Isetan Mitsukoshi Group
Business Results Explanation Meeting
Third Quarter of the Fiscal Year
Ending March 31, 2021

Isetan Mitsukoshi Holdings Ltd.

January 28, 2021

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Ⅰ **Results of the Third Quarter of the Fiscal Year Ending March 31, 2021**

Ⅱ **Full Year Targets for FY2020**

Ⅲ **Progress of Seamless Connection between Online and Offline Platforms**

I -(1) Consolidated Results

Third Quarter（October-December）

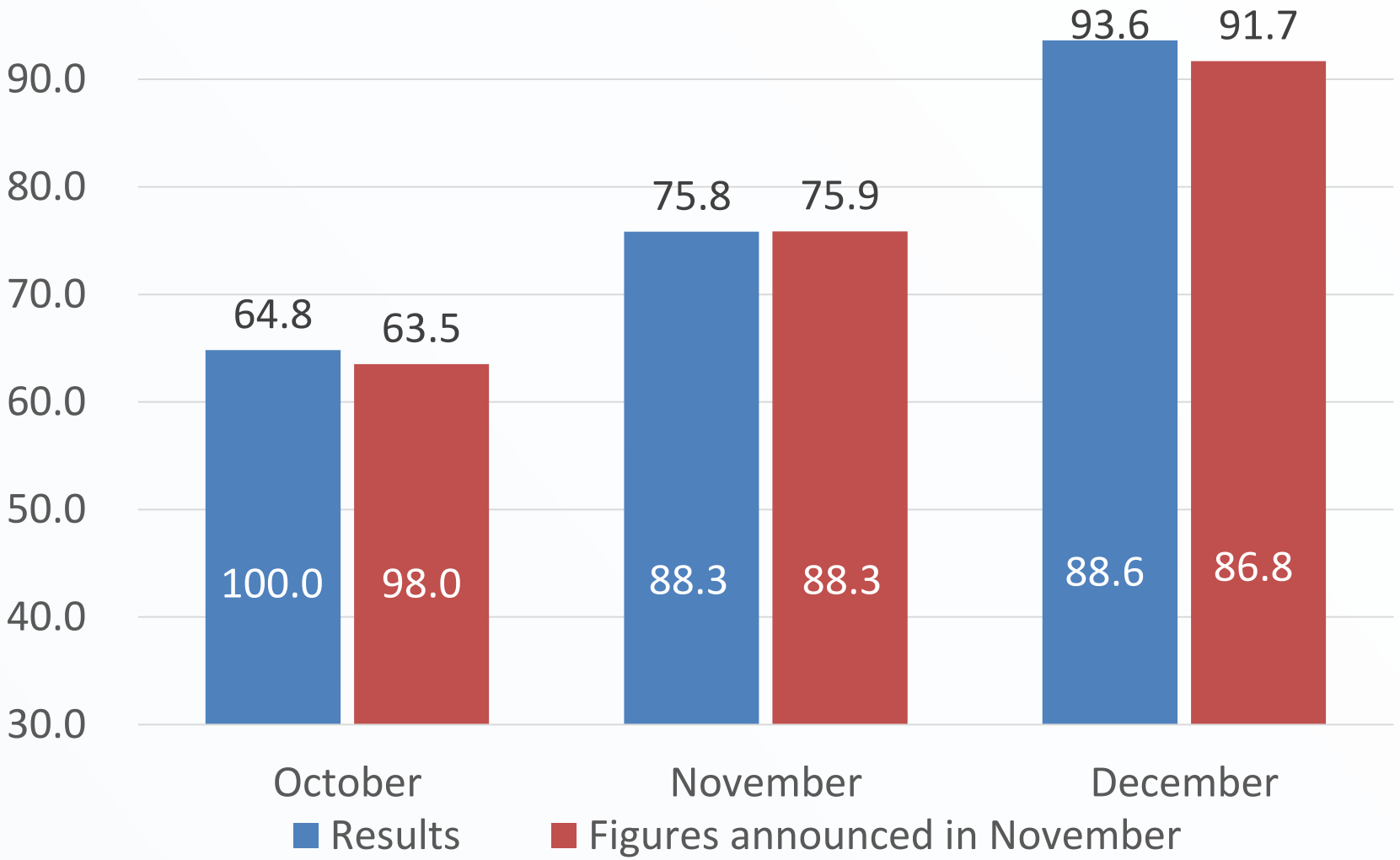
- **Net sales showed a trend toward improvement with YoY change of 89.5% for 3Q, which exceeded YoY change of 69.1% for 2Q (Jul.-Sep.)**
- **SG&A continued to reflect effects of cost reduction with YoY change of 90.0%, although not better than YoY change of 83.2% for 2Q (excluding effects of COVID-19.)**
- **Operating profit was secured due to the sales trend improvement and SG&A reduction mentioned above.**

(Billions of yen)	2Q Cumulative (Apr.-Sep.)	YoY Change	3Q (Oct.-Dec.)	YoY Change	YoY Difference	3Q Cumulative (Apr.-Dec.)	YoY Change	YoY Difference
Net Sales	**335.7**	58.2%	**266.7**	89.5%	-31.2	**602.4**	68.8%	-272.8
Gross Profit	**96.0**	57.2%	**73.4**	85.9%	-12.0	**169.5**	66.9%	-83.9
SG&A	**113.8**	73.9%	**70.4**	90.0%	-7.8	**184.3**	79.4%	-47.9
Operating Income	**-17.8**	-	**2.9**	-	-4.2	**-14.8**	-	-35.9
Recurring Income	**-17.0**	-	**3.6**	-	-4.3	**-13.4**	-	-36.5
Net Income	**-36.7**	-	**2.0**	-	+1.7	**-34.7**	-	-42.6

I -(2) Changes in Net Sales at Department Stores in Japan

■ **(In comparison to the figures announced in November)**
Net sales of comparable department stores in Japan for the third quarter

Unit: Billions of yen, %
* Figures in bars indicate YoY change (%)



I -(3) Consolidated Results (Main Items in SG&A)

Third Quarter（October-December）
- As for personnel expenses, the number of store staff decreased due to the initiatives centered on department stores in the previous fiscal years and in addition, due to closures of some stores.
- Advertising expenses were significantly reduced as a result of continuous review and cancellation of sales initiatives.

(Billions of yen)	2Q Cumulative (Apr.-Sep.)	YoY Difference	3Q (Oct.-Dec.)	YoY Difference	3Q Cumulative (Apr.-Dec.)	YoY Difference
Personnel expenses	**39.6**	-11.3	**24.8**	-1.4	**64.5**	-12.8
Advertising expenses	**4.2**	-4.7	**2.7**	-1.9	**6.9**	-6.7
Lease payments	**11.6**	-4.5	**6.9**	-0.7	**18.5**	-5.3
Consignment expenses	**13.5**	-2.9	**7.8**	-0.4	**21.3**	-3.3
Depreciation and amortization	**10.8**	-2.5	**6.3**	-0.3	**17.2**	-2.9
Others	**33.9**	-13.9	**21.6**	-2.8	**55.6**	-16.8
Total	**113.8**	-40.1	**70.4**	-7.8	**184.3**	-47.9

＊ Fixed costs during closures were transferred to extraordinary loss (¥11.8 billion for the cumulative second quarter).

Ⅰ -(4) Operating Income by Segment

Third Quarter（October-December）

- **Department store business recorded a small operating deficit although the balance of income and expenses improved due to the sales trend improvement as well as SG&A reduction.**
- **Finance business expanded operating profit through significant improvement in the balance of income and expenses, as card handling volume inside and outside of department stores recovered to YoY change of approximately 95%, respectively.**
- **Real estate business secured operating profit as the basic trend in income and expenses did not significantly change from 2Q or previous periods.**

(Billions of yen)	2Q Cumulative (Apr.-Sep.)	YoY Difference	3Q (Oct.-Dec.)	YoY Difference	3Q Cumulative (Apr.-Dec.)	YoY Difference
Department Store Business	-21.2	-28.0	-0.6	-3.5	-21.9	-31.6
Credit & Finance Business/Customer Organization Management Business	1.2	-1.3	1.9	-0.1	3.1	-1.5
Real Estate Business	2.9	-0.0	1.4	-0.1	4.4	-0.1
Other	-0.7	-1.8	0.2	-0.4	-0.5	-2.3
Total	-17.8	-31.6	2.9	-4.2	-14.8	-35.9

*** Total includes adjusted amounts.**

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Ⅱ-(1) Full Year Targets for FY2020

- Net sales target is revised downward by ¥15.0 billion based on the current trend in response to the state of emergency.
- Operating income will be in line with the target announced in November by continuing SG&A reduction initiatives.

(Billions of yen)	3Q Cumulative Results (Apr.-Dec.)	4Q Forecast (Jan.-Mar.)	YoY Difference	Full year Forecast	YoY Difference	Difference from Announcement in November
Net Sales	**602.4**	**197.5**	-46.3	**800.0**	-319.1	-15.0
Gross Profit	**169.5**	**53.4**	-15.7	**223.0**	-99.7	-8.0
SG&A	**184.3**	**71.6**	-3.0	**256.0**	-51.0	-8.0
Operating Income	**-14.8**	**-18.1**	-12.7	**-33.0**	-48.6	-
Recurring Income	**-13.4**	**-20.5**	-17.2	**-34.0**	-53.7	-
Net Income	**-34.7**	**-10.2**	+8.8	**-45.0**	-33.8	-

Ⅱ-(2) Full Year Targets for FY2020 (Consolidated Cash Flows)

■ Changes in consolidated cash flows and net interest-bearing debt

(Billions of yen)	First half	Second half	Full year	Difference from Announcement in November
Cash flows from operating activities	-16.7	-1.3	-18.0	3.0
Cash flows from investing activities	-17.9	6.9	-11.0	1.0
Dividends /lease obligations	-3.3	-1.7	-5.0	-
NET Interest-bearing debt change	+37.9	-3.9	+34.0	-4.0

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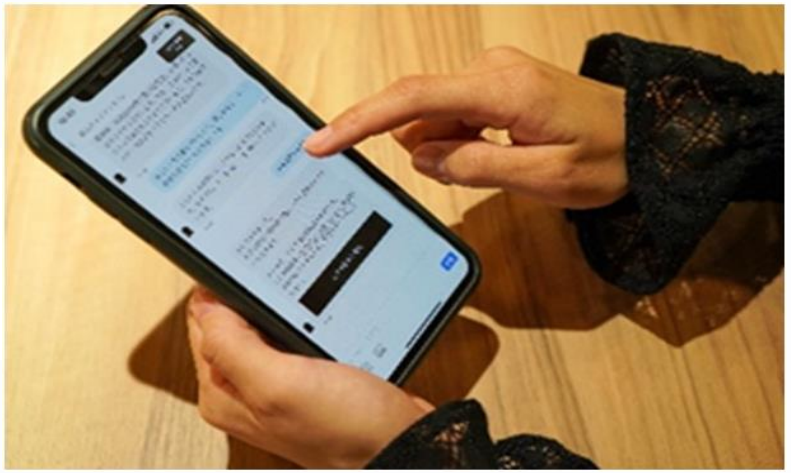
- **Major KPIs in seamless platforms are all steadily progressing.**
- **Online sales of general EC, gift items and new digital business are all robust, and are expected to exceed the full year target of ¥31.0 billion by the end of FY2020.**
- **Digital ID are steadily progressing along with increasing EC sales, and exceeded the full year target in 3Q.**

Total	2Q Cumulative	3Q Cumulative	Full year Targets
Online sales	¥13.3 billion	¥24.6 billion	¥31.0 billion
Digital ID	1,100 thousand ID	1,400 thousand ID	1,300 thousand ID

Ⅲ-(2) Mitsukoshi Isetan Remote Shopping APP

- **APP was launched on November 25, and a new customer service on the channel between the real stores and EC was started.**
- **The service was started from a portion of ladies' and men's items, special selections and cosmetics at the Isetan Shinjuku Main Store, and will be expanded in steps to other floors and stores.**

MITSUKOSHI ISETAN





Launched on November 25

Establish a new style of serving customers through APP

Free of constraints of place

・With no neighborhood stores, customers can purchase gifts from a number of brands at Men's Building.

Free of constraints of time

・Through the chat, customers can contact a stylist even outside business hours.

New customer experience be realized online

・Customers can have a shopping experience as if visiting Isetan Mitsukoshi stores in person.