ISETAN MITSUKOSHI HOLDINGS

Explanatory Materials for Settlement of Consolidated Accounts for the First Quarter of Fiscal Year Ending March 31, 2023

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Note: Figures for "gross sales" represent net sales calculated without applying Accounting Standard for Revenue Recognition, etc.

August 1, 2022

Isetan Mitsukoshi Holdings Ltd.

I. Isetan Mitsukoshi Holdings Consolidated Results

(1) Outline of Consolidated Business Results

(Millions of yen)

	Fiscal 2021 1Q	Fiscal 2022 1Q	YoY Difference	YoY (%)
Gross sales	196,316	242,897	46,581	123.7%
Net sales	88,566	101,615	13,049	114.7%
Gross profit	50,111	62,159	12,048	124.0%
Selling, general and administrative expenses	56,138	58,194	2,055	103.7%
Advertising expenses	1,703	1,629	(74)	95.6%
Point related expenses	805	1,161	356	144.2%
Personnel expenses	21,758	21,063	(694)	96.8%
Depreciation and amortization	5,354	5,789	435	108.1%
Lease payments	7,269	7,862	592	108.1%
Business consignment expenses	6,811	7,022	211	103.1%
Others	12,434	13,664	1,230	109.9%
Operating income	(6,027)	3,965	9,992	-
Recurring income	(5,742)	4,527	10,269	-
Net income attributable to parent company shareholders	(8,673)	5,652	14,325	-

(2) Consolidated Non-operating Income/Loss

(Millions of yen)

	Fiscal 2021 1Q	Fiscal 2022 1Q	YoY Difference	YoY (%)
Non-operating income	1,538	1,630	91	106.0%
Interest and dividend income	339	340	1	100.4%
Equity in earnings of affiliates	257	907	650	352.9%
Gain on donated fixed assets	374	52	(322)	14.0%
Other non-operating income	568	330	(237)	58.2%
Non-operating expenses	1,253	1,068	(185)	85.2%
Interest expenses	218	189	(29)	86.6%
Loss on retirement of property and equipment	368	214	(153)	58.3%
Other non-operating expenses	666	664	(2)	99.7%

(3) Consolidated Extraordinary Gain/Loss

(Millions of yen)

	Fiscal 2022 1Q	Details
Extraordinary gain	3,810	
Gain on step acquisitions	3,810	Acquisition of IM Food Style Ltd. shares
Extraordinary loss	23	
COVID-19-related loss	23	Overseas stores

(4) Main Consolidated Companies

Results for the First Quarter of the Fiscal Year Ending March 31, 2023

(Millions of yen)

	Voting Rights Held Percentage (Incl. indirect ownership)		Gross sales	Net sales	Operating income (loss)	Recurring income (loss)	Net income (loss)
Department store business							
Isetan Mitsukoshi Holdings Ltd.	-		11,673	11,673	9,690	9,654	8,665
		YoY difference	(5,151)	(5,151)	(4,991)	(5,316)	(6,276)
Isetan Mitsukoshi Ltd. *1	100.0%		136,377	52,889	3,923	4,649	3,966
		YoY difference	35,976	10,630	7,398	7,579	8,933
Sapporo Marui Mitsukoshi Ltd.	100.0%		11,827	3,932	(487)	(507)	(456)
		YoY difference	2,457	473	362	342	510
Hakodate Marui Imai Ltd.	100.0%		1,369	517	(5)	(13)	(10)
		YoY difference	56	10	21	13	16
Sendai Mitsukoshi Ltd.	100.0%		6,298	2,534	(135)	(136)	(122)
		YoY difference	559	205	182	179	193
Nagoya Mitsukoshi Ltd.	100.0%		13,474	4,447	(281)	(278)	(250)
		YoY difference	695	(254)	306	309	362
Shizuoka Isetan Co., Ltd.	100.0%		3,829	1,551	(33)	(32)	(29)
		YoY difference	130	16	90	82	85
Niigata Isetan Mitsukoshi Ltd.	100.0%		8,127	3,128	(3)	27	21
		YoY difference	314	(7)	70	82	76
Hiroshima Mitsukoshi Ltd.	100.0%		2,704	854	(212)	(217)	(195)
		YoY difference	189	22	50	49	93
Takamatsu Mitsukoshi Ltd.	100.0%		5,070	1,793	3	6	4
		YoY difference	700	106	136	137	136
Matsuyama Mitsukoshi Ltd.	100.0%		1,245	506	(139)	(150)	(134)
		YoY difference	303	82	190	175	191
Iwataya Mitsukoshi Ltd.	100.0%		25,004	7,758	324	320	250
		YoY difference	4,600	1,190	862	864	926
Isetan of Japan Sdn. Bhd.	100.0%		2,780	1,444	(6)	(5)	(5)
		YoY difference	1,102	493	67	70	199
Isetan (China) Holdings Ltd.	100.0%		4	4	(11)	(5)	(5)
		YoY difference	2	2	1	7	7
Shanghai Mei Long Zhen Isetan	80.0%		1,440	792	(223)	(223)	(223)
		YoY difference	(361)	(216)	(134)	(134)	(134)
Tianjin Isetan Co., Ltd.	100.0%		1,558	732	(21)	(11)	(35)
		YoY difference	(628)	(219)	(127)	(117)	(140)
Tianjin Binhai New District Isetan Co., Ltd.	100.0%		263	218	(2)	(4)	(4)
		YoY difference	(112)	(92)	0	1	1
Chengdu Isetan Co., Ltd.	100.0%		2,003	1,138	21	14	14
		YoY difference	(201)	(44)	7	(8)	(2)
Mitsukoshi (USA) Inc.	100.0%		1,843	1,843	377	379	272
		YoY difference	939	939	309	309	133

*1 Results for Isetan Mitsukoshi Ltd. include income/loss of the real estate segment.

Results for the First Quarter of the Fiscal Year Ending March 31, 2023

(Millions of yen)

	Voting Rights Held Percentage (Incl. indirect ownership)		Gross sales	Net sales	Operating income (loss)	Recurring income (loss)	Net income (loss)
Credit & finance business/ Customer organization management business							
MICARD Co., Ltd.	100.0%		7,954	7,346	1,176	1,173	977
		YoY difference	24	54	(617)	(616)	(686)
MI TOMONOKAI Co., Ltd.	100.0%		834	834	(58)	7	5
		YoY difference	124	124	75	54	52
Real estate business							
Isetan Mitsukoshi Property Design Ltd.	100.0%		2,130	2,130	(264)	(263)	(205)
		YoY difference	85	85	(176)	(176)	(118)
Isetan Kaikan Ltd. *2	100.0%		174	174	3	3	2
		YoY difference	-	-	-	-	-
Other businesses							
Isetan Mitsukoshi System Solutions Ltd	100.0%		2,994	2,994	(168)	(173)	(156)
		YoY difference	131	131	77	207	269
Isetan Mitsukoshi Human Solutions Ltd.	100.0%		735	735	(33)	(35)	(32)
		YoY difference	(161)	(161)	13	10	14
Isetan Mitsukoshi Business Support Ltd	100.0%		4,751	4,751	63	64	50
		YoY difference	70	70	2	3	(3)
Isetan Mitsukoshi Gift Solutions Ltd.	100.0%		1,152	257	129	130	101
		YoY difference	47	(36)	16	15	1
Mitsukoshi Isetan Nikko Travel, Ltd.	100.0%		576	576	(122)	(61)	(55)
		YoY difference	249	249	83	113	105
Lime Tree Cruises B.V.	-		20	20	(27)	(32)	(33)
		YoY difference	20	20	(24)	(25)	(9)
Lime Tree Shipping AG	-		13	13	(14)	(14)	(14)
		YoY difference	13	13	(1)	(1)	0
Century Trading Co., Ltd.	100.0%		550	550	1	(2)	(1)
		YoY difference	33	33	18	12	12
Studio Alta Co., Ltd.	100.0%		194	194	5	2	1
		YoY difference	91	91	56	56	55
Isetan Mitsukoshi Innovations Ltd.	100.0%		5	5	(0)	5	4
		YoY difference	(1)	(1)	1	3	2

*2 Isetan Kaikan Ltd. was included in the scope of consolidation from the fiscal year ending March 31, 2023, and therefore no YoY difference is shown.

Ⅱ. Isetan Mitsukoshi Ltd. Non-consolidated Business Results
* Gross sales is shown for (2) to (5).

(1) Outline of Non-consolidated Business Results

(Millions of yen)

	Fiscal 2021 1Q	Fiscal 2022 1Q	YoY Difference	YoY (%)
Gross sales	100,400	136,377	35,976	135.8%
Net sales	42,258	52,889	10,630	125.2%
Gross profit	24,004	32,840	8,836	136.8%
Other net operating revenue	3,938	4,094	156	104.0%
Gross operating profit	27,942	36,934	8,992	132.2%
Selling, general and administrative expenses	31,416	33,011	1,594	105.1%
Advertising expenses	638	590	(47)	92.6%
Personnel expenses	11,481	11,148	(333)	97.1%
Depreciation and amortization	2,460	2,833	372	115.1%
Lease payments	2,322	2,735	412	117.8%
Business consignment expenses	3,969	4,215	246	106.2%
Others	10,544	11,488	943	108.9%
Operating income	(3,474)	3,923	7,398	-
Recurring income	(2,930)	4,649	7,579	-
Net income	(4,966)	3,966	8,933	-

(2) Net Sales by Store

(Millions of yen)

	Fiscal 2021 1Q	Fiscal 2022 1Q	YoY Difference	YoY (%)
Isetan Shinjuku Main Store	51,872	72,506	20,634	139.8%
Mitsukoshi Nihombashi Main Store	23,681	31,919	8,238	134.8%
Mitsukoshi Ginza Store	10,747	16,330	5,583	151.9%
Isetan Tachikawa Store	5,824	7,029	1,204	120.7%
Isetan Urawa Store	8,274	8,590	316	103.8%
Total	100,400	136,377	35,976	135.8%

(3) Net Sales by Month

(Millions of yen)

		April	May	June	Total
Fiscal 2021 1Q	Store total	33,399	22,723	44,278	100,400
Fiscal 2022 1Q	Store total	43,009	42,995	50,372	136,377
	YoY Difference	9,610	20,272	6,093	35,976
	YoY (%)	128.8%	189.2%	113.8%	135.8%

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

(Millions of yen)

Fiscal 2022 1Q	Net Sales			Sales Composition		Gross Profit Margin	
	Amount	YoY difference	YoY (%)	Amount	YoY difference	Gross profit margin by goods	YoY difference
Sales of apparel	42,816	13,026	143.7%	31.4%	1.7%	31.32%	0.04%
(Men's clothing)	13,846	4,530	148.6%	10.2%	0.9%	33.03%	(0.14%)
(Women's clothing)	23,253	7,635	148.9%	17.1%	1.5%	30.38%	0.02%
(Children's clothing)	3,494	506	116.9%	2.6%	(0.4%)	29.22%	0.42%
(Formal wear and bedding)	2,222	354	119.0%	1.6%	(0.2%)	33.82%	0.24%
Accessories	19,069	6,812	155.6%	14.0%	1.8%	26.64%	0.51%
Sundry goods	34,749	11,141	147.2%	25.5%	2.0%	26.92%	(0.54%)
(Cosmetics)	10,556	1,825	120.9%	7.7%	(1.0%)	33.88%	(0.07%)
(Fine arts, jewelries, precious metals)	21,152	9,031	174.5%	15.5%	3.4%	23.45%	0.11%
(Other sundry goods)	3,039	284	110.3%	2.2%	(0.5%)	26.82%	1.85%
Household	4,342	765	121.4%	3.2%	(0.4%)	28.61%	(0.31%)
Foods	28,718	2,294	108.7%	21.1%	(5.3%)	21.28%	(2.32%)
Others	6,681	1,936	140.8%	4.9%	0.2%	26.36%	7.00%
Total	136,377	35,976	135.8%	100.0%	-	27.10%	0.02%

(5) Duty Free Sales

(Millions of yen)

Fiscal 2022 1Q	Duty Free Sales			Share of Sales	
	Results	YoY difference	YoY (%)	Sales share	YoY difference
Isetan Shinjuku Main Store	3,330	1,695	203.7%	4.6%	1.4%
Mitsukoshi Nihombashi Main Store	543	405	394.2%	1.7%	1.1%
Mitsukoshi Ginza Store	468	312	299.2%	2.9%	1.4%
Others	34	6	124.1%	0.2%	0.0%
Total of Isetan Mitsukoshi Ltd.	4,377	2,419	223.6%	3.2%	1.3%

(Reference) Duty free sales at domestic department stores outside of Tokyo area

(Millions of yen)

Fiscal 2022 1Q	Duty Free Sales			Share of Sales	
	Results	YoY difference	YoY (%)	Sales share	YoY difference
Sapporo Marui Mitsukoshi Lt	23	13	253.9%	0.2%	0.1%
Nagoya Mitsukoshi Ltd.	63	(15)	80.2%	0.5%	(0.1%)
Iwataya Mitsukoshi Ltd.	90	61	308.7%	0.4%	0.2%
Others	22	4	126.9%	0.1%	0.0%
Total domestic regional department stores	198	64	147.8%	0.3%	0.1%
Total domestic department stores	4,575	2,483	218.8%	2.1%	0.9%