difference	311	(23)	(130)	(148)
Hakodate Marui Imai Ltd.		7,720	98	98	64
	YoY difference	124	76	70	30
Sendai Mitsukoshi Ltd.		33,149	266	285	186
	YoY difference	135	42	39	31
Nagoya Mitsukoshi Ltd.		67,723	235	265	174
	YoY difference	1,639	134	117	175
Shizuoka Isetan Co., Ltd.		19,650	130	133	88
	YoY difference	(85)	(9)	(7)	33
Niigata Isetan Mitsukoshi Ltd.		44,648	460	484	318
	YoY difference	283	(26)	(17)	(4)
Hiroshima Mitsukoshi Ltd.		15,175	(36)	(44)	(45)
	YoY difference	328	339	309	309
Takamatsu Mitsukoshi Ltd.		23,570	113	120	79
	YoY difference	629	46	45	44
Matsuyama Mitsukoshi Ltd.		13,780	(349)	(365)	(370)
	YoY difference	172	118	118	118
Iwataya Mitsukoshi Ltd.		118,480	801	757	498
	YoY difference	612	44	26	(194)
Isetan (Singapore) Ltd.*		–	–	–	–
	YoY difference	–	–	–	–
Isetan of Japan Sdn. Bhd.		12,002	241	282	282
	YoY difference	724	86	94	310
ICJ Department Store (Malaysia) Sdn.Bhd.		1,955	(428)	(466)	(466)
	YoY difference	338	89	96	96
Isetan (Thailand) Co., Ltd.		4,943	106	108	87
	YoY difference	184	69	54	44
Isetan (China) Holdings Ltd.		20	25	25	25
	YoY difference	(8)	17	7	7
Shanghai Mei Long Zhen Isetan		10,428	17	62	46
	YoY difference	244	(15)	(11)	(26)
Tianjin Isetan Co., Ltd.		10,260	380	433	433
	YoY difference	135	(12)	(11)	103
Tianjin Binhai New District Isetan Co., Ltd.		1,999	71	43	43
	YoY difference	(43)	5	15	15
Chengdu Isetan Co., Ltd.		7,891	80	61	61
	YoY difference	635	(17)	(36)	(36)
Mitsukoshi Italia S.p.A.		1,913	55	63	43
	YoY difference	11	15	34	31
Mitsukoshi (USA) Inc.		5,819	637	663	413
	YoY difference	239	3	24	65

*The full year forecast for Isetan (Singapore) Ltd., which 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.		35,822	6,381	6,264	4,322
	YoY difference	1,082	772	813	839
MI TOMONOKAI Co., Ltd.		4,739	(354)	139	90
	YoY difference	(230)	(109)	(199)	(115)
Isetan Mitsukoshi Food Service Ltd.		–	(100)	(100)	(100)
	YoY difference	(49,737)	(45)	(46)	2,675
Mammina Co., Ltd.		–	(100)	(100)	(100)
	YoY difference	(3,209)	1,132	1,146	1,670
Isetan Mitsukoshi Direct Shopping Ltd.		32	(150)	(148)	(155)
	YoY difference	(43)	(211)	(213)	(214)
Isetan Mitsukoshi Real Estate Co., Ltd.		4,975	616	595	389
	YoY difference	(120)	(163)	(245)	(184)
Isetan Mitsukoshi Property Design Ltd.		35,841	136	138	79
	YoY difference	4,753	(116)	(49)	179
Isetan Mitsukoshi System Solutions Ltd.		15,820	(910)	(966)	(966)
	YoY difference	(220)	(539)	(560)	(391)
Isetan Mitsukoshi Human Solutions Ltd.		8,800	350	343	219
	YoY difference	(159)	42	47	36
Isetan Mitsukoshi Business Support Ltd.		27,266	129	(62)	(39)
	YoY difference	1,465	9	(186)	(123)
Isetan Mitsukoshi Gift Solutions Ltd.		6,886	154	234	195
	YoY difference	(356)	(30)	(61)	(53)
Isetan Mitsukoshi Travel Co., Ltd.		4,990	29	31	31
	YoY difference	67	226	227	228
Nikko Travel Co., Ltd.		4,300	80	118	78
	YoY difference	556	72	(33)	(76)
Lime Tree Cruises B.V.		424	71	31	24
	YoY difference	(32)	33	13	10
Leotex Co., Ltd.		1,644	(33)	(40)	(40)
	YoY difference	(88)	23	23	42
Century Trading Co., Ltd.		3,290	19	22	20
	YoY difference	(130)	(23)	(28)	(29)
Isetan Mitsukoshi Italia S.r.l		610	(42)	(20)	(23)
	YoY difference	(19)	(32)	(32)	(29)
Studio Alta Co., Ltd.		1,065	(49)	(54)	(54)
	YoY difference	24	667	678	1,788
SWP Holdings Inc.		–	(3)	(33)	(33)
	YoY difference	–	0	0	0
SocieWorld Co., Ltd.		16,086	31	259	107
	YoY difference	818	(8)	87	244
TAIWAN SOCIE WORLD CO., LTD.		3,200	397	424	352
	YoY difference	371	49	35	25

Ⅱ. Isetan Mitsukoshi Ltd. Non-consolidated Business Results

1. Outline of Non-consolidated Business Results

(1) Business Results

(Millions of yen)

		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018 (Forecast)
Net sales		656,363	679,085	660,147	648,615	630,000
	YoY (%)	97.2	103.5	97.2	98.3	97.1
	YoY difference	(18,952)	22,722	(18,938)	(11,532)	(18,615)
Gross profit		179,317	185,844	186,406	182,797	181,000
	YoY (%)	98.2	103.6	100.3	98.1	99.0
	YoY difference	(3,243)	6,526	562	(3,608)	(1,797)
Gross operating profit		191,810	198,028	199,350	195,792	194,500
	YoY (%)	98.5	103.2	100.7	98.2	99.3
	YoY difference	(2,901)	6,217	1,322	(3,557)	(1,292)
Operating income		24,055	24,355	15,937	17,595	19,500
	YoY (%)	104.1	101.2	65.4	110.4	110.8
	YoY difference	951	299	(8,417)	1,658	1,904
Recurring income		26,103	25,687	16,796	18,810	20,500
	YoY (%)	112.1	98.4	65.4	112.0	109.0
	YoY difference	2,820	(415)	(8,891)	2,014	1,689
Net income		28,748	17,059	3,245	1,609	7,000
	YoY (%)	200.8	59.3	19.0	49.6	434.9
	YoY difference	14,428	(11,688)	(13,814)	(1,636)	5,390
Gross profit margin (%)		27.32	27.37	28.24	28.18	28.73
	YoY difference (%)	0.29	0.05	0.87	(0.05)	0.55
Gross operating profit margin (%)		29.22	29.16	30.20	30.19	30.87
	YoY difference(%)	0.39	(0.06)	1.04	(0.01)	0.69
Operating profit margin (%)		3.7	3.6	2.4	2.7	3.1
	YoY difference(%)	0.2	(0.1)	(1.2)	0.3	0.4
Recurring profit margin (%)		4.0	3.8	2.5	2.9	3.3
	YoY difference(%)	0.5	(0.2)	(1.2)	0.4	0.4
Return on sales (%)		4.4	2.5	0.5	0.2	1.1
	YoY difference(%)	2.3	(1.9)	(2.0)	(0.2)	0.9

(2) Financial Position

(Millions of yen)

		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018 (Forecast)
Total assets		713,226	668,369	668,341	663,335	680,000
	YoY (%)	99.8	93.7	100.0	99.3	102.5
	YoY difference	(1,443)	(44,856)	(28)	(5,006)	16,664
Net assets		228,431	238,118	219,079	214,217	221,000
	YoY (%)	111.0	104.2	92.0	97.8	103.2
	YoY difference	22,644	9,686	(19,038)	(4,862)	6,782
Return on assets (ROA) (%)		3.4	3.5	2.4	2.6	2.9
	YoY difference (%)	0.1	0.2	(1.1)	0.3	0.3
Return on equity (ROE) (%)		13.3	7.3	1.4	0.7	3.2
	YoY difference (%)	6.1	(6.0)	(5.9)	(0.7)	2.5
Shareholder's equity ratio (%)		32.0	35.6	32.8	32.3	32.5
	YoY difference (%)	3.2	3.6	(2.8)	(0.5)	0.2

(3) Selling, General and Administrative Expenses

(Millions of yen)

		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018 (Forecast)
Selling, general and administrative expenses		167,754	173,672	183,413	178,196	175,000
	YoY (%)	97.8	103.5	105.6	97.2	98.2
	YoY difference	(3,853)	5,918	9,740	(5,216)	(3,196)
Advertising expenses*		10,672	10,982	9,927	8,323	8,877
	YoY (%)	100.4	102.9	90.4	83.8	106.6
	YoY difference	38	310	(1,054)	(1,603)	553
Point related expenses		-	-	11,219	10,670	9,628
	YoY (%)	-	-	-	95.1	90.2
	YoY difference	-	-	11,219	(549)	(1,042)
Personnel expenses		55,818	58,582	56,388	59,576	55,139
	YoY (%)	96.7	105.0	96.3	105.7	92.6
	YoY difference	(1,918)	2,764	(2,193)	3,187	(4,436)
Depreciation and amortization		10,746	10,977	10,520	10,136	10,003
	YoY (%)	101.9	102.2	95.8	96.4	98.7
	YoY difference	198	231	(456)	(383)	(132)
Lease payments		11,660	12,024	12,839	11,982	11,476
	YoY (%)	86.2	103.1	106.8	93.3	95.8
	YoY difference	(1,863)	364	814	(856)	(505)
Business consignment expenses		18,924	19,466	20,664	20,293	21,677
	YoY (%)	102.1	102.9	106.2	98.2	106.8
	YoY difference	394	542	1,198	(371)	1,383
Others		59,933	61,639	61,852	57,212	58,196
	YoY (%)	98.8	102.8	100.3	92.5	101.7
	YoY difference	(703)	1,706	212	(4,639)	984
SGA ratio (%)		25.6	25.6	27.8	27.5	27.8
	YoY difference (%)	0.1	0.0	2.2	(0.3)	0.3

* Part of commissions, which had been included in "Others" until fiscal 2017, is included in "Advertising expenses" since fiscal 2018. When comparing advertising expenses using the current standard, they were 92.1% of those of the previous fiscal year, or down by ¥660 million year on year.

(4) Others

(Millions of yen)

		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018 (Forecast)
Capital investment		16,085	20,818	18,813	22,510	33,000
	YoY (%)	77.9	129.4	90.4	119.7	146.6
	YoY difference	(4,557)	4,733	(2,004)	3,696	10,489
Number of employees		5,480	5,290	5,203	5,010	4,750
	YoY (%)	100.2	96.5	98.4	96.3	94.8
	YoY difference	9	(190)	(87)	(193)	(260)

2. Net Sales

(1) Net Sales by Store

(Millions of yen)

		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018 (Forecast)
Isetan Shinjuku Main Store		258,497	272,465	268,597	274,149	285,509
	YoY (%)	97.4	105.4	98.6	102.1	104.1
	YoY difference	(6,953)	13,968	(3,868)	5,552	11,359
Mitsukoshi Nihombashi Main store		165,560	168,316	165,127	155,357	144,884
	YoY (%)	95.3	101.7	98.1	94.1	93.3
	YoY difference	(8,080)	2,755	(3,188)	(9,769)	(10,473)
Mitsukoshi Ginza store		74,428	85,292	81,034	87,862	87,800
	YoY (%)	107.5	114.6	95.0	108.4	99.9
	YoY difference	5,207	10,864	(4,258)	6,827	(62)
Isetan Tachikawa store		38,539	37,380	35,734	35,836	36,883
	YoY (%)	97.2	97.0	95.6	100.3	102.9
	YoY difference	(1,103)	(1,158)	(1,645)	101	1,046
Isetan Matsudo store		19,796	19,225	18,134	20,634	-
	YoY (%)	92.8	97.1	94.3	113.8	-
	YoY difference	(1,537)	(571)	(1,090)	2,500	(20,634)
Isetan Urawa store		42,325	41,897	40,351	40,388	40,900
	YoY (%)	95.9	99.0	96.3	100.1	101.3
	YoY difference	(1,811)	(427)	(1,546)	37	511
Isetan Sagamihara store		24,039	22,949	20,558	19,515	19,730
	YoY (%)	94.3	95.5	89.6	94.9	101.1
	YoY difference	(1,465)	(1,089)	(2,390)	(1,042)	214
Isetan Fuchu store		19,592	18,901	15,770	14,869	14,294
	YoY (%)	93.9	96.5	83.4	94.3	96.1
	YoY difference	(1,263)	(690)	(3,131)	(900)	(575)
Mitsukoshi Chiba store		13,584	12,655	14,837	-	-
	YoY (%)	87.5	93.2	117.2	-	-
	YoY difference	(1,943)	(928)	2,182	(14,837)	-
Total		656,363	679,085	660,147	648,615	630,000
	YoY (%)	97.2	103.5	97.2	98.3	97.1
	YoY difference	(18,952)	22,722	(18,938)	(11,532)	(18,615)

(2) Net Sales by Month

(Millions of yen)

		April	May	June	July	August	September	First half total	
Fiscal 2014	Store total	45,374	48,668	52,228	59,687	43,386	47,950	297,295	
	YoY (%)	89.9	95.4	95.4	99.9	101.1	100.2	96.9	
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	

		October	November	December	January	February	March	Second half total	Full-year total
Fiscal 2014	Store total	51,746	62,145	75,719	59,158	47,054	63,243	359,067	656,363
	YoY (%)	98.7	99.8	99.8	99.2	105.8	85.6	97.4	97.2
Fiscal 2015	Store total	53,933	61,828	76,234	58,102	47,789	60,928	358,816	679,085
	YoY (%)	104.2	99.5	100.7	98.2	101.6	96.3	99.9	103.5
Fiscal 2016	Store total	52,305	60,376	74,565	57,919	47,811	62,892	355,870	660,147
	YoY (%)	97.0	97.7	97.8	99.7	100.0	103.2	99.2	97.2
Fiscal 2017	Store total	50,778	61,407	73,620	56,418	47,124	59,198	348,547	648,615
	YoY (%)	97.1	101.7	98.7	97.4	98.6	94.1	97.9	98.3

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

(Millions of yen)

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	232,529	97.5	(5,945)	35.9	(0.3)	32.12	(0.24)
(Men's clothing)	71,337	99.3	(511)	11.0	0.1	34.18	(1.52)
(women's clothing)	127,489	95.8	(5,580)	19.7	(0.5)	30.97	0.46
(Children's clothing)	18,249	101.4	255	2.8	0.1	30.61	(0.34)
(Formal wear and bedding)	15,453	99.3	(108)	2.4	0.0	33.91	(0.60)
Accessories	79,537	99.1	(715)	12.3	0.1	28.73	(1.18)
Sundry goods	135,071	105.8	7,428	20.8	1.5	29.28	0.26
(Cosmetics)	67,380	112.1	7,260	10.4	1.3	33.10	0.28
(fine arts, jewelries, precious metals)	48,184	102.4	1,124	7.4	0.3	24.61	(0.02)
(Other sundry goods)	19,506	95.3	(956)	3.0	(0.1)	27.59	(0.35)
Household	27,358	96.3	(1,056)	4.2	(0.1)	28.58	(1.61)
Foods	137,499	95.4	(6,698)	21.2	(0.6)	22.51	0.25
Others	36,618	89.0	(4,544)	5.6	(0.6)	18.95	0.72
Total	648,615	98.3	(11,532)	100.0	0.0	28.18	(0.05)

(4) Net Sales by Category

(Millions of yen)

		Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017
Cash sale		281,836	303,073	282,917	288,189
	Composition (%)	42.9	44.6	42.9	44.4
	YoY (%)	98.8	107.5	93.3	101.9
Credit sale		374,527	376,011	377,230	360,425
	Composition (%)	57.1	55.4	57.1	55.6
	YoY (%)	96.0	100.4	100.3	95.5
of which, sales of MICARD		333,148	333,833	331,217	317,662
	Composition (%)	50.8	49.2	50.2	49.0
	YoY (%)	96.7	100.2	99.2	95.9
Total		656,363	679,085	660,147	648,615
	Composition (%)	100.0	100.0	100.0	100.0
	YoY (%)	97.2	103.5	97.2	98.3

(5) Duty Free Sales

(Millions of yen)

Fiscal 2017	Duty Free Sales			Share of Sales	
	Results	YoY (%)	YoY difference	Sales share (%)*	YoY difference
Isetan Shinjuku Main store	28,772	126.8	6,074	10.5	2.0
Mitsukoshi Nihombashi Main store	2,785	115.4	371	1.8	0.3
Mitsukoshi Ginza store	23,880	124.2	4,649	27.2	3.4
Others	480	135.3	125	0.4	0.1
Isetan Mitsukoshi total	55,918	125.1	11,220	8.6	1.9

* 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)

Fiscal 2017	Duty Free Sales			Share of Sales	
	Results	YoY (%)	YoY difference	Sales share (%)	YoY difference
Sapporo Marui Mitsukoshi Ltd.	4,022	152.9	1,391	6.1	2.0
Nagoya Mitsukoshi Ltd.	2,462	170.1	1,014	3.7	1.6
Iwataya Mitsukoshi Ltd.	4,229	144.2	1,297	3.6	1.0
Others	877	155.7	313	0.6	0.2
Total domestic regional department stores	11,592	153.0	4,017	2.9	1.0

(Millions of yen)

Fiscal 2017	Duty Free Sales			Share of Sales	
	Results	YoY (%)	YoY difference	Sales share (%)	YoY difference
Total domestic department stores	67,511	129.2	15,238	6.4	1.5