Isetan Mitsukoshi Group
Business Results Explanation Meeting
3Q of the Fiscal Year Ending March 31, 2022

February 1, 2022

Isetan Mitsukoshi Holdings Ltd.

I: Results of 3Q FY2021
(Fiscal Year Ended March 31, 2022)

II: Full-Year Targets for FY2021
(Fiscal Year Ended March 31, 2022)

I: Results of 3Q FY2021
(Fiscal Year Ended March 31, 2022)

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(Fiscal Year Ended March 31, 2022)

Consolidated Financial Results 3Q
(Application of Revenue Recognition Standards)

3Q(Oct-Dec)

- **Total sales declined in Q2 after the cancellation of the Emergency Declaration. However, in Q3, sales changed to an increase due to an increase in the number of store customers.**
- **Operating income has been profitable since the 3Q of FY2020, and profitability exceeding ¥10 billion for the first time in 3 years from the 3Q of FY2018.**
- **Quarterly net income achieved profitability following the 2Q.**

(Billions of yen)	1H cumulative total (Apr-Sep)	YoY difference	3Q (Oct-Dec)	YoY difference	Cumulative 3Q (Apr.-Dec)	YoY difference
Total Sales	**398.9**	+63.2	**282.4**	+15.7	**681.4**	+79.0
Net Sales	**187.9**	▲147.7	**126.7**	▲140.0	**314.6**	▲287.7
Gross Profit	**107.9**	+11.9	**74.3**	+0.9	**182.3**	+12.8
SG&A	**115.7**	+1.8	**63.5**	▲6.9	**179.3**	▲5.0
Operating Income	**△7.7**	+10.0	**10.7**	+7.8	**3.0**	+17.8
Recurring Income	**△7.1**	+9.9	**11.0**	+7.3	**3.8**	+17.3
Net Profit	**△8.1**	+28.6	**9.0**	+7.0	**0.9**	+35.6

Accumulated Consolidated Financial Results
(Adoption of Revenue Recognition Standards)

- All profits below operating income returned to profitability in cumulative Q3.
- Operating income and recurring income improved by more than ¥17 billion from the previous year (see the next page).
- Quarterly net profit improved by ¥35.6 billion due to a decrease in extraordinary losses, etc., as shown below.
  Previous year: COVID-19 extraordinary loss ¥12.5 billion (¥3 billion this year)
  and Reversal of Deferred Tax Assets ¥5.3 billion (None this year)

(Billions of yen)	Cumulative 3Q (Apr-Dec)	YoY Change	Change from 2019	YoY difference	Difference from 2019
Total sales	**681.4**	113.1%	77.9%	+79.0	▲193.7
Net Sales	**314.6**	52.2%	35.9%	▲287.7	▲560.6
Gross Profit	**182.3**	107.6%	71.9%	+12.8	▲71.0
SG&A	**179.3**	97.3%	77.2%	▲5.0	▲52.9
Operating Income	**3**	-	-	+17.8	▲18.0
Recurring Income	**3.8**	-	-	+17.3	▲19.2
Net Profit	**0.9**	-	-	+35.6	▲6.9

Consolidated Financial Results
(Factors behind Changes in Operating Income from the Previous Year)

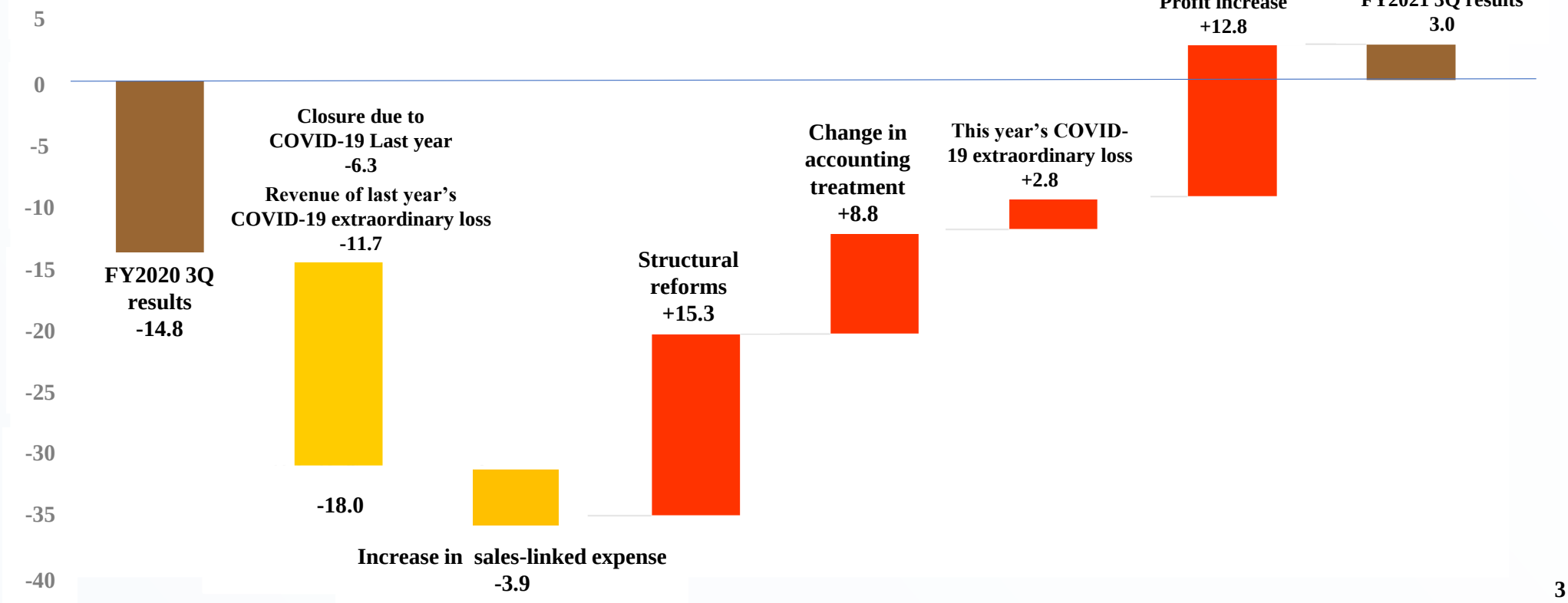
Cumulative 3Q(Apr to Dec)

- **Operating income returned to profitability as a result of an increase in profit of ¥12.8 billion due to a recovery in sales and the implementation of expense structure reform of ¥15.3 billion (see the next page).**

Impact of difference in SG&A

Increase in gain due to sales increase

Unit: Billions of yen



Consolidated SG&A

・Cost reductions due to structural reforms progressed from the November target (annual) of ¥18 billion to ¥15.3 billion.
※Annual forecast for cost structure reform revised to ¥22 billion (November forecast + ¥4 billion)

(Billions of yen)	Cumulative 3Q Apr-Dec	YoY change	Breakdown of Changes from Previous Year				
			Return from FY2020	Current year change			
			Closure COVID-19 extraordinary loss	Expenses Structural Reforms	Change in Accounting treatment	Sales-linked	Extraordinary loss (COVID-19)
Personnel expenses	66.4	+1.8	+5.6	▲3.1	+0.3		▲1.0
Advertising expenses	5.8	▲1.1	+1.2	▲2.3			
Lease Payments	22.2	+3.7	+3.3	▲1.9	+2.3	+0.7	▲0.7
Consignment Expenses	21.0	▲0.3	+2.0	▲2.3	+0.3		▲0.3
Depreciation and amortization	17.0	▲0.2	+2.3	▲2.0			▲0.6
Others	46.6	▲8.9	+3.6	▲3.8	▲11.7	+3.2	▲0.3
Total	179.3	▲5.0	+18.0	※1 ▲15.3	※2 ▲8.8	+3.9	▲2.8

※1 Including emergency measures of approx. ¥1.3 billion

※2 No impact on operating income due to transfer to cost

Business Segment Results Q3 (Oct-Dec)

- Department Store Business: Strong sales at Isetan Mitsukoshi, such as the Isetan Shinjuku Main Store and the Mitsukoshi Ginza Store, and operating income became profitable for the first time since Q3 FY2019, prior to COVID-19
- Credit and Finance: Continued to increase sales and profits as in the 1H due to robust sales and cost control.

(Billions of yen)	Total Sales	YoY Change	Change from 2019	Net Sales	Operating Income	YoY difference	Difference from 2019
Department Store Business	**268.2**	107.8%	97.3%	**114.4**	**6.4**	+7.0	+3.4
Credit & Finance Business /Customer Organization Management Business	**9.4**	101.2%	94.7%	**8.5**	**2.1**	+0.2	0
Real estate	**5.6**	79.3%	64.2%	**5.6**	**1.6**	+0.2	+0.1
Others*	**△0.9**	-	-	**△2.0**	**0.5**	+0.3	▲0
Total	**282.4**	105.9%	94.8%	**126.7**	**10.7**	+7.8	+3.5

※Others include adjustments.

Business Segment Results(3Q Cumulative)

- Department Store Business: Department store business improved by ¥15.7 billion of the 17.8 billion improvement in consolidated operating income.
- Credit and Finance: Operating profit recovered to pre-Covid-19 level.
- Real Estate: Sales decreased due to the sale of shares in a real estate subsidiary in the previous fiscal year, but operating income decreased slightly due to stable income from real estate owned.

(Billions of yen)	Total sales	YoY Change	Change from 2019	Net Sales	Operating Income	YoY difference	Difference from 2019
Department Store Business	**642.7**	116.0%	79.2%	**280.9**	**△6.1**	+15.7	▲15.9
Credit & Finance Business /Customer Organization Management Business	**25.3**	103.6%	84.6%	**23.0**	**4.7**	+1.5	▲0
Real estate	**13.0**	59.3%	51.1%	**13.0**	**4.1**	▲0.2	▲0.4
Others*	**0.2**	13.4%	3.5%	**△2.4**	**0.3**	+0.9	▲1.6
Total	**681.4**	113.1%	77.9%	**314.6**	**3.0**	+17.8	▲18.0

※Others include adjustments.

I: Results of 3Q FY2021
(Fiscal Year Ended March 31, 2022)

II: Full-Year Targets for FY2021
(Fiscal Year Ended March 31, 2022)

Consolidated Plan (FY2021)

- Total net sales will decrease by ¥22 billion based on the current situation in the department store business.
- Operating income remains unchanged from the forecast of ¥3 billion due to the implementation of cost structure reforms.
- Recurring income is revised upward by ¥1 billion (deviation rate of 33%) from the plan based on the results for the 3Q.
- Net income is revised upward by ¥4 billion (deviation rate of 133%) from the forecast due to the gain on sales of fixed assets expected in the 4Q.

(Billions of yen)	Cumulative 3Q (Apr-Dec)	YoY difference	4Q (Jan-Mar)	YoY difference	Full year	YoY difference	Vs. plan in November
Total sales	**681.4**	+79.0	**241.5**	+27.9	**923.0**	+106.9	**▲22.0**
Net Sales	**314.6**	▲287.7	**110.3**	▲103.2	**425.0**	▲391.0	**▲10.0**
Gross profit	**182.3**	+12.8	**63.6**	+5.6	**246.0**	+18.4	**▲5.0**
SG&A expenses	**179.3**	▲5.0	**63.6**	▲0.5	**243.0**	▲5.5	**▲5.0**
Operating Income	**3.0**	+17.8	**▲0**	+6.1	**3.0**	+23.9	**—**
Recurring Income	**3.8**	+17.3	**0.1**	+3.8	**4.0**	+21.1	**+1.0**
Net Income	**0.9**	+35.6	**6.0**	+12.4	**7.0**	+48.0	**+4.0**

Domestic Department Store Comparable Store Sales Trends (Compared to Fiscal 2018)

[Isetan Mitsukoshi] (FY2018 comparison)

Japanese customers sales : Sales in Q3 remain above target, but remain at the November target given the current situation.

Inbound sales: Partial recovery was expected in Q4 (+¥6.7 billion) at the November plan, but current time we will review it based on the trend in Q3, anticipating a delay in recovery due to the state of COVID-19.

	Previous (as of November. 10)			Current time (as of February 1)		
	1H Results	2H plan	Full year	1H Results	2H plan	Full year
Isetan Mitsukoshi Total	74%	93%	84%	74%	90%	83%
(incl.) Japanese customers sales	77%	94%	86%	77%	94%	86%
Regional department stores total	77%	93%	86%	77%	90%	84%
Domestic department stores total	75%	93%	85%	75%	90%	83%

Changes in Consolidated SG&A Expenses (FY2021 Full Year)

I:Results of 3Q | II:Full-year targets

- Expense structure reform is planned to be ¥22 billion, an additional ¥4 billion from the November target.
- Continue flexible cost control, including emergency measures, in accordance with sales fluctuations in the 4Q.

(Billions of yen)	FY2021	YoY change	Breakdown of YoY Changes: Return from FY2020: Closure COVID-19 extraordinary loss	Change in FY2021: Expenses Structural Reforms	Change in FY2021: Change in Accounting treatment	Change in FY2021: Sales-linked	Change in FY2021: Extraordinary loss (COVID-19)
Personnel expenses	86.4	+1.9	+9.3	▲6.8	+0.5		▲1.0
Advertising expenses	9.3	▲1.0	+1.6	▲2.5			
Lease Payments	30.1	+4.2	+3.3	▲2.2	+3.1	+0.8	▲0.7
Consignment Expenses	29.3	▲0.6	+2.1	▲2.9	+0.4		▲0.3
Depreciation and amortization	23.2	▲0.4	+2.3	▲2.2			▲0.6
Others	64.5	▲9.6	+6.9	▲5.4	▲15.7	+5.1	▲0.3
Total	243.0	▲5.5	+25.4	※1 ▲22.0	※2 ▲11.7	+5.8	▲2.8

※1 Including emergency measures of approx. ¥5 billion

※2 No impact on operating income due to transfer to cost

Segment-Specific Plan (FY2021 full year)

IResults of 3Q | II:Full-year targets

・Department Store Business: Despite lower sales forecasts, operating income remains unchanged from forecast by advancing cost structure reforms.
・Credit/Finance and Real Estate: Steady performance, with both sales and operating profit in line with plan

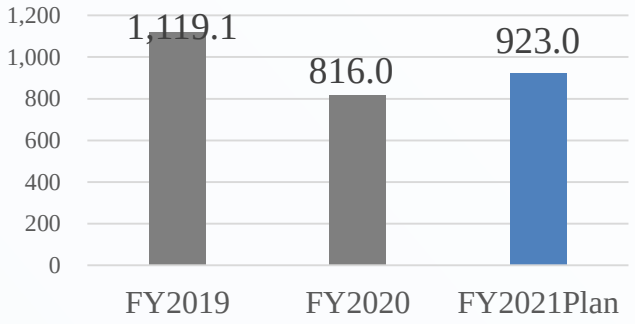
(Billions of yen)	Total Sales	YoY Change	Net Sales	Operating Income	YoY difference	Vs. plan in November
Department Store Business	**874.0**	116.2%	**382.0**	**△7.5**	+22.8	—
Credit & FinanceBusiness /Customer Organization Management Business	**33.0**	101.4%	**30.0**	**5.3**	+0.8	—
Real estate	**20.0**	70.5%	**20.0**	**5.4**	▲0	—
Others*	**△4.0**	—	**△7.0**	**△0.2**	+0.3	—
Total	**923.0**	113.1%	**425.0**	**3.0**	+23.9	—

※Others include adjustments.

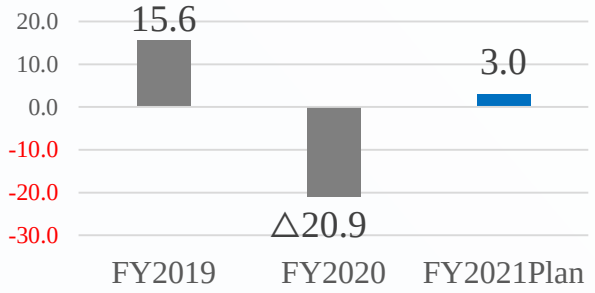
Comparison of Key Financial Figures

Billions of yen

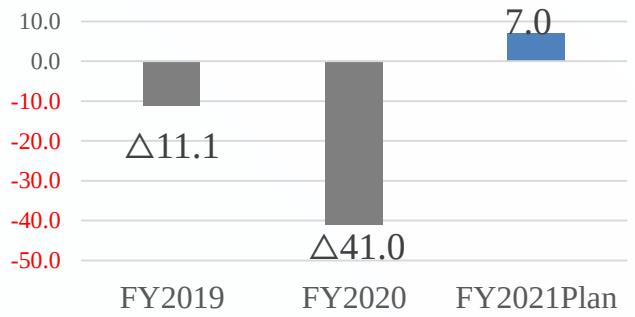
Total sales



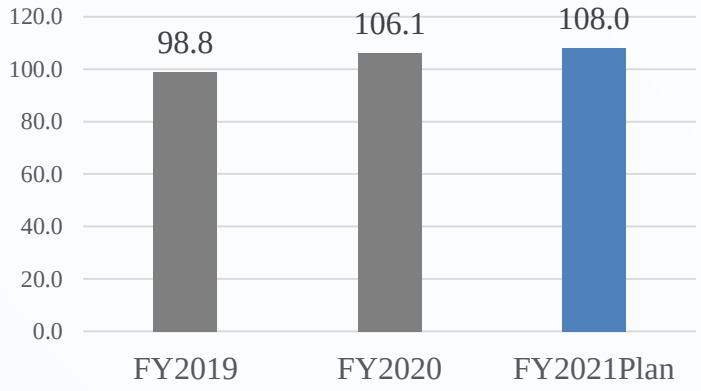
Operating income



Net income



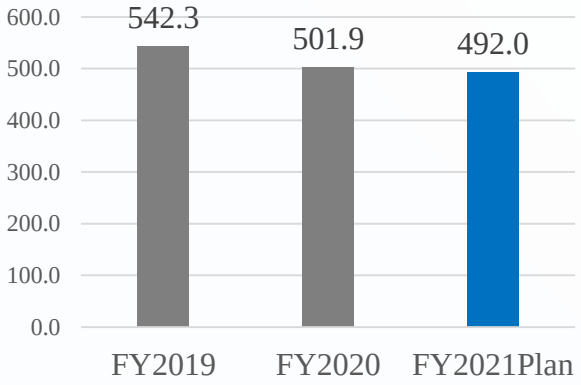
NET interest-bearing debt



Interest-bearing Debt
FY2019 ¥175.5 billion → FY2020 ¥208.8 billion → FY2021 ¥175 billion

NET-DE ratio
FY 2019 0.18 times → FY 2020 0.21 times FY 2021 0.22 times

Shareholders' equity



Equity Ratio
FY 2019 44.3% → FY 2020 41.9% → FY 2021 42.1%