



Summary of Settlement of Consolidated Accounts for the Fiscal Year Ended March 31, 2024

[Japanese Standards] (Consolidated)

May 14, 2024

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>)

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Scheduled date of the general meeting of shareholders: June 24, 2024

Scheduled date of filing of the securities report (*Yukashoken Houkokusho*): June 26, 2024

Scheduled date of dividend payments: June 25, 2024

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 2023 (From April 1, 2023 to March 31, 2024)

(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	%
FY2023	536,441	10.1	54,369	83.6	59,877	99.5	55,580	71.7
FY2022	487,407	16.5	29,606	398.4	30,017	215.3	32,377	162.4

(Note) Comprehensive income: FY2023: ¥70,234 million (79.4%), FY2022: ¥39,142 million (49.8%)

	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	%	%	%
FY2023	145.79	145.53	9.8	4.9	10.1
FY2022	84.82	84.62	6.1	2.5	6.1

(Reference) Equity in earnings of affiliates: FY2023: ¥6,933 million, FY2022: ¥1,801 million

(2) Consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
FY2023	1,225,103	600,824	48.5	1,582.36
FY2022	1,217,308	552,519	44.9	1,430.07

(Reference) Shareholders' equity: FY2023: ¥593,918 million, FY2022: ¥546,120 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
FY2023	56,895	(27,015)	(68,485)	72,390
FY2022	66,301	(27,026)	(16,198)	109,039

2. Dividends

(Record date)	Annual Dividends					Total Cash Dividends (Full Year)	Payout Ratio (Consolidated)	Cash Dividends to Net Assets (Consolidated)
	First Quarter	Second Quarter	Third Quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2022	–	6.00	–	8.00	14.00	5,345	16.5	1.0
FY2023	–	12.00	–	22.00	34.00	12,842	23.3	2.3
FY2024 (Forecast)	–	22.00	–	22.00	44.00		31.2	

3. Forecast of Consolidated Results for Fiscal 2024 (From April 1, 2024 to March 31, 2025)

(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	548,000	2.2	64,000	17.7	69,000	15.2	53,000	(4.6)	141.21

The total net sales forecast (net sales if the “Accounting Standard for Revenue Recognition,” etc. had not been adopted) would be ¥1,280,000 million, an increase of 4.5% 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: No
 - 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)

FY2023	397,265,054 shares	FY2022	396,931,154 shares
FY2023	21,927,440 shares	FY2022	15,048,154 shares
FY2023	381,243,782 shares	FY2022	381,707,789 shares
 - 2) Number of shares of treasury stock at the end of the period
 - 3) Average number of shares during the period

(Reference) Summary of Non-consolidated Business Results

Non-consolidated Business Results for Fiscal 2023 (April 1, 2023 to March 31, 2024)

- (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	%
FY2023	30,515	69.6	22,479	132.9	24,317	198.5	24,345	200.3
FY2022	17,994	(20.7)	9,652	(34.2)	8,146	(28.4)	8,106	(22.1)
	Net Income per Share (Basic)		Net Income per Share (Diluted)					
	Yen		Yen					
FY2023	63.86		63.75					
FY2022	21.24		21.19					

- (2) Non-consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
FY2023	692,377	457,325	66.0	1,217.11
FY2022	744,285	455,395	61.1	1,190.18

(Reference) Shareholders' equity: FY2023: ¥456,825 million, FY2022: ¥454,509 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.....	3
(4) Future Outlook.....	4
(5) Basic Policy on Profit Distribution.....	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
Consolidated Statements of Income.....	7
Consolidated Statements of Comprehensive Income.....	9
(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
(Segment information).....	14
(Per share information).....	19
(Significant subsequent events).....	19
4. Other.....	20
Changes in Directors.....	20

1. Overview of Business Results, etc.

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

During fiscal 2023 (April 1, 2023 to March 31, 2024), with the reclassification of COVID-19 as a Class 5 infectious disease in May 2023, the Japanese economy showed signs of, among others things, increased opportunities for outings and improvements in consumer confidence following the easing of movement restrictions. Business conditions in non-manufacturing sectors have reached their highest levels in the post-bubble era, with a recovery firmly on track, particularly in face-to-face services such as entertainment, accommodation, and dining/drinking, and in retail. Furthermore, there has been further progress in the normalization of socio-economic activities, including in record high consumer spending from inbound tourism following the recovery in the numbers of foreign visitors to Japan.

In contrast, concerns with regard to the global economy remain, particularly in light of geopolitical risk in Ukraine and elsewhere, downside risk in response to on-going monetary tightening policies in various countries, and the impact of sudden exchange rate fluctuations. Furthermore, with soaring energy prices and raw material costs on the back of global inflation and an increased tendency toward saving money as item prices rise quicker than growth in domestic economies, the outlook for the global economy remains uncertain.

It was in this environment that the Group set out the Isetan Mitsukoshi Group Corporate Philosophy, newly formulated in 2023, with “Touching people’s hearts with human-driven experiences” as its core mission. In order to realize the vision of “a ‘special’ department store-centered retail group that enriches the lives of its customers,” the Group has been engaged in business activities based on its medium-term management plan (Fiscal 2022–Fiscal 2024).

In fiscal 2023, which was the middle year of the medium-term management plan and also the second year of the Phase 1 goal of revitalizing our department stores, we progressed with speed in implementing key strategies as part of our aim to deliver the goals of the Revitalize phase ahead of schedule. At the same time, in order to accelerate the transition into the phase for the next period, namely the “preparation for urban development” phase, we have been focusing our efforts on reforming the business structure of our regional department stores and affiliates, promoting cost controls through dissemination of the “scientific analysis of department stores” to all Group companies, and working to strengthen our financial soundness by making significant improvements to management efficiency, headed primarily by our domestic department store business.

As a result of these efforts, we were able to realize one of the long-term goals formulated at the outset of our management plan, of exceeding ¥50,000 million in operating income, in only the second year of its implementation. Furthermore, we were able to record the highest operating income since the Isetan and Mitsukoshi merger in April 2008.

In fiscal 2023 on a consolidated basis, the Company recorded net sales of ¥536,441 million, up 10.1% year-on-year, operating income of ¥54,369 million, up 83.6% year-on-year, recurring income of ¥59,877 million, up 99.5% year-on-year, and net income attributable to parent company shareholders of ¥55,580 million, up 71.7% year-on-year.

Results by segment were as follows.

1) *Department Store Business*

In the domestic store business, following the normalization of socio-economic conditions, we saw a significant increase in the number of customers visiting our department stores as well as a nationwide boom in consumption from foreign tourists visiting Japan. In particular, the Isetan Shinjuku Main Store and Ginza Mitsukoshi store both recorded record high total sales, with both showing strong performance far in excess of what we had originally planned. Furthermore, Japanese department stores across the board saw increases in the number of visitors from South Korea, Taiwan, Thailand, the United States, etc., with increased purchase amounts accompanying this increase. As a result, we significantly exceeded the pre-pandemic duty-free sales level recorded in 2018, setting new records in the process.

As part of “Tanseikai” at the Isetan Shinjuku Main Store and “Ippinkai” at the Mitsukoshi Nihombashi Main Store, which are initiatives that symbolize the “High sensitivity, fine quality” strategy and the CRM strategy of “connecting with individual customers,” we introduced merchandise outside of department stores that are not normally handled in stores, such as automobiles, musical instruments, and real estate and other special promotion items. By responding to the diverse demands of our customers, we were able to generate record high sales for both initiatives, which were both held in February 2024.

On the other hand, in terms of expenses, the Company made progress in controlling costs by reducing fixed costs and curbing selling, general and administrative expenses as a result of the implementation of “scientific analysis of department stores” (reforms to the income and expenditure structure) at all stores nationwide, leading to a significant improvement in profitability for the department store business as a whole.

With regard to overseas stores, the two stores in Tianjin, China (Tianjin Isetan and Tianjin Binhai New Area Isetan) terminated operations in April 2024 following the expiration of the lease contracts for the buildings they occupied. 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, as we continue to grow new initiatives that make use of our knowledge of business management.

Segment sales amounted to ¥448,319 million, up 7.8% year-on-year, and operating income was ¥45,159 million, up 121.0% year on year.

2) *Credit & Finance Business/Customer Organization Management Business*

In the credit & finance business/customer organization management business, MICARD Co. Ltd. enjoyed strong growth in credit card usage within the Group due to increased sales at department stores. Transaction volumes in the airline, travel, and restaurant areas at non-Group stores also increased significantly following continued normalization of socioeconomic activities. All of which combined led to an increase in card fee income and, upon successful efforts to strengthen card finance, growth in installment fee income. By executing on reforms to the Group’s revenue/expenditure structure and thoroughly implementing cost controls, we were able to greatly curb operating expenses, resulting in increased revenue and income year on year. Moving forward, we will make further improvements in terms of convenience and push forward with the development of new financial services to meet the general lifestyle needs of our customers.

Segment sales amounted to ¥32,766 million, up 6.3% year-on-year, and operating income was ¥4,050 million, up 6.8% year-on-year.

3) *Real Estate Business*

In the real estate business, Isetan Mitsukoshi Property Design Ltd., saw an increase in orders, mainly from hotels, offices, and commercial facilities, as a result of efforts to leverage its technological strengths and its ability to make high value-added proposal-based sales. There was also an increase in sales following the completion of large-scale projects in central Tokyo and, despite the heavy impact of soaring raw material costs, the Company was able to secure improved revenue and income year on year.

However, lease revenue declined due to the replacement of tenants in properties owned by the Group.

Segment sales amounted to ¥26,787 million, up 30.6% year-on-year, and operating income was ¥3,044 million, down 24.1% year-on-year.

4) *Other Businesses*

In the travel business, in response to a full-fledged recovery in demand for domestic and overseas travel, Isetan Mitsukoshi Nikko Travel Ltd., has continued to see strong sales, particularly in one of the company’s key strengths, namely high value-added travel packages such as of special trips commemorating the 350th anniversary of the founding of Mitsukoshi and trips on European river cruise liners. Despite the impact of the prolonged depreciation of the yen and soaring energy costs resulting from global inflation, efforts to lower the breakeven point during the pandemic period, such as reducing fixed costs, meant that we were able to realize increased revenue and income year on year and returned to the black for the first time in four years.

In the media business, Studio Alta Co., Ltd., has integrated the advertising media business for department stores into its own business toward becoming a groupwide in-house agency as part of the “stronger intra-Group coordination strategy,” which seeks to maximize the Group’s resources so as to increase revenue. As a result of strong performance in contracted intra-Group advertising projects and for sales in our mainstay outdoor advertising business, we recorded significant increases in revenue and income year on year.

Segment sales amounted to ¥91,123 million, up 17.2% year-on-year, and operating income was ¥2,073 million, up 82.4% 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 ¥1,225,103 million, an increase of ¥7,795 million from the end of the previous fiscal year. This was due mainly to an increase in accounts receivable on the back of increased sales, and an increase in income from the amount corresponding to equity interest in equity method affiliates.

Total liabilities amounted to ¥624,278 million, a decrease of ¥40,509 million from the end of the previous fiscal year. This was mainly attributable to a decrease in interest-bearing debt.

Net assets amounted to ¥600,824 million, an increase of ¥48,304 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 ¥72,390 million, a decrease of ¥36,649 million from the end of the previous fiscal year.

Net cash provided by operating activities amounted to ¥56,895 million, a decrease in inflows of ¥9,406 million from the previous fiscal year. This was mainly attributable to such factors as an increase in receivables of ¥23,615

million and an increase in equity in loss (earnings) of affiliated companies of ¥5,131 million, despite an increase in income before income taxes of ¥27,293 million.

Net cash used in investing activities amounted to ¥27,015 million, a decrease in outflows of ¥11 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 in the previous fiscal year, despite an increase in payments for purchase of tangible and intangible fixed assets of ¥9,186 million.

Net cash used in financing activities amounted to ¥68,485 million, an increase in outflows of ¥52,287 million from the previous fiscal year. This was mainly attributable to such factors as repayments of long-term debt, bonds, and commercial paper of ¥44,500 million and payment for purchase of own shares of ¥15,012 million.

(4) Future Outlook

With regard to the forecast of consolidated results for fiscal 2024, we expect net sales of ¥548,000 million, an increase of 2.2% from the previous fiscal year; operating income of ¥64,000 million, an increase of 17.7% from the previous fiscal year; recurring income of ¥69,000 million, an increase of 15.2% from the previous fiscal year; and net income attributable to parent company shareholders of ¥53,000 million, a decrease of 4.6% from the previous fiscal year.

(5) Basic Policy on Profit Distribution

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%.

The Company will pay an annual cash dividend ¥34.00 for fiscal 2023, the total of an interim dividend of ¥12.00 and a year-end dividend of ¥22.00. For fiscal 2024, the Company plans to increase the annual cash dividend by ¥10.00 and pay ¥44.00, the total of an interim dividend of ¥22.00 and a year-end dividend of ¥22.00.

Further, in fiscal 2024, the Company acquired treasury shares of ¥15,000 million in total. Additionally, we announced today the acquisition of up to another treasury shares of ¥15,000 million, with an acquisition period of May 15, 2024 to October 31, 2024.

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 2022 (As of March 31, 2023)	Fiscal 2023 (As of March 31, 2024)
ASSETS		
Current assets		
Cash and bank deposits	105,692	68,177
Notes and accounts receivable-trade, and contract assets	133,922	154,501
Marketable securities	859	1,183
Merchandise	24,644	23,779
Finished goods	401	372
Work in process	332	487
Raw materials and supplies	606	616
Other current assets	25,544	41,772
Less: Allowance for doubtful accounts	(4,266)	(4,114)
Total current assets	287,735	286,776
Property and equipment		
Tangible fixed assets		
Buildings and structures	465,091	471,726
Less: Accumulated depreciation	(316,083)	(325,594)
Buildings and structures, net	149,007	146,132
Land	528,032	529,485
Construction in progress	8,619	13,034
Right-of-use assets	5,778	5,677
Less: Accumulated depreciation	(3,611)	(4,719)
Right-of-use assets, net	2,167	957
Other tangible fixed assets	66,457	66,115
Less: Accumulated depreciation	(50,814)	(50,893)
Other tangible fixed assets, net	15,643	15,221
Total tangible fixed assets	703,470	704,831
Intangible fixed assets		
Software	17,334	17,234
Goodwill	10,332	9,489
Other intangible fixed assets	23,386	23,366
Total intangible fixed assets	51,052	50,090
Investments and other assets		
Investment securities	120,864	132,956
Long-term loans receivable	80	13
Guarantee deposits	40,624	37,438
Net defined benefit assets	3,538	3,531
Deferred tax assets	4,249	4,661
Other assets	5,816	5,229
Less: Allowance for doubtful accounts	(181)	(468)
Total investments and other assets	174,993	183,362
Total property and equipment	929,517	938,284
Deferred assets		
Bond issue costs	55	41
Total deferred assets	55	41
Total assets	1,217,308	1,225,103

(Millions of yen)

	Fiscal 2022 (As of March 31, 2023)	Fiscal 2023 (As of March 31, 2024)
LIABILITIES		
Current liabilities		
Notes and accounts payable	104,802	116,091
Current portion of bonds payable	10,000	—
Short-term borrowings	26,568	22,454
Commercial paper	40,000	25,000
Income taxes payable	4,969	6,927
Contract liabilities	100,386	99,132
Gift vouchers	25,054	25,608
Reserve for bonuses	10,423	12,093
Allowance for point cards	2,103	2,323
Reserve for loss from redemption of gift vouchers	14,523	13,242
Other current liabilities	64,876	70,300
Total current liabilities	403,709	393,175
Long-term liabilities		
Bonds payable	20,000	20,000
Long-term debt	68,300	53,300
Deferred tax liabilities	118,027	111,560
Net defined benefit liability	33,470	30,855
Provision for loss on business of subsidiaries and affiliates	9	4
Liabilities from application of equity method	3,520	—
Other long-term liabilities	17,752	15,384
Total long-term liabilities	261,079	231,103
Total liabilities	664,788	624,278
NET ASSETS		
Shareholders' equity		
Common stock	51,276	51,470
Capital surplus	323,609	323,857
Retained earnings	162,708	210,679
Less: Treasury stock	(18,159)	(32,990)
Total shareholders' equity	519,434	553,017
Accumulated other comprehensive income		
Net unrealized gains (losses) on other securities	5,514	11,329
Deferred gains (losses) on hedges	2	0
Foreign currency translation adjustments	20,931	27,652
Remeasurements of defined benefit plans	237	1,919
Total accumulated other comprehensive income	26,685	40,901
Stock acquisition rights	886	499
Non-controlling interests	5,512	6,405
Total net assets	552,519	600,824
Total liabilities and net assets	1,217,308	1,225,103

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

(Millions of yen)

	Fiscal 2022 (From April 1, 2022 to March 31, 2023)	Fiscal 2023 (From April 1, 2023 to March 31, 2024)
Net sales	487,407	536,441
Cost of sales	200,857	217,504
Gross profit	286,550	318,937
Selling, general and administrative expenses		
Advertising expenses	8,760	9,588
Allowance for point cards	(27)	220
Salaries, payroll costs and bonuses	75,025	76,512
Pension expenses	3,843	3,859
Provision of allowance for doubtful accounts	465	532
Depreciation and amortization	23,340	22,721
Lease payments	32,143	32,777
Business consignment expenses	28,985	29,871
Other expenses	84,406	88,485
Total selling, general and administrative expenses	256,943	264,568
Operating income	29,606	54,369
Non-operating income		
Interest income	368	562
Dividend income	604	570
Equity in earnings of affiliates	1,801	6,933
Other non-operating income	1,762	2,394
Total non-operating income	4,536	10,461
Non-operating expenses		
Interest expenses	776	731
Loss on retirement of property and equipment	1,218	1,986
Provision of reserve for loss from redemption of gift vouchers	252	263
Other non-operating expenses	1,878	1,973
Total non-operating expenses	4,126	4,953
Recurring income	30,017	59,877
Extraordinary gain		
Gain on sales of investment securities	–	1,446
Gain on step acquisitions	3,810	–
Total extraordinary gain	3,810	1,446

(Millions of yen)

	Fiscal 2022 (From April 1, 2022 to March 31, 2023)	Fiscal 2023 (From April 1, 2023 to March 31, 2024)
Extraordinary loss		
Impairment losses	4,969	1,456
Loss on valuation of investment securities	-	444
Loss on change of rental contract	-	1,179
Loss on closing of stores	649	2,941
Business structure improvement expenses	66	180
COVID-19-related loss	315	-
Total extraordinary loss	5,999	6,203
Income before income taxes	27,827	55,120
Income taxes - current	6,125	9,264
Income taxes - deferred	(10,668)	(9,641)
Total income taxes	(4,542)	(376)
Net income	32,370	55,497
Net income (loss) attributable to non-controlling interests	(7)	(83)
Net income attributable to parent company shareholders	32,377	55,580

Consolidated Statements of Comprehensive Income (Loss)

(Millions of yen)

	Fiscal 2022 (From April 1, 2022 to March 31, 2023)	Fiscal 2023 (From April 1, 2023 to March 31, 2024)
Net income	32,370	55,497
Other comprehensive income		
Net unrealized gains (losses) on other securities	2,503	4,884
Deferred gains (losses) on hedges	(41)	(2)
Foreign currency translation adjustments	2,348	1,739
Gain (loss) on revision of retirement benefit plans	599	1,682
Amount corresponding to equity interest in equity method affiliates	1,362	6,432
Total other comprehensive income	6,772	14,737
Comprehensive income	39,142	70,234
(Breakdown)		
Comprehensive income attributable to parent company shareholders	38,435	69,796
Comprehensive income attributable to non-controlling interests	707	437

(3) Consolidated Statements of Changes in Net Assets

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
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
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

Fiscal 2023 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	51,276	323,609	162,708	(18,159)	519,434
Changes during the year					
Issuance of new shares	193	193	—	—	387
Dividends from surplus	—	—	△7,640	—	(7,640)
Net income attributable to parent company shareholders	—	—	55,580	—	55,580
Acquisition of the Company's own shares	—	—	—	(15,012)	(15,012)
Disposal of treasury stock	—	54	—	181	236
Changes in scope of consolidation and application of the equity method	—	—	31	—	31
Changes in equity interest of parent company after transactions with non-controlling interests	—	(0)	—	—	(0)
Changes in items other than shareholders' equity during the year (net)	—	—	—	—	—
Total changes during the year	193	248	47,971	(14,831)	33,582
Balance at end of year	51,470	323,857	210,679	(32,990)	553,017

(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	5,514	2	20,931	237	26,685	886	5,512	552,519
Changes during the year								
Issuance of new shares	—	—	—	—	—	—	—	387
Dividends from surplus	—	—	—	—	—	—	—	(7,640)
Net income attributable to parent company shareholders	—	—	—	—	—	—	—	55,580
Acquisition of the Company's own shares	—	—	—	—	—	—	—	(15,012)
Disposal of treasury stock	—	—	—	—	—	—	—	236
Changes in scope of consolidation and application of the equity method	—	—	—	—	—	—	—	31
Changes in equity interest of parent company after transactions with non-controlling interests	—	—	—	—	—	—	—	(0)
Changes in items other than shareholders' equity during the year (net)	5,814	(2)	6,721	1,682	14,216	(387)	893	14,722
Total changes during the year	5,814	(2)	6,721	1,682	14,216	(387)	893	48,304
Balance at end of year	11,329	0	27,652	1,919	40,901	499	6,405	600,824

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2022 (From April 1, 2022 to March 31, 2023)	Fiscal 2023 (From April 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Income before income taxes	27,827	55,120
Depreciation and amortization	24,989	24,309
Impairment losses	5,002	2,662
Amortization of goodwill	632	843
Increase (decrease) in allowance for doubtful accounts	26	133
Increase (decrease) in net defined benefit liabilities	557	(194)
Interest and dividend income	(972)	(1,133)
Interest expenses	776	731
Equity in loss (earnings) of affiliated companies	(1,801)	(6,933)
Loss on change of rental contract	-	1,179
Loss (gain) on step acquisitions	(3,810)	-
Loss (gain) on disposal of property and equipment	1,218	1,986
Loss (gain) on sales of investment securities	-	(1,446)
Loss (gain) on valuation of investment securities	-	444
Decrease (increase) in receivables	(10,500)	(34,115)
Decrease (increase) in inventories	1,347	899
Increase (decrease) in payables	14,482	10,726
Increase (decrease) in accrued expenses	914	356
Increase (decrease) in accrued liabilities	1,619	3,573
Other, net	(779)	(1,921)
Sub-total	61,531	57,221
Interest and dividend income received	4,059	5,879
Interest expense paid	(783)	(739)
Income taxes paid	(3,160)	(7,279)
Income taxes refund	4,654	1,812
Net cash provided by operating activities	66,301	56,895
Cash flows from investing activities		
Increase in fixed deposits	(510)	(551)
Decrease in fixed deposits	510	551
Net decrease (increase) in short-term loans receivable	(94)	(468)
Payments for purchase of tangible fixed assets	(12,871)	(21,568)
Proceeds from sales of tangible and intangible fixed assets	72	250
Payments for purchase of intangible fixed assets	(5,418)	(5,907)
Payments for purchase of marketable securities and investment securities	(656)	(3,874)
Proceeds from sales and redemption of marketable securities and investment securities	2,087	4,299
Proceeds from collection of lease and guarantee deposits	2,721	1,757
Expenditure for lease and guarantee deposits	(323)	(272)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(10,599)	-
Other, net	(1,944)	(1,232)
Net cash used in investing activities	(27,026)	(27,015)

(Millions of yen)

	Fiscal 2022 (From April 1, 2022 to March 31, 2023)	Fiscal 2023 (From April 1, 2023 to March 31, 2024)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(66)	379
Proceeds from borrowings of long-term debt	5,800	—
Repayment of long-term debt	(5,800)	(19,500)
Redemption of bonds	(10,000)	(10,000)
Increase (decrease) in commercial paper	—	(15,000)
Dividends paid	(4,194)	(7,616)
Proceeds from sales of treasury stock	0	0
Payment for purchase of own shares	(7)	(15,012)
Dividends paid to non-controlling interests	(57)	—
Payments for purchases of shares of subsidiaries that do not result in change in scope of consolidation	(281)	(17)
Other, net	(1,591)	(1,718)
Net cash used in financing activities	(16,198)	(68,485)
Effect of exchange rate changes on cash and cash equivalents	1,489	1,287
Net increase (decrease) in cash and cash equivalents	24,565	(37,318)
Cash and cash equivalents at beginning of period	84,472	109,039
Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation	1	669
Cash and cash equivalents at end of period	109,039	72,390

(5) Notes regarding Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(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, liabilities 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, 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

- 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.
- Adjustments are as follows:
 - The segment income (loss) adjustment of ¥231 million is intersegment eliminations, unrealized income, etc.
 - The segment assets adjustment of negative ¥172,788 million is the intersegment elimination of receivables and payables, etc.
 - The adjustment of depreciation of negative ¥155 million is intersegment unrealized income.
 - The increase in tangible and intangible fixed assets adjustment of negative ¥75 million is intersegment elimination and intersegment unrealized income, etc.
- Segment income is adjusted to operating income.
- Of the above impairment losses, ¥33 million is included in “loss on closing of stores” in the consolidated statements of income.

The current consolidated accounting period (April 1, 2023 to March 31, 2024)

(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	445,482	19,367	21,119	485,969	50,472	536,441	—	536,441
Intersegment sales or transfer	2,836	13,399	5,667	21,903	40,650	62,554	(62,554)	—
Total	448,319	32,766	26,787	507,873	91,123	598,996	(62,554)	536,441
Segment income	45,159	4,050	3,044	52,254	2,073	54,328	40	54,369
Segment assets	1,018,007	220,019	121,823	1,359,850	53,685	1,413,536	(188,433)	1,225,103
Other items								
Depreciation	17,375	1,871	528	19,775	4,693	24,469	(160)	24,309
Impairment losses (Note 4)	2,011	—	—	2,011	650	2,662	—	2,662
Amount of investment in equity-method affiliates	100,414	—	—	100,414	—	100,414	—	100,414
Increase in tangible and intangible fixed assets	21,246	2,009	394	23,650	4,982	28,632	(297)	28,335

Notes

- 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.
- Adjustments are as follows:
 - The segment income adjustment of ¥40 million is intersegment eliminations, unrealized income, etc.
 - The segment assets adjustment of negative ¥188,433 million is the intersegment elimination of receivables and payables, etc.
 - The adjustment of depreciation of negative ¥160 million is intersegment unrealized income.
 - The increase in tangible and intangible fixed assets adjustment of negative ¥297 million is intersegment elimination and intersegment unrealized income, etc.
- Segment income is adjusted to operating income.
- Of the above impairment losses, ¥1,205 million is included in “loss on closing of stores” in the consolidated statements of income.

[Related information]

The previous 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.

The current consolidated accounting period (April 1, 2023 to March 31, 2024)

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, 2022 to March 31, 2023)

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

The current consolidated accounting period (April 1, 2023 to March 31, 2024)

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, 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

The current consolidated accounting period (April 1, 2023 to March 31, 2024)

(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 FY2023	–	–	–	–	843	–	843
Balance as of March 31, 2024	–	–	–	–	9,489	–	9,489

[Information concerning gain on negative goodwill by segment]

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

Not applicable.

The current consolidated accounting period (April 1, 2023 to March 31, 2024)

Not applicable.

(Per share information)

	Fiscal 2022 (From April 1, 2022 to March 31, 2023)	Fiscal 2023 (From April 1, 2023 to March 31, 2024)
Net assets per share	1,430.07 yen	1,582.36 yen
Net income per share (basic)	84.82 yen	145.79 yen
Net income per share (diluted)	84.62 yen	145.53 yen

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

	Fiscal 2022 (From April 1, 2022 to March 31, 2023)	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)	32,377	55,580
Amount not attributable to common shareholders (Millions of yen)	–	–
Net income attributable to parent company shareholders relating to common stock (Millions of yen)	32,377	55,580
Average number of shares of common stock during the period (Thousands of shares)	381,707	381,243
Net income per share (diluted)		
Increase in the number of shares of common stock (Thousands of shares)	902	676
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)

(Conclusion of Share Acquisition Agreement)

Isetan Mitsukoshi Ltd. (hereinafter, “Isetan Mitsukoshi”), a subsidiary of the Company, has agreed with Isetan (Singapore) Limited, a subsidiary of Isetan Mitsukoshi that operates Isetan stores in Singapore, to begin proceedings to turn Isetan (Singapore) Limited into a wholly owned subsidiary through purchase of all of Isetan (Singapore) Limited’s issued shares (excluding the company shares already held by Isetan Mitsukoshi), and concluded an implementation agreement for the execution of the said share acquisition.

For details, please refer to “Notice Concerning Agreement to Commence the Process to Acquire Shares of Isetan (Singapore) Limited (Making It a Wholly Owned Subsidiary),” which was published and disclosed on the Company’s website on April 1, 2024.

(Cancellation of Treasury Shares)

With regard to the acquisition of treasury shares implemented in accordance with a resolution made at a meeting of the Board of Directors held on February 2, 2024, and pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph 3 of the Companies Act, the Company cancelled all of the acquired treasury shares pursuant to the provisions of Article 178 of the Companies Act as follows:

- (1) Class of shares cancelled: Common stock
- (2) Number of shares cancelled: 7,002,400 shares
- (3) Date of cancellation: April 30, 2024

(Acquisition and Cancellation of Treasury Shares)

At a meeting of the Board of Directors held on May 14, 2024, the Company resolved matters pertaining to the acquisition of treasury shares pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph 3 of the Companies Act, and also resolved to cancel treasury shares pursuant to the provisions of Article 178 of the Companies Act.

1. Reason for the Acquisition and Cancellation of Treasury Shares

The Company is committed to returning profits to shareholders while seeking to increase corporate value over the long term. For details on this matter, please refer to “(5) Basic Policy on Profit Distribution under Overview of Business Results, etc.”

2. Details of matters pertaining to acquisition

- (1) Class of shares to be acquired: Common shares
- (2) Total number of shares to be acquired: 8,500,000 shares (maximum)
- (3) Total amount of share acquisition costs: 15,000,000,000 yen (maximum)
- (4) Period of acquisition: May 15, 2024 to October 31, 2024
- (5) Method of acquisition: Market purchase on the Tokyo Stock Exchange

3. Details of matters pertaining to cancellation

- (1) Class of shares to be cancelled: Common shares
- (2) Number of shares to be cancelled: All treasury shares acquired in accordance with 2. above
- (3) Scheduled date of cancellation: November 29, 2024

4. Other

Changes in Directors (Effective June 24, 2024 (planned))

1) Changes in Representative

Not applicable.

2) Changes in other Directors

(1) New candidates for Director

External Director	Kenji Sukeno
External Director	Chieko Matsuda

(2) Retiring Directors

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)

(3) Candidates for reappointment as Director

Director	Toshiyuki Hosoya	(currently Director, President and CEO, and Nominating Committee Member)
Director	Yuki Ishizuka	(currently Director and Chairman of Audit Committee)
Director	Yoshinori Makino	(currently Director, Managing Executive Officer, CSDO and CFO)
External Director	Fukutaka Hashimoto	(currently External Director, Chairman of the Board of Directors and Chairman of Nominating Committee)
External Director	Tomoko Ando	(currently External Director, Compensation Committee Member and Audit Committee Member)
External Director	Hitoshi Ochi	(currently External Director, Nominating Committee Member and Audit Committee Member)
External Director	Toshio Iwamoto	(currently External Director, Nominating Committee Member and Compensation 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			○	Chairperson of Audit Committee
3	Yoshinori Makino				
4	Fukutaka Hashimoto (External)				Chairman of the Board of Directors
5	Tomoko Ando (External)		○	○	Chairperson of Compensation Committee
6	Hitoshi Ochi (External)	○		○	
7	Toshio Iwamoto (External)	○	○		Chairman of Nominating Committee
8	Kenji Sukeno (External)	○		○	
9	Chieko Matsuda (External)	○	○		

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