Summary of Settlement of Consolidated Accounts for the Third Quarter of the Fiscal Year Ending March 31, 2019

[Japanese Standards] (Consolidated)

January 30, 2019

Isetan Mitsukoshi Holdings Ltd.

Securities code: 3099 (Listed on the First Section of Tokyo Stock Exchange and Fukuoka Stock Exchange)
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Scheduled date of filing of the quarterly securities report (*Shihanki Houkokusho*): February 1, 2019
Scheduled date of dividend payments: -
Preparation of quarterly results supplementary materials: No
Convening of quarterly results explanation meeting: No

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

1. Consolidated Business Results for the Third Quarter of Fiscal 2018 (From April 1, 2018 to December 31, 2018)

(1) Results of consolidated operations (cumulative) (Percentage figures indicate changes from the third 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	%
3Q of FY2018	901,699	(4.4)	25,442	14.6	26,882	9.7	11,452	33.7
3Q of FY2017	942,823	-	22,209	13.1	24,508	13.5	8,562	(56.3)

(Note) Comprehensive income: 3Q of FY2018: ¥6,104 million (-62.5%), 3Q of FY2017: ¥16,295 million (107.0%)
From the first quarter of the fiscal year ending March 31, 2019, with respect to the buying sales transactions of overseas consolidated subsidiaries whose financial statements comply with the International Financial Reporting Standards, the amount that corresponds to gross profit is reflected in “Net Sales” and thus presented on a net basis. While results for the third quarter of the fiscal year ended March 31, 2018 are those after retrospective application, due to the change as stated above, year-on-year changes for the third quarter of the fiscal year ended March 31, 2018 are partly omitted.

	Net Income per Share (Basic)	Net Income per Share (Diluted)
	Yen	Yen
3Q of FY2018	29.38	29.25
3Q of FY2017	21.98	21.88

(2) Consolidated financial position

	Total Assets	Net Assets	Shareholders’ Equity Ratio
	Millions of yen	Millions of yen	%
3Q of FY2018	1,319,067	589,299	43.8
FY2017	1,275,535	588,091	45.2

(Reference) Shareholders’ equity: 3Q of FY2018: ¥578,221 million, FY2017: ¥576,396 million
(Note) “Partial Amendments to the Accounting Standard for Tax Effect Accounting” (ASBJ No.28; February 16, 2018), etc. have been applied from the beginning of the first quarter of the fiscal year ending March 31, 2019, and results for the fiscal year ended March 31, 2018 are those after retrospective application.

2. Dividends

	Annual Dividends				
(Record date)	First Quarter	Second Quarter	Third Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2017	-	6.00	-	6.00	12.00
FY2018	-	6.00	-		
FY2018 (Forecast)				6.00	12.00

(Note) Revision to recently announced dividend forecast: No

3. Forecast of Consolidated Results for Fiscal 2018 (From April 1, 2018 to March 31, 2019)

(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	1,200,000	(4.5)	29,000	18.8	30,000	9.8	13,000	-	33.35

(Note) Revision to recently announced consolidated results forecast: No
Due to retrospective application associated with a change in accounting policy, year-on-year changes are presented in comparison with the results after retrospective application.

*** Notes:**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(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 8.

(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: Yes
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)	Third quarter of FY2018	395,595,554 shares	FY2017	395,482,554 shares
2) Number of shares of treasury stock at the end of the period	Third quarter of FY2018	5,697,643 shares	FY2017	5,693,442 shares
3) Average number of shares during the period	Third quarter of FY2018	389,848,155 shares	Third quarter of FY2017	389,615,538 shares

*** These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.**

*** 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 3.

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

The Japanese economy during the third quarter of fiscal 2018 (April 1, 2018 to December 31, 2018) faced risk of an economic downturn caused by the increased uncertainty in the global economy and deceleration of overseas economies, including a slowdown of Chinese economy and a protectionist trade policy of the U.S. resulting from the intensification of the trade friction between the U.S. and China. Meanwhile, because of continuous natural disasters including the Heavy Rain Event in western Japan, Hokkaido Eastern Iburi Earthquake and Typhoon Jebi (No. 21), etc., the number of visitors to Japan decreased in September for the first time in 68 months, but increased again in October. Although winter bonuses in 2018, including those of major companies, increased from the previous fiscal year and helped underpin consumer spending, there was no major improvement in consumer spending or consumer mindset as real income did not increase due to negative factors such as the rise in prices stemming from the increase in energy prices.

Under these circumstances, the Group rallied its know-how and resources it has built up mainly through its core department store business over many years, and made efforts to create new value through its own “change” and “reform” to be of use to our customers in their many different roles in life, in order to realize our aim of “Isetan Mitsukoshi Group - Connecting people and bridging times.”

As a result, consolidated net sales for the third quarter amounted to ¥901,699 million, a decrease of 4.4% from the third quarter of the previous fiscal year; operating income amounted to ¥25,442 million, an increase of 14.6%; recurring income was ¥26,882 million, an increase of 9.7%; and net income attributable to parent company shareholders was ¥11,452 million, an increase of 33.7%.

Results by segment were as follows. The classification of reporting segments changed from the first quarter of the current fiscal year, and comparisons and analyses for this third quarter of the current fiscal year is based on the new classification.

1) Department Store Business

In department store business, we have been working to fundamentally restructure our business model.

With regard to our flagship stores, we have been remodeling the stores as a vitalization measure to further improve profitability. Mitsukoshi Nihombashi Main Store launched its first stage of remodeling and grand opening on October 24 with the aim of becoming a specialty store of hospitality. The store introduced a cross-sectional system of “services to connect with customers” covering the entire store by newly establishing a “personal shopping desk” where a concierge is stationed to offer more personal advice in response to customer requests and inquiries, and a “reception” area where an information guide is on hand to recommend various services according to the objectives. We also started to utilize a new system which enables us to offer services to customers in a faster and more delicate way by introducing “digital” technology in addition to hospitality offered by “human” staff, and it proved effective to a certain degree. With respect to the Isetan Shinjuku Main Store, we have been proceeding with remodeling toward the realization of the expansion of product line-up, proposal of new style and provision of new customer experience, in order to realize our aim of “Every day is new, Isetan for Fashion.”

Regarding branch stores, regional department stores and overseas stores, we decided to terminate the business operation of stores with profitability issues, namely, Isetan Sagamihara Store, Isetan Fuchu Store, Niigata Mitsukoshi, and Iwataya Kurume Store Annex, in order to enable us to channel limited management resources into new growth areas. We will continue to consider a variety of possibilities to implement business model reform to respond to the needs of customers in individual regions, including business format conversions and resizing, while adapting to the needs of customers in different regions and the circumstances of each store. Meanwhile, with respect to Marui Imai Sapporo Main Store, Nagoya Mitsukoshi Sakae Store, Iwataya Main Store in large cities, sales increased from the previous fiscal year due to the increased use by foreign customers visiting Japan, and profitability has steadily improved with the implementation of structural reform.

In our online business, we have focused on increasing convenience for customers by planning and expanding product line-up in coordination with our three flagship stores and introducing new services utilizing digital technology. This resulted in a significant increase from the previous fiscal year.

As a result, segment sales amounted to ¥839,992 million, a decrease of 1.0% from the third quarter of the previous fiscal year, and operating income was ¥15,015 million, an increase of 8.6% from the third 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 expansion building on the Company’s system infrastructure and excellent customer base. While there was a slight decline in membership and the total amount handled by department stores due to the decrease in the number of the Group’s department stores, MICARD Co., Ltd. increased its number of contracts with external member stores, strengthened its collaborative schemes with major companies and enhanced the appeal of its “point-up” system, resulting in an increase from the previous fiscal year in income from external fees. As a result, combined with efforts to reduce operating costs, segment sales amounted to ¥29,657 million, an increase of 0.3% from the third quarter of the previous fiscal year, while operating income was ¥5,576 million, an increase of 34.1% from the third quarter of the previous fiscal year.

3) Real Estate Business

In the real estate business, we will proceed with the plan to create profitable business opportunities that utilize the excellent real estate held by the Group in Japan and overseas. In order to effectively utilize the real estate held by the Group, we have been proceeding with the reclassification of assets as we decided to acquire new real estate for our own use and sell rental property.

Isetan Mitsukoshi Property Design Ltd. improved sales by implementing a remodeling of Shinjuku Alta, and the number of customers and sales have been favorable for “FOOD & TIME ISETAN YOKOHAMA” which has been operated as a commercial facility since opening in Yokohama in March of last year. We will continue to consider possibility of new commercial facilities operation for which we can utilize the know-how cultivated from these initiatives.

As a result, segment sales amounted to ¥33,578 million, an increase of 2.2% from the third quarter of the previous fiscal year, and operating income was ¥5,252 million, an increase of 6.3% from the third quarter of the previous fiscal year.

4) Other Businesses

In the other businesses, we are aiming to offer new value to meet customers’ needs.

In the travel business, we are proceeding with the preparations for the integration of NIKKO TRAVEL CO., LTD. which has the advantage in the senior market, and Isetan Mitsukoshi Travel Co., Ltd. In the third quarter, our river cruises in Europe, which are our mainstay attractions overseas, were called off due to drought and the implementation rate of domestic tours remained low. However, operating income improved owing to cost control, even though sales fell below the previous fiscal year.

In the media business, Studio Alta Co., Ltd. strengthened its sales structure and this resulted in an increase in the number of advertisements, particularly large spots, aired on our main Shinjuku Alta Vision, and sales exceeded plans. In addition, Alternative Theatre operated in Yurakucho changed its operation method and started leasing the facility instead of staging its own performances, and this resulted in a significant improvement in operating income.

As a result, segment sales amounted to ¥68,258 million, a decrease of 39.1% from the third quarter of the previous fiscal year, and operating loss was ¥369 million, compared to an operating loss of ¥973 million for the third quarter of the previous fiscal year.

(2) Explanation regarding Financial Position

Total assets at the end of the third quarter of the fiscal year amounted to ¥1,319,067 million, an increase of ¥43,531 million from the end of the previous fiscal year. This was due mainly to an increase in notes and accounts receivable-trade, owing to seasonal factors, and purchase of tangible fixed assets.

Total liabilities amounted to ¥729,767 million, an increase of ¥42,323 million from the end of the previous fiscal year. This was mainly attributable to an increase in notes and accounts payable, owing to seasonal factors, and an increase in interest-bearing debt.

Net assets amounted to ¥589,299 million, an increase of ¥1,208 million from the end of the previous fiscal year. This was mainly attributable to an increase in retained earnings due to the recording of net income attributable to parent company shareholders.

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

No changes have been made to the business results forecast for fiscal 2018 announced on November 7, 2018.

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2017 (As of March 31, 2018)	3Q of Fiscal 2018 (As of December 31, 2018)
ASSETS		
Current assets		
Cash and bank deposits	55,710	60,122
Notes and accounts receivable-trade	134,082	150,689
Marketable securities	380	499
Merchandise and finished goods	50,591	52,189
Work in process	374	1,241
Raw materials and supplies	924	728
Other current assets	26,853	45,216
Less: Allowance for doubtful accounts	(3,194)	(2,645)
Total current assets	265,723	308,042
Property and equipment		
Tangible fixed assets		
Buildings and structures, net	174,148	173,900
Land	539,724	554,681
Other tangible fixed assets, net	30,750	26,673
Total tangible fixed assets	744,624	755,255
Intangible fixed assets		
Software	22,534	19,993
Goodwill	6,794	6,211
Other intangible fixed assets	30,035	29,548
Total intangible fixed assets	59,364	55,752
Investments and other assets		
Investment securities	126,673	125,977
Other assets	79,268	74,023
Less: Allowance for doubtful accounts	(250)	(156)
Total investments and other assets	205,691	199,844
Total property and equipment	1,009,680	1,010,852
Deferred assets		
Bond issue costs	132	172
Total deferred assets	132	172
Total assets	1,275,535	1,319,067

(Millions of yen)

	Fiscal 2017 (As of March 31, 2018)	3Q of Fiscal 2018 (As of December 31, 2018)
LIABILITIES		
Current liabilities		
Notes and accounts payable	113,119	140,909
Current portion of bonds payable	10,000	—
Short-term borrowings	30,672	16,468
Commercial paper	—	50,000
Income taxes payable	5,272	4,362
Reserve for loss from redemption of gift vouchers	29,258	28,005
Allowance	22,409	15,535
Other current liabilities	190,750	176,554
Total current liabilities	401,482	431,835
Long-term liabilities		
Bonds payable	30,000	40,000
Long-term debt	69,300	73,300
Deferred tax liabilities	129,793	127,940
Net defined benefit liability	37,597	38,309
Allowance	149	198
Liabilities from application of equity method	1,874	1,634
Other long-term liabilities	17,247	16,550
Total long-term liabilities	285,961	297,932
Total liabilities	687,444	729,767
NET ASSETS		
Shareholders' equity		
Common stock	50,461	50,520
Capital surplus	322,807	322,717
Retained earnings	193,239	200,012
Less: Treasury stock	(9,294)	(9,299)
Total shareholders' equity	557,214	563,951
Accumulated other comprehensive income		
Net unrealized gains (losses) on other securities	10,094	8,135
Deferred gains (losses) on hedges	39	37
Foreign currency translation adjustments	9,858	7,945
Remeasurements of defined benefit plans	(810)	(1,847)
Total accumulated other comprehensive income	19,182	14,270
Stock acquisition rights	2,028	2,183
Non-controlling interests	9,666	8,895
Total net assets	588,091	589,299
Total liabilities and net assets	1,275,535	1,319,067

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

Consolidated Statements of Income

Third Quarter Period

(Millions of yen)

	3Q of Fiscal 2017 (From April 1, 2017 to December 31, 2017)	3Q of Fiscal 2018 (From April 1, 2018 to December 31, 2018)
Net sales	942,823	901,699
Cost of sales	664,950	637,307
Gross profit	277,872	264,391
Selling, general and administrative expenses	255,662	238,949
Operating income	22,209	25,442
Non-operating income		
Interest income	517	566
Dividend income	1,303	653
Equity in earnings of affiliates	2,945	2,215
Gain on donated fixed assets	1,274	1,489
Other non-operating income	801	560
Total non-operating income	6,842	5,484
Non-operating expenses		
Interest expenses	631	626
Loss on retirement of property and equipment	767	927
Other non-operating expenses	3,144	2,490
Total non-operating expenses	4,543	4,044
Recurring income	24,508	26,882
Extraordinary gain		
Gain on sales of property and equipment	—	135
Gain on sales of investment securities	1,110	—
Total extraordinary gain	1,110	135
Extraordinary loss		
Loss on valuation of investment securities	—	119
Loss on disposal of property and equipment	491	1,229
Loss on closing of stores	2,968	3,380
Amortization of goodwill	3,368	—
Loss on liquidation of subsidiaries and associates	402	—
Business structure improvement expenses	4,987	4,774
Other extraordinary loss	320	191
Total extraordinary loss	12,538	9,694
Income before income taxes	13,080	17,323
Income taxes	4,355	6,165
Net income	8,724	11,157
Net income (loss) attributable to non-controlling interests	161	(295)
Net income attributable to parent company shareholders	8,562	11,452

Consolidated Statements of Comprehensive Income (Loss)

Third Quarter Period

(Millions of yen)

	3Q of Fiscal 2017 (From April 1, 2017 to December 31, 2017)	3Q of Fiscal 2018 (From April 1, 2018 to December 31, 2018)
Net income	8,724	11,157
Other comprehensive income		
Net unrealized gains (losses) on other securities	3,796	(3,405)
Deferred gains (losses) on hedges	53	(2)
Foreign currency translation adjustments	467	(643)
Gain (loss) on revision of retirement benefit plans	181	(1,037)
Amount corresponding to equity interest in equity method affiliates	3,071	35
Total other comprehensive income	7,570	(5,052)
Comprehensive income	16,295	6,104
(Breakdown)		
Comprehensive income attributable to parent company shareholders	15,953	6,540
Comprehensive income attributable to non-controlling interests	342	(435)

(3) 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.

(Changes in accounting policies)

(Accounting treatment for net sales concerning buying sales transactions of overseas consolidated subsidiaries)

Regarding the transactions in which products are purchased from suppliers at the same time they are sold to customers, so-called buying sales transactions, the Group recorded the transaction amount in each of "Net sales" and "Cost of sales". However, from the first quarter of the current fiscal year, with respect to the buying sales transactions of overseas consolidated subsidiaries whose financial statements comply with the International Financial Reporting Standards, the accounting treatment is changed to record the amount that corresponds to gross profit in "Net sales".

As a result, the income from these transactions that was shown using gross presentation is shown using net income presentation.

The change in the accounting policies is retrospectively applied and the quarterly consolidated financial statements for the third quarter of the previous fiscal year are presented after retrospective application of the change. As a result, each of net sales and cost of sales for the third quarter of the previous fiscal year is ¥8,881 million lower than that prior to the retrospective application, however, the gross profit, operating income, recurring income and income before income taxes are not affected by this change.

For the effects of this change on the segment information, please refer to "Segment information."

(Additional information)

We adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28; February16, 2018) from the beginning of the first quarter of the current fiscal year, and therefore, the deferred tax assets and liabilities have been reflected in the classification of investments and other assets and the long-term liabilities respectively.

(Segment information)

[Segment information]

I. Third quarter of the previous consolidated accounting period (April 1, 2017 to December 31, 2017)

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	846,018	16,698	20,782	883,498	59,324	942,823	—	942,823
Intersegment sales or transfer	2,257	12,872	12,064	27,195	52,745	79,940	(79,940)	—
Total	848,275	29,571	32,847	910,694	112,069	1,022,763	(79,940)	942,823
Segment income (loss)	13,827	4,157	4,939	22,924	(973)	21,951	258	22,209

Notes
1. The other businesses segment includes the retail & specialty store business, 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 ¥258 million is intersegment eliminations, etc.
3. Segment income (loss) is adjusted to operating income.

2. Items concerning impairment of fixed assets or goodwill

(Significant impairment losses related to fixed assets)

(Millions of yen)

	Reporting segments				Other businesses	Total
	Department store business	Credit & finance business/ Customer organization management business	Real estate business	Subtotal		
impairment losses	1,980	—	—	1,980	758	2,738

Note
Impairment losses include ¥2,286 million of loss on closing of stores, ¥138 million of loss on liquidation of subsidiaries and associates and ¥314 million of other extraordinary loss under extraordinary loss.

II. Third quarter of the current consolidated accounting period (April 1, 2018 to December 31, 2018)

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	837,746	17,225	20,590	875,562	26,137	901,699	—	901,699
Intersegment sales or transfer	2,246	12,431	12,988	27,666	42,121	69,788	(69,788)	—
Total	839,992	29,657	33,578	903,228	68,258	971,487	(69,788)	901,699
Segment income (loss)	15,015	5,576	5,252	25,843	(369)	25,474	(32)	25,442

Notes
1. The other businesses segment includes the retail & specialty store business, 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 negative ¥32 million is intersegment unrealized income, etc.
3. Segment income (loss) is adjusted to operating income.

2. Items concerning impairment of fixed assets or goodwill

(Significant impairment losses related to fixed assets)

(Millions of yen)

	Reporting segments				Other businesses	Total
	Department store business	Credit & finance business/ Customer organization management business	Real estate business	Subtotal		
impairment losses	3,042	—	—	3,042	183	3,225

Note
Impairment losses include ¥3,132 million of loss on closing of stores and ¥93 million of other extraordinary loss under extraordinary loss.

3. Matters Concerning Changes in Reporting Segments

As stated in the changes in accounting policies, from the first quarter of the current fiscal year, with respect to the buying sales transactions of overseas consolidated subsidiaries whose financial statements comply with the International Financial Reporting Standards, the amount that corresponds to gross profit is reflected in "Net sales" and this accounting treatment change is retrospectively applied. With this change, the income from these transactions that was shown using gross presentation is shown using net income presentation, and the sales to outside customers of the "department store business" for the third quarter of the previous fiscal year is ¥8,881 million lower than that prior to the retrospective application. The segment income is not affected by this change.

The reporting segment previously disclosed as "other retail & specialty store business" was excluded from the reporting segments due to a decrease in its quantitative materiality and is included in the "other businesses" from the first quarter of the current fiscal year. The segment information of the third quarter of the previous fiscal year is reorganized in accordance with the changed segment classification.

(Significant subsequent events)

Transfer of Important Assets

The Company resolved at the Board of Directors' meeting held on November 27, 2018, to transfer fixed assets owned by Isetan Mitsukoshi Ltd., a wholly owned subsidiary of the Company, executed the agreement on November 30, 2018 and transferred the assets on January 17, 2019.

1. Reason for transfer

The Company decided to transfer the following assets in order to pursue efficiency of owned assets and strengthen financial standing by effectively utilizing management resources.

2. Details of transferred assets

Location:	5-33-8, Sendagaya, Shibuya-ku, Tokyo
Details:	Land (2,696.89 m^2), Building (15,947.93 m^2)
Current state:	Rental property
Gains on transfer:	Approximately ¥29,400 million

3. Outlines of transferee

Although the transferee is a general business corporation, the Company refrains from disclosing the identity of the transferee due to confidentiality obligations to the transferee. The Company and its subsidiaries have no capital, personal, or business relationship with the transferee and the transferee is not a related party of the Company and its subsidiaries.

4. Transfer schedule

Date of resolution at the Board of Directors' meeting	November 27, 2018
Date of conclusion of the agreement	November 30, 2018
Date of the transfer of the property	January 17, 2019

5. Impact on business performance

The transfer of the fixed asset is expected to result in the recording of "Gain on sales of property and equipment" of approximately ¥29,400 million as an extraordinary gain in the fourth quarter of the fiscal year ending March 31, 2019.

3. Supplementary Information

(1) Outline of Consolidated Business Results

(Millions of yen)

Item	3Q of Fiscal 2018 (From April 1, 2018 to December 31, 2018)	3Q of Fiscal 2017 (From April 1, 2017 to December 31, 2017)	Amount of Change	Percentage Change
Net sales (Consolidated)	901,699	942,823	(41,124)	95.6%
Gross profit (Consolidated)	264,391	277,872	(13,481)	95.1%
Selling, general and administrative expenses (Consolidated)	238,949	255,662	(16,713)	93.5%
Advertising expenses*	13,885	15,047	(1,162)	92.3%
Point related expenses	16,679	18,255	(1,576)	91.4%
Personnel expenses	81,037	87,357	(6,319)	92.8%
Depreciation and amortization	19,288	18,845	443	102.4%
Lease payments	27,328	30,550	(3,222)	89.5%
Business consignment expenses	25,657	25,677	(19)	99.9%
Others	55,072	59,928	(4,856)	91.9%
Operating income (Consolidated)	25,442	22,209	3,232	114.6%
Recurring income (Consolidated)	26,882	24,508	2,373	109.7%
Net income attributable to parent company shareholders	11,452	8,562	2,889	133.7%

* Part of commissions, which had been included in "Others" until fiscal 2017, is included in "Advertising expenses" since fiscal 2018.

(2) Outline of Business Results of Isetan Mitsukoshi Ltd.

1. Outline of Business Results

(Millions of yen)

Item	3Q of Fiscal 2018 (From April 1, 2018 to December 31, 2018)	3Q of Fiscal 2017 (From April 1, 2017 to December 31, 2017)	Amount of Change	Percentage Change
Net sales	480,173	485,875	(5,701)	98.8%
Gross profit	137,477	137,986	(508)	99.6%
Selling, general and administrative expenses	130,416	131,632	(1,215)	99.1%
Advertising expenses*	6,027	5,967	60	101.0%
Point related expenses	8,007	8,478	(470)	94.4%
Personnel expenses	41,698	42,520	(822)	98.1%
Depreciation and amortization	7,784	7,567	216	102.9%
Lease payments	8,340	8,957	(616)	93.1%
Business consignment expenses	15,876	14,873	1,002	106.7%
Others	42,681	43,268	(586)	98.6%
Operating income	17,027	16,678	348	102.1%
Recurring income	19,418	17,779	1,639	109.2%
Net income	10,543	10,030	512	105.1%

* Part of commissions, which had been included in "Others" until fiscal 2017, is included in "Advertising expenses" since fiscal 2018.

2. Net Sales by Store (Millions of yen)

Name of Store	3Q of Fiscal 2018 (From April 1, 2018 to December 31, 2018)	3Q of Fiscal 2017 (From April 1, 2017 to December 31, 2017)	Amount of Change	Percentage Change
Isetan Shinjuku Main Store	217,347	204,079	13,268	106.5%
Mitsukoshi Nihombashi Main Store	111,611	119,672	(8,061)	93.3%
Mitsukoshi Ginza Store	68,901	65,429	3,472	105.3%
Isetan Tachikawa Store	27,139	26,791	347	101.3%
Isetan Urawa Store	30,486	30,410	75	100.2%
Isetan Sagamihara Store	14,202	14,777	(575)	96.1%
Isetan Fuchu Store	10,484	11,205	(721)	93.6%
Isetan Matsudo Store	-	13,508	(13,508)	-
Total	480,173	485,875	(5,701)	98.8%

(3) Sales of Domestic Group Department Stores

(Millions of yen)

Name of Company	3Q of Fiscal 2018 (From April 1, 2018 to December 31, 2018)	3Q of Fiscal 2017 (From April 1, 2017 to December 31, 2017)	Amount of Change	Percentage Change
Sapporo Marui Mitsukoshi Ltd.	48,664	48,844	(180)	99.6%
Hakodate Marui Imai Ltd.	5,471	5,750	(279)	95.1%
Sendai Mitsukoshi Ltd.	24,490	25,106	(616)	97.5%
Nagoya Mitsukoshi Ltd.	50,598	49,161	1,436	102.9%
Shizuoka Isetan Co., Ltd.	14,102	14,756	(654)	95.6%
Niigata Isetan Mitsukoshi Ltd.	32,974	33,455	(480)	98.6%
Hiroshima Mitsukoshi Ltd.	10,799	11,458	(658)	94.3%
Takamatsu Mitsukoshi Ltd.	17,282	17,416	(133)	99.2%
Matsuyama Mitsukoshi Ltd.	10,036	10,468	(432)	95.9%
Iwataya Mitsukoshi Ltd.	88,706	89,124	(417)	99.5%

(4) Sales of Duty-Free Merchandise

(Millions of yen)

Name of Company	3Q of Fiscal 2018 (From April 1, 2018 to December 31, 2018)	3Q of Fiscal 2017 (From April 1, 2017 to December 31, 2017)	Amount of Change	Percentage Change
Isetan Shinjuku Main Store	22,508	21,292	1,215	105.7%
Mitsukoshi Nihombashi Main Store	2,598	1,951	646	133.1%
Mitsukoshi Ginza Store	20,367	17,327	3,040	117.5%
Others	385	343	41	112.1%
Isetan Mitsukoshi total	45,860	40,916	4,943	112.1%
Sapporo Marui Mitsukoshi Ltd.	2,845	2,362	483	120.5%
Nagoya Mitsukoshi Ltd.	2,368	1,663	705	142.4%
Iwataya Mitsukoshi Ltd.	4,497	3,036	1,460	148.1%
Others	879	604	275	145.6%
Total domestic regional department stores	10,591	7,666	2,924	138.1%
Total domestic department stores	56,451	48,583	7,868	116.2%