ISETAN MITSUKOSHI HOLDINGS

Explanatory Materials for Settlement of Consolidated Accounts for the Third 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.

February 3, 2023
Isetan Mitsukoshi Holdings Ltd.

I. Isetan Mitsukoshi Holdings Consolidated Results

(1) Outline of Consolidated Business Results

(Millions of yen)

	Fiscal 2021 3Q	Fiscal 2022 3Q	YoY Difference	YoY (%)
Gross sales	681,460	819,612	138,151	120.3%
Net sales	314,650	367,194	52,543	116.7%
Gross profit	182,342	215,927	33,584	118.4%
Selling, general and administrative expenses	179,335	191,374	12,039	106.7%
Advertising expenses	5,879	6,291	411	107.0%
Point related expenses	2,781	3,560	779	128.0%
Personnel expenses	66,423	68,751	2,327	103.5%
Depreciation and amortization	17,026	17,529	502	103.0%
Lease payments	22,288	24,224	1,935	108.7%
Business consignment expenses	21,055	21,474	418	102.0%
Others	43,878	49,542	5,664	112.9%
Operating income	3,007	24,552	21,545	816.4%
Recurring income	3,885	25,617	21,731	659.2%
Net income attributable to parent company shareholders	923	19,562	18,638	-

(2) Consolidated Non-operating Income/Loss

(Millions of yen)

	Fiscal 2021 3Q	Fiscal 2022 3Q	YoY Difference	YoY (%)
Non-operating income	3,765	3,812	46	101.2%
Interest and dividend income	716	762	45	106.4%
Equity in earnings of affiliates	236	2,005	1,769	849.8%
Gain on donated fixed assets	1,001	229	(771)	22.9%
Other non-operating income	1,811	814	(996)	45.0%
Non-operating expenses	2,887	2,748	(138)	95.2%
Interest expenses	649	579	(70)	89.1%
Loss on retirement of property a	916	746	(170)	81.4%
Other non-operating expenses	1,321	1,422	101	107.7%

(3) Consolidated Extraordinary Gain/Loss

(Millions of yen)

	Fiscal 2022 3Q	Details
Extraordinary gain	3,810	
Gain on step acquisitions	3,810	Acquisition of IM Food Style Ltd. shares
Extraordinary loss	415	
Loss on closing of stores	12	Iwataya Mitsukoshi Ltd. (small store)
Business structure improvement expenses	66	
COVID-19-related loss	337	Overseas stores

(4) Main Consolidated Companies

Results for the Third 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.	-		16,083	16,083	10,035	9,970	8,319
		YoY difference	(5,418)	(5,418)	(5,323)	(5,666)	(8,733)
Isetan Mitsukoshi Ltd. *1	100.0%		454,693	184,403	17,924	20,958	16,497
		YoY difference	93,016	27,831	17,585	16,642	14,527
Sapporo Marui Mitsukoshi Ltd.	100.0%		40,849	14,071	(771)	(842)	(704)
		YoY difference	5,678	704	803	748	887
Hakodate Marui Imai Ltd.	100.0%		4,560	1,827	21	1	0
		YoY difference	97	6	33	14	12
Sendai Mitsukoshi Ltd.	100.0%		20,398	8,728	(7)	(3)	(3)
		YoY difference	846	242	347	348	347
Nagoya Mitsukoshi Ltd.	100.0%		42,925	14,354	(216)	(198)	(166)
		YoY difference	989	(1,206)	703	714	771
Shizuoka Isetan Co., Ltd.	100.0%		11,962	5,172	14	16	11
		YoY difference	429	32	57	58	54
Niigata Isetan Mitsukoshi Ltd.	100.0%		26,696	11,085	436	474	342
		YoY difference	614	(283)	41	(20)	(95)
Hiroshima Mitsukoshi Ltd.	100.0%		8,789	3,152	(458)	(475)	(425)
		YoY difference	129	(28)	73	70	139
Takamatsu Mitsukoshi Ltd.	100.0%		16,319	6,467	238	252	151
		YoY difference	664	(79)	146	155	89
Matsuyama Mitsukoshi Ltd.	100.0%		4,074	1,960	(302)	(337)	(282)
		YoY difference	186	16	276	283	338
Iwataya Mitsukoshi Ltd.	100.0%		82,495	27,622	2,614	2,604	1,865
		YoY difference	9,661	1,926	1,949	1,940	1,513
Isetan of Japan Sdn. Bhd.	100.0%		9,311	5,016	196	171	171
		YoY difference	5,298	2,688	324	256	871
Isetan (China) Holdings Ltd.	100.0%		11	11	(19)	(3)	(3)
		YoY difference	3	3	28	41	41
Shanghai Mei Long Zhen Isetan	80.0%		3,478	1,930	(266)	(266)	(489)
		YoY difference	(1,387)	(722)	16	14	(209)
Tianjin Isetan Co., Ltd.	100.0%		4,474	2,151	(145)	(117)	(202)
		YoY difference	(1,262)	(387)	(315)	(278)	(364)
Tianjin Binhai New District	100.0%		961	817	0	(6)	(12)
Isetan Co., Ltd.		YoY difference	(181)	(148)	26	1	(5)
Chengdu Isetan Co., Ltd.	100.0%		4,757	2,566	(59)	(63)	(86)
		YoY difference	(1,223)	(620)	(61)	(71)	(93)
Mitsukoshi (USA) Inc.	100.0%		6,228	6,228	998	1,008	725
		YoY difference	2,746	2,746	550	556	320

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

Results for the Third 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%		23,229	22,889	3,355	3,313	2,555
		YoY difference	3	(118)	(1,702)	(1,725)	(2,158)
MI TOMONOKAI Co., Ltd.	100.0%		2,698	2,698	(111)	107	76
		YoY difference	90	90	125	86	58
Real estate business							
Isetan Mitsukoshi Property Design Ltd.	100.0%		8,533	8,533	(203)	(202)	(145)
		YoY difference	1,560	1,560	(142)	(142)	(84)
Isetan Kaikan Ltd. *2	100.0%		530	530	12	14	10
		YoY difference	-	-	-	-	-
Other businesses							
Isetan Mitsukoshi System Solutions Ltd	100.0%		9,431	9,431	26	4	2
		YoY difference	257	257	(15)	123	165
Isetan Mitsukoshi Human Solutions Ltd	100.0%		2,301	2,301	(8)	(9)	(8)
		YoY difference	(419)	(419)	48	41	14
Isetan Mitsukoshi Business Support Ltd	100.0%		18,740	18,740	228	232	164
		YoY difference	(80)	(80)	(70)	(72)	(102)
Isetan Mitsukoshi Gift Solutions Ltd.	100.0%		3,761	908	448	511	367
		YoY difference	(23)	(135)	(8)	50	(41)
Mitsukoshi Isetan Nikko Travel, Ltd.	100.0%		2,531	2,531	(320)	(257)	(215)
		YoY difference	1,213	1,213	276	309	334
Lime Tree Cruises B.V.	-		75	75	(89)	(92)	(55)
		YoY difference	75	75	(45)	(183)	(98)
Lime Tree Shipping AG	-		126	126	(19)	(19)	(19)
		YoY difference	91	91	(26)	(26)	(18)
Century Trading Co., Ltd.	100.0%		2,061	2,061	(40)	(43)	(31)
		YoY difference	134	134	(71)	(96)	(77)
Studio Alta Co., Ltd.	100.0%		606	606	83	87	60
		YoY difference	160	160	161	172	145
Isetan Mitsukoshi Innovations Ltd.	100.0%		9	9	(8)	13	9
		YoY difference	(583)	(583)	(534)	(519)	(463)
IM Food Style Ltd. *3	100.0%		21,961	20,007	744	749	253
		YoY difference	-	-	-	-	-

*2 Isetan Kaikan Ltd. was included in the scope of consolidation from the fiscal year ending March 31, 2023.
*3 IM Food Style Ltd. was included in the scope of consolidation with a deemed acquisition date of June 30, 2022

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 3Q	Fiscal 2022 3Q	YoY Difference	YoY(%)
Gross sales	361,677	454,693	93,016	125.7%
Net sales	156,571	184,403	27,831	117.8%
Gross profit	92,040	113,522	21,482	123.3%
Other net operating revenue	12,109	11,630	(479)	96.0%
Gross operating profit	104,150	125,152	21,002	120.2%
Selling, general and administrative expenses	103,811	107,228	3,417	103.3%
Advertising expenses	2,604	2,788	184	107.1%
Personnel expenses	35,657	35,869	211	100.6%
Depreciation and amortization	8,369	8,377	7	100.1%
Lease payments	7,528	8,065	537	107.1%
Business consignment expense:	12,809	12,923	114	100.9%
Others	36,841	39,202	2,361	106.4%
Operating income	338	17,924	17,585	-
Recurring income	4,315	20,958	16,642	485.6%
Net income	1,969	16,497	14,527	837.5%

(2) Net Sales by Store

(Millions of Yen)

	Fiscal 2021 3Q	Fiscal 2022 3Q	YoY Difference	YoY(%)
Isetan Shinjuku Main Store	186,004	242,845	56,840	130.6%
Mitsukoshi Nihombashi Main Store	87,023	105,247	18,223	120.9%
Mitsukoshi Ginza Store	41,633	56,138	14,504	134.8%
Isetan Tachikawa Store	20,612	22,526	1,913	109.3%
Isetan Urawa Store	26,402	27,936	1,533	105.8%
Total	361,677	454,693	93,016	125.7%

(3) Net Sales by Month

(Millions of Yen)

		April	May	June	July	August	September	First half total
Fiscal 2021 3Q	Store total	33,399	22,723	44,278	41,844	27,987	35,902	206,135
Fiscal 2022 3Q	Store total	43,009	42,995	50,372	50,506	41,497	45,920	274,301
	YoY Difference	9,610	20,272	6,093	8,662	13,510	10,017	68,166
	YoY(%)	128.8%	189.2%	113.8%	120.7%	148.3%	127.9%	133.1%

		October	November	December	Second half total	Total
Fiscal 2021 3Q	Store total	40,916	51,994	62,631	155,542	361,677
Fiscal 2022 3Q	Store total	50,281	59,182	70,927	180,391	454,693
	YoY Difference	9,364	7,188	8,296	24,849	93,016
	YoY(%)	122.9%	113.8%	113.2%	116.0%	125.7%

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

(Millions of yen)

Fiscal 2022 3Q	Net Sales			Sales Composition		Gross Profit Margin	
	Amount	YoY difference	YoY (%)	Amount	YoY difference	Gross profit margin by goods	YoY difference
Sales of apparel	141,162	32,741	130.2%	31.0%	1.1%	31.08%	(0.22%)
(Men's clothing)	45,649	9,953	127.9%	10.0%	0.2%	32.75%	(0.27%)
(Women's clothing)	79,543	20,944	135.7%	17.5%	1.3%	30.22%	(0.14%)
(Children's clothing)	8,819	1,252	116.6%	1.9%	(0.2%)	28.78%	(0.02%)
(Formal wear and bedding)	7,150	591	109.0%	1.6%	(0.2%)	32.88%	(0.41%)
Accessories	62,225	17,142	138.0%	13.7%	1.2%	25.84%	(0.19%)
Sundry goods	117,216	29,647	133.9%	25.8%	1.6%	26.77%	(0.34%)
(Cosmetics)	35,086	5,422	118.3%	7.7%	(0.5%)	33.87%	(0.01%)
(Fine arts, jewelries, precious metals)	71,638	22,859	146.9%	15.8%	2.3%	23.35%	0.08%
(Other sundry goods)	10,491	1,365	115.0%	2.3%	(0.2%)	26.38%	0.74%
Household	13,634	1,381	111.3%	3.0%	(0.4%)	28.80%	0.22%
Foods	99,095	6,684	107.2%	21.8%	(3.8%)	23.17%	(1.10%)
Others	21,358	5,417	134.0%	4.7%	0.3%	21.09%	1.97%
Total	454,693	93,016	125.7%	100.0%	-	26.99%	(0.21%)

(5) Duty Free Sales

(Millions of yen)

Fiscal 2022 3Q	Duty Free Sales			Share of Sales	
	Results	YoY difference	YoY (%)	Sales share	YoY difference
Isetan Shinjuku Main Store	16,607	11,667	336.2%	6.8%	4.2%
Mitsukoshi Nihombashi	2,583	2,067	500.7%	2.5%	1.9%
Mitsukoshi Ginza Store	4,123	3,606	797.6%	7.3%	6.1%
Others	233	172	386.3%	0.5%	0.3%
Total of Isetan Mitsukoshi Ltd.	23,546	17,513	390.3%	5.2%	3.5%

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

(Millions of yen)

Fiscal 2022 3Q	Duty Free Sales			Share of Sales	
	Results	YoY difference	YoY (%)	Sales share	YoY difference
Sapporo Marui Mitsukoshi Lt	557	536	-	1.4%	1.3%
Nagoya Mitsukoshi Ltd.	422	206	196.2%	1.0%	0.5%
Iwataya Mitsukoshi Ltd.	1,513	1,436	-	1.8%	1.7%
Others	180	137	417.2%	0.2%	0.1%
Total domestic regional department stores	2,673	2,317	750.9%	1.0%	0.9%
Total domestic department stores	26,220	19,831	410.4%	3.7%	2.6%