Isetan Mitsukoshi Group
Business Results Explanation Meeting
First Quarter of the Fiscal Year Ending March 31, 2023

August 1, 2022

Isetan Mitsukoshi Holdings Ltd.

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

II. Full Year Targets for FY2022

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II. Full Year Targets for FY2022

Consolidated Financial Results (1Q Results)

I:1st quarter results | II:Full-year plan

- Due to the lifting of nationwide action restrictions on COVID-19 in April for the first time in 4 months, net sales increased significantly mainly atdepartment stores.
- Despite a reactionary rise in SG&A expenses and an increase in sales-linked expenses, we made steady progress in controlling expenses, then Operating income increased by +¥9.9 billion and net income increased by +¥14.3 billion, resulting in a return to profitability.
- As a reference, operating income of ¥3.9 billion is at ¥6.8 billion before the adoption of the revenue recognition standard.

(Billions of yen)	1Q (April.-June.)	YoY Change	YoY difference	(Reference) Before application of Revenue Recognition Standards
Total sales	**242.8**	123.7%	+46.5	**242.8**
Net sales	**101.6**	114.7%	+13.0	**-**
Gross profit	**62.1**	124.0%	+12.0	**69.6**
SG&A	**58.1**	103.7%	+2.0	**62.8**
Operating income	**3.9**	-	+9.9	**6.8**
Recurring income	**4.5**	-	+10.2	**7.3**
Net income	**5.6**	-	+14.3	**8.4**

Isetan Shinjuku Main Store 1Q Sales Trends (Post-Integration)

- Isetan Shinjuku Main Store ‘s Q1 sales were the highest since the integration even though duty-free sales did not return.
- Going forward, will continue to pursue a high-sensitivity, high-quality strategy and CRM strategy to expand sales.

Isetan Shinjuku Main Store 1Q Sales Trends by Fiscal Year

2008-2022



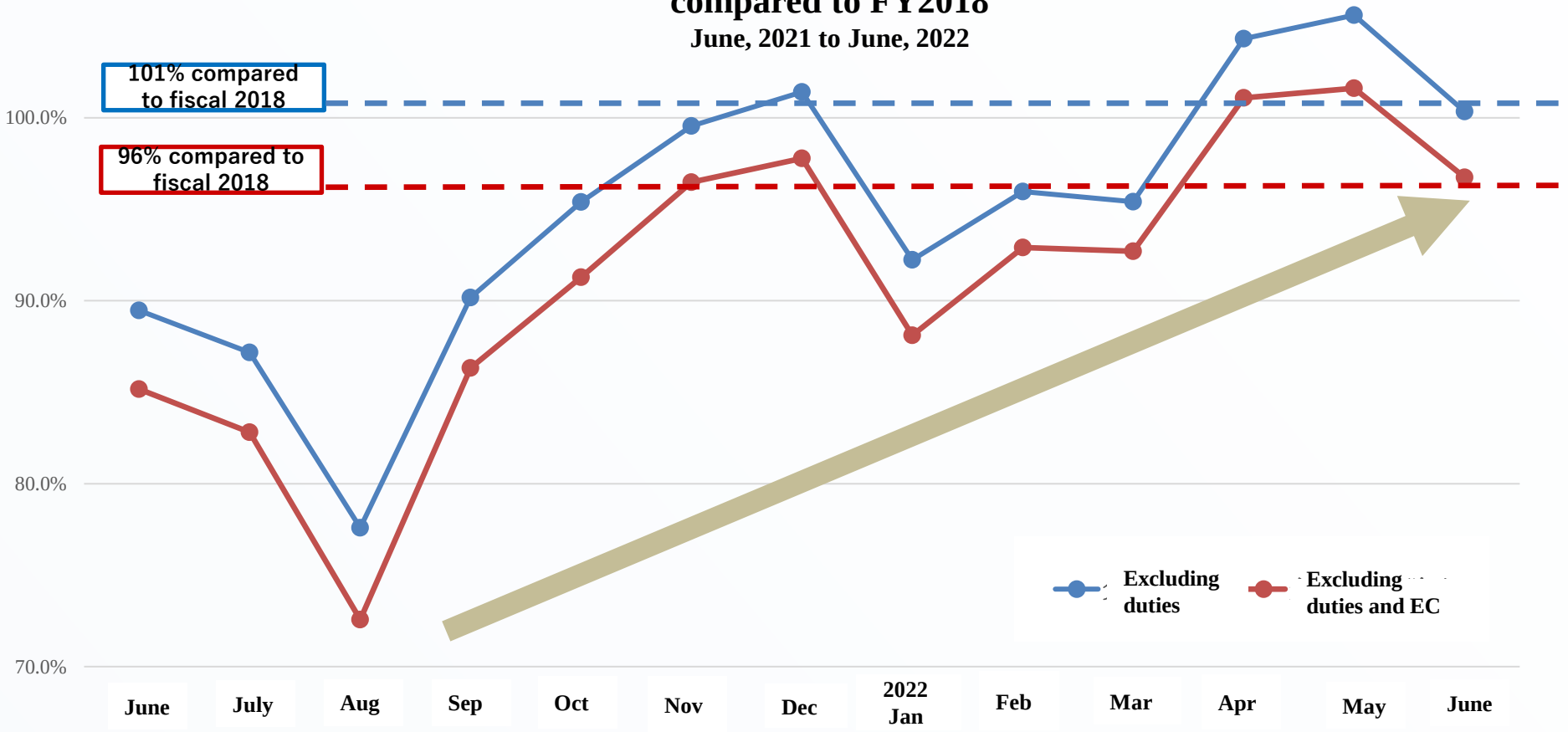
※ Before the adoption of the revenue recognition standard, on a gross sales basis

Isetan Mitsukoshi Same-Store Sales Trends

- Sales of Isetan Mitsukoshi remained on a recovery trend, and sales are trending above FY2022 full-year plan. (101% excluding duties , and 96% excluding duties and EC compared to FY2018).

Isetan Mitsukoshi Sales Growth Rate by Month compared to FY2018

June, 2021 to June, 2022



※ Excluding Isetan Sagamihara, Isetan Fuchu, and Ebisu Mitsukoshi
※ Before the adoption of the revenue recognition standard, on a total sales basis

Changes in Consolidated SG&A Expenses (1Q Results)

- Cost reductions due to the expanses structural reform have progressed to ¥2.3 billion, approximately half of the annual target ¥4.7 billion announced in May.
- Continue to flexibly control expenses in response to uncertain domestic and overseas risk conditions.

			Breakdown of YoY change				
			Reversal of last year	Current year change			
(Billions of yen)	1Q (April.-June.)	YoY change	Emergency Measures COVID-19 Extrraordinary Loss	Expenses Structural Reforms	Sales-linked	Strengthen sales Measures	Others
Personnel expenses	21.0	0.6	+0.8	(1.5)			
Advertising expenses	1.6	(0.0)		(0.1)			
Lease payment	7.8	+0.5	+0.4	(0.1)	+0.3		
Consignment expenses	7.0	+0.2	+0.3	(0.3)		+0.2	
Depreciation and amortization	5.7	+0.4	+0.5				
Others	14.8	+1.5	+0.3	(0.4)	+1.1		+0.6
Total	58.1	+2.0	+2.3	2.3	+1.4	+0.2	+0.6

Results by Segment (1Q Results)

I:1st quarter results | II:Full-year plan

- Department Store Business: Sales increased and operating income returned to profitability due to significant improvement+¥10.1 billion on the back of expanded opportunities to go out and improved consumer appetite.
- Credit and finance: Gross sales increased due to an increase in external transactions, and upfront investment was implemented as planned.
- Real Estate: Gross sales increased due to the strengthening of the interior decoration business.

(Billions of yen)	Total sales	YoY Change	Net sales	Operating income	YoY differen(ce	(Reference) Operating income before adoption of the Revenue recognition standard
Department Store Business	**230.9**	125.9%	**917**	**19**	+101	**41**
Credit & Finance Business/Customer Organization Management Business	**8.6**	101.8%	**73**	**10**	▲5	**17**
Real estate	**4.2**	104.5%	**42**	**10**	▲2	**10**
Others*	**(0.9)**	-	**(18)**	**(1)**	+6	**(1)**
Total	**242.8**	123.7%	**1,016**	**39**	+99	**68**

※Others include adjustments.

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

II. Full Year Targets for FY2022

Knowledge of business environment

- **While domestic store sales have been firm,**
  total sales remains unchanged from the plan announced in May due to uncertainty of the impact of the spread of COVID-19, etc.
- **Although inbound tourists underwent a review of entry restrictions,**
  Continued the most recent trend due to uncertainty about the future.
- **Expense increases due to further price rises and the impact of exchange rates to a certain extent are considered.**
- **Flexible response to Performance-linked expense control.**

Consolidated Plan (FY2022)

- Total sales: The plan announced in May has been left unchanged due to uncertainty about the impact of the spread of COVID-19, etc.
- SG&A : Further promote income and expenditure structure reforms in light of the uncertain outlook for net sales.
- Operating income: Upward revision based on the current improvement in the margin and the income and expenditure structure reform.

(Billions of yen)	Full year	YoY difference	YoY Change	vs. plan in May
Total sales	1,050.0	+137.8	115.1%	-
Net sales	494.0	+75.6	118.1%	-
Gross profit	279.0	+35.3	114.5%	+1.0
SG&A	262.0	+24.2	110.2%	(2.0)
Operating income	17.0	+11.0	286.2%	+3.0
Recurring income	17.0	+7.4	178.6%	+3.0
Net income	19.0	+6.6	154.0%	+3.0

Consolidated SG&A full years (FY2022)

I:1st quarter results | II:Full-year plan

- Expenses structural reforms will be ¥5.7 billion, plan to further reduce ¥1 billion from ¥4.7 billion planned in May.
- The details will be carefully reviewed in a timely manner ,strengthen sales measures as ¥5.3 billion planned in May will be reduced by ¥1 billion to 4.3 billion and we will continue to control expenses.

			Breakdown of YoY Change					
			Reversal of last year	Current year change				
(Billions of yen)	FY 2022 Planning	YoY change	Emergency Measures COVID-19 Extrraordinary Loss	Expenses Structural Reforms	Sales-linked	Strengthen sales Measures	New consolidation	Others
Personnel expenses	93.7	+7.1	+6.1	(2.9)			+3.9	
Advertising expenses	10.5	+22		(0.2)		+2.2	+0.2	
Lease payment	33.2	+30	+0.7	(0.2)	+0.8		+1.7	
Consignment expenses	29.2	+7	+0.3	(1.2)		+1.0	+0.6	
Depreciation and amortization	25.0	+20	+0.6			+0.2	+1.2	
Others	70.4	+92	+0.3	(1.2)	+4.5	+0.9	+2.6	+2.2
Total	262.0	+242	+7.9	(5.7)	+5.3	+4.3	+10.2	+2.2

Plan by Segment (FY2022 Full Year)

I:1st quarter results | II:Full-year plan

- Department Store Business: Revised operating income upward to 30 billions from plan in May based on the current improvement in the margin profit ratio and the promotion of expenses structure reforms.
- Other segments: Plan in May remains unchanged.

(Billions of yen)	Total sales	YoY Change	Net sales	Operating income	YoY difference	vs. plan in May
iDepartment Store Business	**960.0**	111.4%	**414.0**	**7.0**	+13.3	+3.0
Credit & Finance Business/Customer Organization Management Business	**34.0**	103.2%	**31.0**	**5.0**	(1.0)	-
Real estate	**24.0**	132.8%	**24.0**	**4.6**	(0.9)	-
Others*	**32.0**	(△6)	**25.0**	**0.4**	(0.2)	-
Total	**1,050.0**	115.1%	**494.0**	**17.0**	+11.0	+3.0

※Others include adjustments.

(Reference) Operating Results for the 1Q of Fiscal 2021 (Reprinted FY 2021 Materials)

- Isetan Mitsukoshi stores in the Tokyo metropolitan area with the exclusion of daily necessities sections were shut down in response to the declaration of a state of emergency on April 25.
- Isetan Mitsukoshi stores in the Tokyo metropolitan area resumed operations on May 19 (some sections remained closed).
- All stores resumed normal operations on weekdays from June 1 but with some sections closing on holidays. They have resumed normal operations on weekdays and weekends since June 21.

<table>
<tr><th></th><th>April 25 to May 18</th><th>May 19 to May 30</th><th>June 1 to June 20</th><th>After June 21</th></tr>
<tr><th>Store</th><th>Operating Conditions</th><th>Operating Conditions</th><th>Operating Conditions</th><th>Operating Conditions</th></tr>
<tr><td>Isetan Shinjuku</td><td rowspan="4">Closed
* Shortened opening hours only for daily necessities sections</td><td rowspan="4">Resumed operations (only for daily necessities sections)
*Some sections closed</td><td rowspan="4">Normal operations on weekdays
Jewelry, accessories and art sections closed on weekends
Advance reservations required in principle for luxury brand sections</td><td rowspan="4">Normal operations for all sections on both weekdays and weekends (Restaurants open until 8 p.m. and alcoholic beverages are served until 7 p.m.)</td></tr>
<tr><td>Mitsukoshi Nihombashi</td></tr>
<tr><td>Mitsukoshi Ginza</td></tr>
<tr><td>Isetan Tachikawa</td></tr>
<tr><td>Isetan Urawa</td><td>Shortened opening hours for restaurants only</td><td>Shortened opening hours for restaurants only</td><td>Shortened opening hours for restaurants only</td><td>Shortened opening hours for restaurants only</td></tr>
<tr><td>Marui Imai Sapporo</td><td rowspan="12">Normal operation</td><td>Normal operations on weekdays
*Some section closed on weekends</td><td>Normal operations for all sections on weekdays
Only daily necessities sections open on weekends</td><td rowspan="12">Normal operations for all sections (Shortened opening hours for restaurants in some stores.)</td></tr>
<tr><td>Sapporo Mitsukoshi</td><td rowspan="2">Normal operation</td><td>Shortened opening hours from June 5</td></tr>
<tr><td>Hakodate Marui Imai</td><td rowspan="2">Normal operation</td></tr>
<tr><td>Sendai Mitsukoshi</td></tr>
<tr><td>Niigata Isetan</td><td rowspan="2">Normal operations on weekdays
*Some section closed on weekends</td><td rowspan="2">Normal operations for all sections on weekdays
Only daily necessities sections open on weekends</td></tr>
<tr><td>Nagoya Mitsukoshi Sakae</td></tr>
<tr><td>Nagoya Mitsukoshi Hoshigaoka</td><td>Normal operation</td><td>Normal operation</td></tr>
<tr><td>Shizuoka Isetan</td><td>Shortened opening hours for all sections on weekdays
only daily necessities sections open on weekends</td><td>Normal operations for all sections on weekdays, only daily necessities sections open on weekends</td></tr>
<tr><td>Hiroshima Mitsukoshi</td><td rowspan="2">Normal operation</td><td rowspan="2">Normal operation</td></tr>
<tr><td>Takamatsu Mitsukoshi</td></tr>
<tr><td>Matsuyama Mitsukoshi</td><td rowspan="3">Shortened opening hours on weekdays
Some sections closed on weekends</td><td rowspan="3">Normal operations for all sections on weekdays
Some sections closed on weekends</td></tr>
<tr><td>Iwataya main store</td><td>Shortened opening hours from May 12</td></tr>
<tr><td>Iwataya Kurume</td><td>Normal operation</td></tr>
<tr><td>Fukuoka Mitsukoshi</td><td>Shortened opening hours from May 12</td><td>Normal operations on weekdays
Some sections closed on weekends</td><td>Normal operations for all sections on weekdays
Some sections closed on weekends</td></tr>
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