Summary of Settlement of Consolidated Accounts for the Fiscal Year Ended March 31, 2023

[Japanese Standards] (Consolidated)

May 9, 2023

Isetan Mitsukoshi Holdings Ltd.

Securities code: 3099 (Listed on the Prime Market of Tokyo Stock Exchange and Fukuoka Stock Exchange)
(URL: https://www.imhds.co.jp)
Representative: Toshiyuki Hosoya, Director, President and CEO
Contact: Keiko Mihara, General Manager, Corporate Communication and IR Division, General Affairs Department
TEL: (050) 1704-0684
Scheduled date of the general meeting of shareholders: June 20, 2023
Scheduled date of filing of the securities report (*Yukashoken Houkokusho*): June 21, 2023
Scheduled date of dividend payments: June 21, 2023
Preparation of fiscal year results supplementary materials: Yes
Convening of fiscal year results explanation meeting: Yes (for securities analysts)

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

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

(1) Results of consolidated operations (Percentage figures indicate changes from 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	%
FY2022	487,407	16.5	29,606	398.4	30,017	215.3	32,377	162.4
FY2021	418,338	–	5,940	–	9,520	–	12,338	–

(Note) Comprehensive income: FY2022: ¥39,142 million (49.8%), FY2021: ¥26,122 million (–%)
Since the "Accounting Standard for Revenue Recognition," etc. was adopted from the beginning of fiscal 2021, the percentage changes from the results of fiscal 2020 before the adoption of the accounting standard, etc. are not provided.

	Net Income per Share (Basic)	Net Income per Share (Diluted)	Return on Equity	Recurring Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
FY2022	84.82	84.62	6.1	2.5	6.1
FY2021	32.36	32.26	2.5	0.8	1.4

(Reference) Equity in earnings of affiliates: FY2022: ¥1,801 million, FY2021: ¥2,326 million

(2) Consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
FY2022	1,217,308	552,519	44.9	1,430.07
FY2021	1,168,574	517,660	43.8	1,341.41

(Reference) Shareholders' equity: FY2022: ¥546,120 million, FY2021: ¥511,796 million

(3) Consolidated cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2022	66,301	(27,026)	(16,198)	109,039
FY2021	37,914	(17,371)	(39,927)	84,472

2. Dividends

	Annual Dividends					Total Cash Dividends (Full Year)	Payout Ratio (Consolidated)	Cash Dividends to Net Assets (Consolidated)
(Record date)	First Quarter	Second Quarter	Third Quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2021	–	5.00	–	5.00	10.00	3,814	30.9	0.8
FY2022	–	6.00	–	8.00	14.00	5,345	16.5	1.0
FY2023 (Forecast)	–	8.00	–	8.00	16.00		21.8	

3. Forecast of Consolidated Results for Fiscal 2023 (From April 1, 2023 to March 31, 2024)

(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 (Basic)
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	510,000	4.6	35,000	18.2	37,000	23.3	28,000	(13.5)	73.32

The forecast is based on the "Accounting Standard for Revenue Recognition," etc., which was adopted from fiscal 2021. If the accounting standard, etc. had not been adopted, the net sales forecast would be ¥1,140,000 million, an increase of 4.7% from the previous fiscal year.

* Notes:

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

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

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

1) Number of shares issued and outstanding at the end of the period (including treasury stock)	FY2022	396,931,154 shares	FY2021	396,736,654 shares
2) Number of shares of treasury stock at the end of the period	FY2022	15,048,154 shares	FY2021	15,199,783 shares
3) Average number of shares during the period	FY2022	381,707,789 shares	FY2021	381,324,011 shares

(Reference) Summary of Non-consolidated Business Results

Non-consolidated Business Results for Fiscal 2022 (April 1, 2022 to March 31, 2023)

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

	Net Sales		Operating Income		Recurring Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2022	17,994	(20.7)	9,652	(34.2)	8,146	(28.4)	8,106	(22.1)
FY2021	22,680	(4.4)	14,672	(2.6)	11,385	(8.1)	10,400	148.1

	Net Income per Share (Basic)	Net Income per Share (Diluted)
	Yen	Yen
FY2022	21.24	21.19
FY2021	27.27	27.19

(2) Non-consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
FY2022	744,285	455,395	61.1	1,190.18
FY2021	743,130	451,308	60.6	1,179.95

(Reference) Shareholders' equity: FY2022: ¥454,509 million, FY2021: ¥450,192 million

*** These consolidated financial results are outside the scope of audit 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. Overview of Business Results, etc. (4) Future Outlook" 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. Overview of Business Results, etc. 2
(1) Overview of Business Results for the Fiscal Year Under Review 2
(2) Overview of Financial Position for the Fiscal Year Under Review 3
(3) Overview of Cash Flows for the Fiscal Year Under Review 4
(4) Future Outlook 4
(5) Basic Policy on Profit Distribution and Dividends for Fiscal 2022 and Fiscal 2023 4
2. Basic Policy on the Selection of Accounting Standards 4
3. Consolidated Financial Statements and Primary Notes 5
(1) Consolidated Balance Sheets 5
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income 7
(3) Consolidated Statements of Changes in Net Assets 10
(4) Consolidated Statements of Cash Flows 12
(5) Notes regarding Consolidated Financial Statements 14
(Notes on going concern assumption) 14
(Notes on changes in accounting policies) 14
(Additional information) 14
(Segment information) 14
(Per share information) 19
(Significant subsequent events) 19
4. Other 19
Changes in Directors 19

1. Overview of Business Results, etc.

(1) Overview of Business Results for the Fiscal Year Under Review

During fiscal 2022 (April 1, 2022 to March 31, 2023), despite a revitalization in cross country-border travel following the lessening impact of COVID-19, a disease whose impact was felt for three years straight from the end of 2019, the outlook for the global economy remained uncertain, primarily due to concerns about a global recession in response to the situation in Ukraine and its protracted conflict with Russia, global inflation from the soaring prices of resources, items and goods around the world, a rapidly weakening yen against the dollar, financial tightening across Europe and the United States and other factors.

The Japanese economy saw a gradual easing of COVID-19 related restrictions on socio-economic activity along with an on-going return to normalization, with consumer spending, which had been curbed somewhat, also seeing a recovery, particularly in face-to-face services. On the back of the easing of border control restrictions in October 2022 and the weakening of the yen, inbound demand is continuing to return to pre-COVID-19 levels. However, with the impact of rising prices of items and goods, etc. on household budgets, consumer sentiment has been poor and consumer behavior has been very much a case of one step forward, one step back.

Amid the environment described above, the Company has been implementing important strategies as part of the "revitalization of department stores" initiative, which is part of the first phase of the Company's medium-term management plan (Fiscal 2022–Fiscal 2024), as we strive to realize the Group's vision "to be a 'special' department store-centered retail group that enriches the lives of our customers." In the first year of the medium-term management plan, we focused on raising the certainty of the "revitalization of department stores", designated the next fiscal year as the first year to begin preparations for "deployment (preparation for urban development)", and have been making progress for each of these measures.

In order that the Company can respond to some strong consumer demand following the recovery from COVID-19, we have been working to expand usage per customer by increasing the points of contact with, and business opportunities for, each individual "customer" and by raising awareness of connections across the entire Group through the improvement of our ability to individually identify customers. Furthermore, we have adopted a more scientific approach in an attempt to reduce fixed costs through the adoption of the "scientific analysis of department stores" guidance, through which we established standards and disciplines to control expenses and personnel, and have been working to further increase efficiency through the reduction of the break-even sales.

In fiscal 2022 on a consolidated basis, the Company recorded net sales of ¥487,407 million, up 16.5% year-on-year, operating income of ¥29,606 million, up 398.4% year-on-year, recurring income of ¥30,017 million, up 215.3% year-on-year, and net income attributable to parent company shareholders of ¥32,377 million, up 162.4% year-on-year.

Results by segment were as follows.

1) Department Store Business

Domestic department stores experienced a significant recovery in the number of store visitors and purchasing customers, due to an increase in opportunities for outings on the back of a lifting of movement restrictions, with net sales (excluding inbound sales) exceeding the level of fiscal 2018. In particular, sales of high-value items, such as luxury brands, jewelry, and watches were strong in stores in the Tokyo metropolitan area, as well as in some stores in other regional metropolitan areas.

By increasing the number of customers whose faces are known within our stores through the increasing of card members and app subscribers as part of efforts to further improve our ability to individually identify customers, and by hosting hospitality events and other events unique to the Group targeting good out-of-store sales customers nationwide, we have significantly grown the number of customers who are classified as identifiable customers. Net sales from the "Tanseikai" at the Isetan Shinjuku Main Store and "Ippinkai" at the Mitsukoshi Nihombashi Main Store, held in February 2023, were both the highest ever recorded. In particular, the Isetan Shinjuku Main store posted record high net sales as a result of extremely lively Christmas, end of year/new year holiday, and other popular events, along with a significant growth in individual out-of-store sales.

Elsewhere, stores in other regions across Japan outside of some metropolitan areas saw a sluggish recovery in consumption. Although inbound usage has recovered following the easing of border control restrictions in October 2022, the levels of recovery remained at just over 50% relative to levels before COVID-19.

Overseas, Chengdu Isetan Department Store Co., Ltd. closed its store in December 2022 following a termination of the lease agreement. However, overall, our overseas stores recorded increased revenue and income, and we are continuing to promote "Selection and Conversion" according to the situation in each country or region, with the aim of growing new initiatives that make use of our knowledge of business management.

Segment sales amounted to ¥416,020 million, up 11.3% year-on-year, and operating income was ¥20,432 million, compared to operating loss of ¥6,339 million in the previous fiscal year.

2) Credit & Finance Business/Customer Organization Management Business

In this business, MICARD Co. LTD. results exceeded pre-COVID-19 levels outside department stores owing to increased credit card usage in areas such as travel and restaurants, which have been on fast recovery trends, reaching hitherto record levels. However, there was a decrease in income, due primarily to a reduction in earnings from intra-Group transactions.

In addition to continuing to expand our customer base through the acquisition of new credit card members in collaboration with other Group companies, we are also shifting toward an income and expenditure structure that will make it easier to generate profits by increasing in the amount of credit card usage and strengthening cost controls.

Segment sales amounted to ¥30,823 million, up 1% year-on-year, and operating income was ¥3,791 million, down 37.5% year-on-year.

3) Real Estate Business

In the real estate business, following a normalization of socio-economic activity, Isetan Mitsukoshi Property Design Ltd., increased its completion of projects for which work had been delayed due to the COVID-19 crisis and expanded the number of new orders received. Further, there was a significant increase in the number of the Group's department store remodeling projects owing to the "stronger intra-Group coordination strategy", which seeks to maximize the Group's resources so as to increase revenue, resulting in a year-on-year expansion of its earnings base.

However, lease revenue decreased due to delays relative to our targets in attracting tenants to the properties owned.

Segment sales amounted to ¥20,518 million, up 13.5% year-on-year, and operating income was ¥4,014 million, down 28.1% year-on-year.

4) Other Businesses

In the logistics industry, Isetan Mitsukoshi Business Support Ltd. saw a large increase in logistics within the Group due to an increase in the volume of handled products, etc., in conjunction with the recovery in sales at the Group's department stores. With regard the logistics business outside of the Group, we have made it our topmost priority to expand our points of contact with our customers through proactive participation in logistics exhibitions and through our Group "coordination" strategy, and are striving to expand the areas in which can develop new outsourcing projects. As a result, the business plan is progressing steadily, with operating income exceeding our targets.

In the travel industry, Mitsukoshi Isetan Nikko Travel, Ltd. saw a recovery in sales for overseas travel of around 60% relative to pre-COVID-19 levels, with agent-organized overseas package tours now resumed in earnest. In the domestic travel business, sales have been strong, mainly from out-of-store sales customers from the Group's department stores, primarily in response to the easing of movement restrictions and rules for the wearing of masks in addition to the domestic travel subsidy program.

In the advertising agency business, Studio Alta Co. Ltd., saw robust performance in its mainstay outdoor advertising business in response to a recovery in demand for advertising. Further, as a result of our business restructuring efforts, we have significantly reduced fixed costs. As a result, the business turned profitable for the first time in three years, with revenue and income exceeding the levels of the previous fiscal year.

Segment sales amounted to ¥77,728 million, up 56.8% year-on-year, and operating income was ¥1,136 million, up 145.9% year-on-year.

(2) Overview of Financial Position for the Fiscal Year Under Review

Total assets at the end of the fiscal year under review amounted to ¥1,217,308 million, an increase of ¥48,733 million from the end of the previous fiscal year. This was due mainly to an increase in cash and bank deposits, an increase in accounts receivable on the back of increased sales, and the turning of IM Food Style Ltd., into a consolidated subsidiary.

Total liabilities amounted to ¥664,788 million, an increase of ¥13,874 million from the end of the previous fiscal year. This was mainly attributable to increases in payables on the back of increased sales and increased income taxes payable on the back of increased profits.

Net assets amounted to ¥552,519 million, an increase of ¥34,858 million from the end of the previous fiscal year. This was mainly attributable to the recording of net income attributable to parent company shareholders and an increase in foreign currency translation adjustments.

(3) Overview of Cash Flows for the Fiscal Year Under Review

Cash and cash equivalents at the end of the fiscal year under review were ¥109,039 million, an increase of ¥24,566 million from the end of the previous fiscal year.

Net cash provided by operating activities amounted to ¥66,301 million, an increase in inflows of ¥28,387 million from the previous fiscal year. This was mainly attributable to such factors as an increase in income before income taxes of ¥16,709 million, due to a recovery in net sales relative to the period under COVID-19 and reforms to the income and expenditure structure.

Net cash used in investing activities amounted to ¥27,026 million, an increase of ¥9,655 million from the previous fiscal year. This was mainly attributable to purchases of shares of subsidiaries resulting in change in scope of consolidation of ¥10,599 million.

Net cash used in financing activities amounted to ¥16,198 million, a decrease in outflows of ¥23,728 million from the previous fiscal year. This was mainly attributable to such factors as repayments of long-term debt of ¥23,300 million in the previous fiscal year.

(4) Future Outlook

With regard to the forecast of consolidated results for fiscal 2023, we expect net sales of ¥510,000 million, an increase of 4.6% from the previous fiscal year; operating income of ¥35,000 million, an increase of 18.2% from the previous fiscal year; recurring income of ¥37,000 million, an increase of 23.3% from the previous fiscal year; and net income attributable to parent company shareholders of ¥28,000 million, a decrease of 13.5% from the previous fiscal year.

(5) Basic Policy on Profit Distribution and Dividends for Fiscal 2022 and Fiscal 2023

The Company returns profits to shareholders, while continually raising long-term corporate value.

In addition to maintaining a stable level of dividends upon making comprehensive considerations of the management environment, business results and the soundness of our financial condition and increasing dividends over the medium- to long-term in line with profit growths, we will implement a total return in combination with the acquisition of treasury stock being conscious of delivering a total return ratio level of 50%.

Based on the favorable consolidated results for fiscal year 2022, the Company will pay an annual cash dividend ¥14.00 for the fiscal year under review, the total of an interim dividend of ¥6.00 and a year-end dividend of ¥8.00. For fiscal 2023, the Company plans to increase the annual cash dividend by ¥2.00 and pay ¥16.00, the total of an interim dividend of ¥8.00 and a year-end dividend of ¥8.00.

Further, with regard to decisions over the acquisition of treasury stock to improve capital efficiency, we will maintain flexibility, including regarding amounts and timing, in consideration of trends in business performance, opportunities for growth investment, and other factors, while also being conscious of delivering a total return ratio level of 50%.

2. Basic Policy on the Selection of Accounting Standards

The Company currently applies Japanese accounting standards. Concerning the future application of International Financial Reporting Standards (IFRS), the Company holds a policy to take appropriate action based on trends within and outside of Japan.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2021 (As of March 31, 2022)	Fiscal 2022 (As of March 31, 2023)
ASSETS		
Current assets		
Cash and bank deposits	81,194	105,692
Notes and accounts receivable-trade, and contract assets	120,924	133,922
Marketable securities	768	859
Merchandise	24,588	24,644
Finished goods	7	401
Work in process	345	332
Raw materials and supplies	464	606
Other current assets	23,703	25,544
Less: Allowance for doubtful accounts	(4,239)	(4,266)
Total current assets	247,757	287,735
Property and equipment		
Tangible fixed assets		
Buildings and structures	459,047	465,091
Less: Accumulated depreciation	(303,138)	(316,083)
Buildings and structures, net	155,908	149,007
Land	527,432	528,032
Construction in progress	6,975	8,619
Right-of-use assets	4,944	5,778
Less: Accumulated depreciation	(3,219)	(3,611)
Right-of-use assets, net	1,725	2,167
Other tangible fixed assets	64,925	66,457
Less: Accumulated depreciation	(48,957)	(50,814)
Other tangible fixed assets, net	15,968	15,643
Total tangible fixed assets	708,010	703,470
Intangible fixed assets		
Software	17,343	17,334
Goodwill	–	10,332
Other intangible fixed assets	23,422	23,386
Total intangible fixed assets	40,765	51,052
Investments and other assets		
Investment securities	120,413	120,864
Long-term loans receivable	129	80
Guarantee deposits	40,615	40,624
Net defined benefit assets	3,553	3,538
Deferred tax assets	3,475	4,249
Other assets	3,956	5,816
Less: Allowance for doubtful accounts	(179)	(181)
Total investments and other assets	171,965	174,993
Total property and equipment	920,741	929,517
Deferred assets		
Bond issue costs	75	55
Total deferred assets	75	55
Total assets	1,168,574	1,217,308

(Millions of yen)

	Fiscal 2021 (As of March 31, 2022)	Fiscal 2022 (As of March 31, 2023)
LIABILITIES		
Current liabilities		
Notes and accounts payable	87,102	104,802
Current portion of bonds payable	10,000	10,000
Short-term borrowings	13,145	26,568
Commercial paper	40,000	40,000
Income taxes payable	1,637	4,969
Contract liabilities	99,067	100,386
Gift vouchers	24,369	25,054
Reserve for bonuses	7,019	10,423
Allowance for point cards	2,131	2,103
Reserve for loss from redemption of gift vouchers	16,064	14,523
Other current liabilities	59,298	64,876
Total current liabilities	359,838	403,709
Long-term liabilities		
Bonds payable	30,000	20,000
Long-term debt	82,000	68,300
Deferred tax liabilities	126,921	118,027
Net defined benefit liability	32,827	33,470
Provision for loss on business of subsidiaries and affiliates	18	9
Liabilities from application of equity method	3,466	3,520
Other long-term liabilities	15,843	17,752
Total long-term liabilities	291,075	261,079
Total liabilities	650,914	664,788
NET ASSETS		
Shareholders' equity		
Common stock	51,162	51,276
Capital surplus	323,812	323,609
Retained earnings	134,558	162,708
Less: Treasury stock	(18,364)	(18,159)
Total shareholders' equity	491,168	519,434
Accumulated other comprehensive income		
Net unrealized gains (losses) on other securities	5,450	5,514
Deferred gains (losses) on hedges	43	2
Foreign currency translation adjustments	15,501	20,931
Remeasurements of defined benefit plans	(367)	237
Total accumulated other comprehensive income	20,627	26,685
Stock acquisition rights	1,115	886
Non-controlling interests	4,748	5,512
Total net assets	517,660	552,519
Total liabilities and net assets	1,168,574	1,217,308

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

Consolidated Statements of Income

(Millions of yen)

	Fiscal 2021 (From April 1, 2021 to March 31, 2022)	Fiscal 2022 (From April 1, 2022 to March 31, 2023)
Net sales	418,338	487,407
Cost of sales	174,653	200,857
Gross profit	243,685	286,550
Selling, general and administrative expenses		
Advertising expenses	8,322	8,760
Allowance for point cards	(594)	(27)
Salaries, payroll costs and bonuses	68,774	75,025
Pension expenses	3,907	3,843
Provision of allowance for doubtful accounts	574	465
Depreciation and amortization	23,014	23,340
Lease payments	30,186	32,143
Business consignment expenses	28,477	28,985
Other expenses	75,080	84,406
Total selling, general and administrative expenses	237,745	256,943
Operating income	5,940	29,606
Non-operating income		
Interest income	359	368
Dividend income	468	604
Equity in earnings of affiliates	2,326	1,801
Gain on investments in silent partnerships	1,047	–
Other non-operating income	4,166	1,762
Total non-operating income	8,370	4,536
Non-operating expenses		
Interest expenses	849	776
Loss on retirement of property and equipment	1,605	1,218
Provision of reserve for loss from redemption of gift vouchers	215	252
Other non-operating expenses	2,119	1,878
Total non-operating expenses	4,789	4,126
Recurring income	9,520	30,017
Extraordinary gain		
Gain on step acquisitions	–	3,810
Gain on sales of property and equipment	4,920	–
Gain on sales of investment securities	218	–
Gain on sales of shares of subsidiaries and associates	2,240	–
Subsidies for employment adjustment	1,051	–
Total extraordinary gain	8,431	3,810

(Millions of yen)

	Fiscal 2021 (From April 1, 2021 to March 31, 2022)	Fiscal 2022 (From April 1, 2022 to March 31, 2023)
Extraordinary loss		
Loss on disposal of property and equipment	664	–
Impairment losses	1,522	4,969
Loss on closing of stores	1,343	649
Business structure improvement expenses	177	66
COVID-19-related loss	3,126	315
Total extraordinary loss	6,834	5,999
Income before income taxes	11,117	27,827
Income taxes - current	1,187	6,125
Income taxes - deferred	(2,158)	(10,668)
Total income taxes	(970)	(4,542)
Net income	12,088	32,370
Net income (loss) attributable to non-controlling interests	(250)	(7)
Net income attributable to parent company shareholders	12,338	32,377

Consolidated Statements of Comprehensive Income (Loss)

(Millions of yen)

	Fiscal 2021 (From April 1, 2021 to March 31, 2022)	Fiscal 2022 (From April 1, 2022 to March 31, 2023)
Net income	12,088	32,370
Other comprehensive income		
Net unrealized gains (losses) on other securities	(974)	2,503
Deferred gains (losses) on hedges	(3)	(41)
Foreign currency translation adjustments	1,704	2,348
Gain (loss) on revision of retirement benefit plans	861	599
Amount corresponding to equity interest in equity method affiliates	12,445	1,362
Total other comprehensive income	14,034	6,772
Comprehensive income	26,122	39,142
(Breakdown)		
Comprehensive income attributable to parent company shareholders	25,992	38,435
Comprehensive income attributable to non-controlling interests	129	707

(3) Consolidated Statements of Changes in Net Assets

Fiscal 2021 (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	50,995	323,755	138,865	(18,654)	494,962
Cumulative effects of changes in accounting policies	–	–	(12,451)	–	(12,451)
Restated balance	50,995	323,755	126,413	(18,654)	482,510
Changes during the year					
Issuance of new shares	166	166	–	–	332
Dividends from surplus	–	–	(4,193)	–	(4,193)
Net income attributable to parent company shareholders	–	–	12,338	–	12,338
Acquisition of the Company's own shares	–	–	–	(5)	(5)
Disposal of treasury stock	–	(102)	–	296	193
Changes in scope of consolidation and application of the equity method	–	–	–	–	–
Changes in equity interest of parent company after transactions with non-controlling interests	–	(7)	–	–	(7)
Changes in items other than shareholders' equity during the year (net)	–	–	–	–	–
Total changes during the year	166	56	8,145	290	8,657
Balance at end of year	51,162	323,812	134,558	(18,364)	491,168

(Millions of yen)

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains (losses) on other securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of year	3,240	46	4,923	(1,236)	6,973	1,447	4,891	508,275
Cumulative effects of changes in accounting policies	–	–	–	–	–	–	–	(12,451)
Restated balance	3,240	46	4,923	(1,236)	6,973	1,447	4,891	495,823
Changes during the year								
Issuance of new shares	–	–	–	–	–	–	–	332
Dividends from surplus	–	–	–	–	–	–	–	(4,193)
Net income attributable to parent company shareholders	–	–	–	–	–	–	–	12,338
Acquisition of the Company's own shares	–	–	–	–	–	–	–	(5)
Disposal of treasury stock	–	–	–	–	–	–	–	193
Changes in scope of consolidation and application of the equity method	–	–	–	–	–	–	–	–
Changes in equity interest of parent company after transactions with non-controlling interests	–	–	–	–	–	–	–	(7)
Changes in items other than shareholders' equity during the year (net)	2,209	(3)	10,577	869	13,653	(332)	(142)	13,179
Total changes during the year	2,209	(3)	10,577	869	13,653	(332)	(142)	21,836
Balance at end of year	5,450	43	15,501	(367)	20,627	1,115	4,748	517,660

Fiscal 2022 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	51,162	323,812	134,558	(18,364)	491,168
Cumulative effects of changes in accounting policies	–	–	–	–	–
Restated balance	51,162	323,812	134,558	(18,364)	491,168
Changes during the year					
Issuance of new shares	114	114	–	–	229
Dividends from surplus	–	–	(4,198)	–	(4,198)
Net income attributable to parent company shareholders	–	–	32,377	–	32,377
Acquisition of the Company's own shares	–	–	–	(7)	(7)
Disposal of treasury stock	–	(25)	–	212	186
Changes in scope of consolidation and application of the equity method	–	–	(29)	–	(29)
Changes in equity interest of parent company after transactions with non-controlling interests	–	(292)	–	–	(292)
Changes in items other than shareholders' equity during the year (net)	–	–	–	–	–
Total changes during the year	114	(203)	28,149	204	28,265
Balance at end of year	51,276	323,609	162,708	(18,159)	519,434

(Millions of yen)

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gains (losses) on other securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of year	5,450	43	15,501	(367)	20,627	1,115	4,748	517,660
Cumulative effects of changes in accounting policies	–	–	–	–	–	–	–	–
Restated balance	5,450	43	15,501	(367)	20,627	1,115	4,748	517,660
Changes during the year								
Issuance of new shares	–	–	–	–	–	–	–	229
Dividends from surplus	–	–	–	–	–	–	–	(4,198)
Net income attributable to parent company shareholders	–	–	–	–	–	–	–	32,377
Acquisition of the Company's own shares	–	–	–	–	–	–	–	(7)
Disposal of treasury stock	–	–	–	–	–	–	–	186
Changes in scope of consolidation and application of the equity method	–	–	–	–	–	–	–	(29)
Changes in equity interest of parent company after transactions with non-controlling interests	–	–	–	–	–	–	–	(292)
Changes in items other than shareholders' equity during the year (net)	64	(41)	5,430	604	6,057	(229)	764	6,592
Total changes during the year	64	(41)	5,430	604	6,057	(229)	764	34,858
Balance at end of year	5,514	2	20,931	237	26,685	886	5,512	552,519

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2021 (From April 1, 2021 to March 31, 2022)	Fiscal 2022 (From April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Income before income taxes	11,117	27,827
Depreciation and amortization	24,854	24,989
Impairment losses	2,571	5,002
Amortization of goodwill	–	632
Increase (decrease) in allowance for doubtful accounts	39	26
Increase (decrease) in net defined benefit liabilities	(229)	557
Interest and dividend income	(828)	(972)
Interest expenses	849	776
Equity in loss (earnings) of affiliated companies	(2,326)	(1,801)
Loss (gain) on step acquisitions	–	(3,810)
Loss (gain) on sales of property and equipment	(4,919)	–
Loss (gain) on disposal of property and equipment	2,270	1,218
Loss (gain) on sales of investment securities	(218)	–
Loss (gain) on sale of shares of subsidiaries and associates	(2,240)	–
Loss (gain) on investments in silent partnerships	(1,047)	–
Subsidies for employment adjustment	(1,051)	–
Decrease (increase) in receivables	4,529	(10,500)
Decrease (increase) in inventories	4,129	1,347
Increase (decrease) in payables	3,988	14,482
Increase (decrease) in accrued expenses	(610)	914
Increase (decrease) in accrued liabilities	484	1,619
Other, net	(5,449)	(779)
Sub-total	35,910	61,531
Interest and dividend income received	3,468	4,059
Interest expense paid	(852)	(783)
Subsidies for employment adjustment received	1,051	–
Income taxes paid	(6,747)	(3,160)
Income taxes refund	5,083	4,654
Net cash provided by operating activities	37,914	66,301
Cash flows from investing activities		
Increase in fixed deposits	(10)	(510)
Decrease in fixed deposits	186	510
Net decrease (increase) in short-term loans receivable	(244)	(94)
Payments for purchase of tangible fixed assets	(19,153)	(12,871)
Proceeds from sales of tangible and intangible fixed assets	5,771	72
Payments for purchase of intangible fixed assets	(7,658)	(5,418)
Payments for purchase of marketable securities and investment securities	(747)	(656)
Proceeds from sales and redemption of marketable securities and investment securities	3,193	2,087
Proceeds from collection of lease and guarantee deposits	3,150	2,721
Expenditure for lease and guarantee deposits	(130)	(323)
Proceeds from withdrawal of investments in silent partnerships	2,802	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(10,599)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(2,755)	–
Other, net	(1,776)	(1,944)
Net cash used in investing activities	(17,371)	(27,026)

(Millions of yen)

	Fiscal 2021 (From April 1, 2021 to March 31, 2022)	Fiscal 2022 (From April 1, 2022 to March 31, 2023)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(438)	(66)
Proceeds from borrowings of long-term debt	–	5,800
Repayment of long-term debt	(23,300)	(5,800)
Redemption of bonds	–	(10,000)
Increase (decrease) in commercial paper	(10,000)	–
Dividends paid	(4,191)	(4,194)
Proceeds from sales of treasury stock	0	0
Payment for purchase of own shares	(5)	(7)
Dividends paid to non-controlling interests	–	(57)
Payments for purchases of shares of subsidiaries that do not result in change in scope of consolidation	(280)	(281)
Other, net	(1,711)	(1,591)
Net cash used in financing activities	(39,927)	(16,198)
Effect of exchange rate changes on cash and cash equivalents	1,059	1,489
Net increase (decrease) in cash and cash equivalents	(18,324)	24,565
Cash and cash equivalents at beginning of period	102,797	84,472
Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation	–	1
Cash and cash equivalents at end of period	84,472	109,039

(5) Notes regarding Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on changes in accounting policies)

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

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

(Additional information)

(Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)

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

(Segment information)

[Segment information]

1. Overview of reportable segments

The Company's reportable segments are components for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors to decide on the allocation of operating resources and assess their performance.

The Group is composed of business segments centering on the department stores segment. The Group reports its segments as the department store business, credit & finance business/customer organization management business, and real estate business based on the considerations of their services and economic characteristics.

The department store business sells apparel, accessories, household and sundry goods, and foods. The credit & finance business/customer organization management business is involved in credit cards, cash loans, brokerage of non-life insurance and businesses concerning solicitation for life insurance and the operation of the customer organization management business. The real estate business engages in real estate leasing, tenant management and building interior decorating.

2. Method for calculating segment sales, income and losses, assets and other items

The accounting treatment method for the business segments reported is the same as the accounting treatment method adopted for the preparation of the consolidated financial statements. Segment income (loss) is calculated as operating income (loss). Intersegment sales or transfer are based on actual market prices.

3. Information concerning segment sales, income and losses, assets, liabilities, and other items

The previous consolidated accounting period (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reporting segments				Other businesses (Note 1)	Total	Adjusted amounts (Note 2)	Amount listed on 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	372,065	17,629	16,199	405,895	12,442	418,338	–	418,338
Intersegment sales or transfer	1,867	12,868	1,873	16,608	37,128	53,737	(53,737)	–
Total	373,932	30,498	18,072	422,504	49,571	472,075	(53,737)	418,338
Segment income (loss)	(6,339)	6,070	5,579	5,310	462	5,772	167	5,940
Segment assets	987,675	193,594	116,854	1,298,123	30,285	1,328,408	(159,834)	1,168,574
Other items								
Depreciation	18,626	1,404	528	20,559	4,455	25,014	(160)	24,854
Impairment losses (Note 4)	2,328	–	–	2,328	243	2,571	–	2,571
Amount of investment in equity-method affiliates	93,906	–	–	93,906	–	93,906	–	93,906
Increase in tangible and intangible fixed assets	19,956	3,027	175	23,159	4,690	27,849	(81)	27,767

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. Adjustments are as follows:
   (1) The segment income (loss) adjustment of ¥167 million is intersegment eliminations, unrealized income, etc.
   (2) The segment assets adjustment of negative ¥159,834 million is the intersegment elimination of receivables and payables, etc.
   (3) The adjustment of depreciation of negative ¥160 million is intersegment unrealized income.
   (4) The increase in tangible and intangible fixed assets adjustment of negative ¥81 million is intersegment elimination and intersegment unrealized income, etc.
3. Segment income (loss) is adjusted to operating income.
4. Of the above impairment losses, ¥1,049 million is included in “loss on closing of stores” in the consolidated statements of income.

The current consolidated accounting period (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reporting segments				Other businesses (Note 1)	Total	Adjusted amounts (Note 2)	Amount listed on 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	413,346	18,115	17,608	449,070	38,337	487,407	–	487,407
Intersegment sales or transfer	2,674	12,708	2,909	18,291	39,391	57,683	(57,683)	–
Total	416,020	30,823	20,518	467,362	77,728	545,090	(57,683)	487,407
Segment income	20,432	3,791	4,014	28,238	1,136	29,375	231	29,606
Segment assets	1,019,900	200,441	117,419	1,337,760	52,335	1,390,096	(172,788)	1,217,308
Other items								
Depreciation	18,011	1,451	524	19,987	5,157	25,145	(155)	24,989
Impairment losses (Note 4)	4,616	–	–	4,616	386	5,002	–	5,002
Amount of investment in equity-method affiliates	91,817	–	–	91,817	–	91,817	–	91,817
Increase in tangible and intangible fixed assets	14,361	2,515	218	17,095	3,287	20,383	(75)	20,307

Notes
1. The other businesses segment includes the services of retailing, manufacturing, exporting, importing, wholesaling, distribution, temporary personnel service, data processing service, and travel business that are not included in other reporting segments.
2. Adjustments are as follows:
   (1) The segment income adjustment of ¥231 million is intersegment eliminations, unrealized income, etc.
   (2) The segment assets adjustment of negative ¥172,788 million is the intersegment elimination of receivables and payables, etc.
   (3) The adjustment of depreciation of negative ¥155 million is intersegment unrealized income.
   (4) The increase in tangible and intangible fixed assets adjustment of negative ¥75 million is intersegment elimination and intersegment unrealized income, etc.
3. Segment income is adjusted to operating income.
4. Of the above impairment losses, ¥33 million is included in “loss on closing of stores” in the consolidated statements of income.

[Related information]

The previous consolidated accounting period (April 1, 2021 to March 31, 2022)

1. Information by product and service

Omitted, as the same information is provided in segment information.

2. Information by region

(1) Net sales

Omitted, as net sales to outside customers in Japan exceeded 90% of net sales in the consolidated statements of income.

(2) Tangible fixed assets

Omitted, as tangible fixed assets located in Japan exceeded 90% of tangible fixed assets in the consolidated balance sheets.

3. Information by major customer

Not applicable, as no outside customer accounted for 10% or more of net sales in the consolidated statements of income.

The current consolidated accounting period (April 1, 2022 to March 31, 2023)

1. Information by product and service

Omitted, as the same information is provided in segment information.

2. Information by region

(1) Net sales

Omitted, as net sales to outside customers in Japan exceeded 90% of net sales in the consolidated statements of income.

(2) Tangible fixed assets

Omitted, as tangible fixed assets located in Japan exceeded 90% of tangible fixed assets in the consolidated balance sheets.

3. Information by major customer

Not applicable, as no outside customer accounted for 10% or more of net sales in the consolidated statements of income.

[Information concerning impairment losses on property and equipment by segment]

The previous consolidated accounting period (April 1, 2021 to March 31, 2022)

Omitted, as the same information is provided in segment information.

The current consolidated accounting period (April 1, 2022 to March 31, 2023)

Omitted, as the same information is provided in segment information.

[Information concerning amortized and unamortized amounts of goodwill by segment]

The previous consolidated accounting period (April 1, 2021 to March 31, 2022)

Not applicable.

The current consolidated accounting period (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reporting segments				Other businesses	Corporate and eliminations	Total
	Department store business	Credit & finance business/Customer organization management business	Real estate business	Subtotal			
Amount amortized during FY2022	–	–	–	–	632	–	632
Balance as of March 31, 2023	–	–	–	–	10,332	–	10,332

[Information concerning gain on negative goodwill by segment]

The previous consolidated accounting period (April 1, 2021 to March 31, 2022)

Not applicable.

The current consolidated accounting period (April 1, 2022 to March 31, 2023)

Not applicable.

(Per share information)

	Fiscal 2021 (From April 1, 2021 to March 31, 2022)	Fiscal 2022 (From April 1, 2022 to March 31, 2023)
Net assets per share	1,341.41 yen	1,430.07 yen
Net income per share (basic)	32.36 yen	84.82 yen
Net income per share (diluted)	32.26 yen	84.62 yen

Note: The basis for calculation of net income per share (basic) and net income per share (diluted) is as follows.

	Fiscal 2021 (From April 1, 2021 to March 31, 2022)	Fiscal 2022 (From April 1, 2022 to March 31, 2023)
Net income per share (basic)		
Net income attributable to parent company shareholders (Millions of yen)	12,338	32,377
Amount not attributable to common shareholders (Millions of yen)	–	–
Net income attributable to parent company shareholders relating to common stock (Millions of yen)	12,338	32,377
Average number of shares of common stock during the period (Thousands of shares)	381,324	381,707
Net income per share (diluted)		
Increase in the number of shares of common stock (Thousands of shares)	1,115	902
Overview of dilutive shares that were not included in the calculation of net income per share (diluted) due to lacking dilutive effects	–	–

(Significant subsequent events)

Not applicable.

4. Other

Changes in Directors (Effective June 20, 2023 (planned))

1) Changes in Representative
Not applicable.

2) Changes in other Directors
(1) New candidates for Director

Director	Yoshinori Makino	(currently Managing Executive Officer, CSDOand CFO of Isetan Mitsukoshi Holdings Ltd.)
External Director	Hitoshi Ochi	
External Director	Toshio Iwamoto	

(2) Retiring Directors

Director	Ken Akamatsu	(currently Director, Chairman and Chairman of Audit Committee)
Director	Toru Takeuchi	(currently Director)
External Director	Masami Iijima	(currently External Director, Chairman of Nominating Committee and Compensation Committee Member)

External Director	Takashi Oyamada	(currently External Director, Nominating Committee Member and Audit Committee Member)

(3) Candidates for reappointment as Director

Director	Toshiyuki Hosoya	(currently Director, President and CEO, and Nominating Committee Member)
Director	Yuki Ishizuka	(currently Director and Audit Committee Member)
External Director	Miwako Doi	(currently External Director, Chairman of Compensation Committee and Nominating Committee Member)
External Director	Hidetoshi Furukawa	(currently External Director, Nominating Committee Member and Audit Committee Member)
External Director	Fukutaka Hashimoto	(currently External Director and Chairman of the Board of Directors)
External Director	Tomoko Ando	(currently External Director, Compensation Committee Member and Audit Committee Member)

3) Planned appointment of committee members for each committee

	Name	Nominating Committee	Compensation Committee	Audit Committee	Notes
1	Toshiyuki Hosoya				Representative Executive Officer
2	Yuki Ishizuka			○	Chairman of Audit Committee
3	Yoshinori Makino				
4	Miwako Doi (External)	○	○		Chairman of Compensation Committee
5	Hidetoshi Furukawa (External)	○		○	
6	Fukutaka Hashimoto (External)	○			Chairman of the Board of Directors, Chairman of Nominating Committee
7	Tomoko Ando (External)		○	○	
8	Hitoshi Ochi (External)	○		○	
9	Toshio Iwamoto (External)	○	○		

Number of Committee Members	Internal Directors	0	0	1
	External Directors	5	3	3
	Total	5	3	4