Isetan Mitsukoshi Group Financial Results Explanation Meeting For the Three Months Ended June 30,2024

August 9, 2024

Isetan Mitsukoshi Holdings Ltd.

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I: FY2024 Q1 Results Summary

II: Full-Year Plan for the Fiscal Year Ending March 2025 (FY2024)

1. Summary of the Results for the First Quarter of the Fiscal Year Ending March 2025 (FY2024)

- For gross sales, the promotion of the “High sensitivity, fine quality” strategy and the “CRM strategy connecting with individual customers” progressed steadily
- SG&A expenses remained under steady control as scientific analysis of department stores permeated in the Company as a whole

Both operating income and recurring income for Q1 rose substantially, once again setting record highs after the integration

2. Consolidated Results for FY2024 Q1

- Gross sales: **Significant increase** due to strong sales from both Japanese and inbound tourists as a result of promotion of the strategy
- SG&A expenses: Efficiency improvement was promoted by continuing **cost control** through the scientific analysis of department stores
- **Both operating income and recurring income were record highs after the integration. Net income also increased substantially**

(0.1 billions of yen)	1Q (April–June) Results	YoY	Year-on-year difference
Gross sales	**3,179**	114.5%	+401
Net sales	**1,296**	109.3%	+110
Gross profit	**804**	113.9%	+98
Selling, general and administrative expenses	**616**	99.4%	(3)
Operating income	**188**	218.0%	+102
Recurring income	**212**	210.0%	+111
Net income	**137**	201.3%	+68

3. Results of gross sales our major department stores in Japan (by store and company)

- Isetan Shinjuku Main Store sales **exceeded 100 billion yen** for Q1
- Both Mitsukoshi Nihombashi Main Store and Ginza Store sales **increased significantly from the previous fiscal year**
- Among major regional companies, Sapporo Marui Mitsukoshi, Nagoya Mitsukoshi, and Iwataya Mitsukoshi increased revenue
  Initiatives for the base network were also steady

(0.1 billions of yen)	Gross sales	YoY	Year-on-year difference
Isetan Shinjuku Main Store	1,020	121.2%	+178
Mitsukoshi Nihombashi Main Store	397	114.3%	+49
Mitsukoshi Ginza Store	304	134.9%	+78
Isetan Tachikawa Store	77	101.8%	+1
Isetan Urawa Store	87	94.9%	(4)
Isetan Mitsukoshi Total	1,887	119.2%	+303

(0.1 billions of yen)	Gross sales	YoY	Year-on-year difference
Sapporo Marui Mitsukoshi	141	104.5%	+6
Sendai Mitsukoshi	62	95.2%	(3)
Nagoya Mitsukoshi	152	104.8%	+6
Niigata Isetan Mitsukoshi	80	96.8%	(2)
Iwataya Mitsukoshi	331	122.0%	+59
Total of 5 major regional companies	768	109.6%	+67

4. Changes in consolidated SG&A expenses

- Overall SG&A expenses were **reduced by 0.3 billion** yen year-on-year through the promotion of cost structure reform to address increased sales-linked expenses and rising prices
- Price impact of utilities expenses was expected to increase YoY in the May forecast, although the trend of declining unit prices continued, resulting in a YoY decline

			Breakdown of year-on-year increase/decrease				
			Current year increase/decrease				
(0.1 billions of yen)	1Q (April–June) Results	Year-on-year changes	Cost structure reform	Linked to sales	Strategic expenditures	Impact from price changes	Others
Personnel expenses	219	(2)	(9)		+2	+5	
Advertising expenses	18	(2)	(2)				
Lease payments	81	+1	(3)	+4			
Business consignment expenses	72	+0	(1)		+1		
Depreciation and amortization	56	(0)			+1		(1)
Utilities expenses	20	(2)				(2)	
Others	147	+1	(4)	+7		+1	(3)
Total	616	(3)	(19)	+11	+4	+4	(4)

5. Results by Segment (First Quarter)

- **Department store business:** Revenue and income increased significantly due to strong sales and control of SG&A expenses. **Operating income was 15.7 billion yen**
- **Credit & finance business:** **Income increased 1 billion yen** due to a strong card transaction volume and steady cost control
- **Real estate business:** Construction and design business remained steady

(0.1 billions of yen)	Gross sales	YoY	Net sales	Operating income	Year-on-year difference
Department store business	2,953	114.7%	1,076	157	+90
Credit & finance business/ Customer organization management business	94	104.0%	82	21	+10
Real estate business	64	129.8%	64	7	+2
Other businesses*	66	109.6%	72	2	0
Total	3,179	114.5%	1,296	188	+102

* Operating income in the “other businesses” segment includes adjustment (50 million yen)

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I: FY2024 Q1 Results Summary

II: Full-Year Plan for the Fiscal Year Ending March 2025 (FY2024)

1. Summary of FY2024 Full-Year Plan

- The May forecast for gross sales was revised upward due to the strong performance in Q1 and the promotion of strategies for the individual customer business in Q2 and beyond
- For SG&A expenses, increase in sales-linked expenses from Q2 onward and the further promotion of cost structure reform are expected

- **Achieve record highs: operating income of 72 billion yen and recurring income of 77 billion yen**
- **Net income will be 58 billion yen. Income increase from the previous fiscal year is planned**

2. Consolidated Plan (Full-year FY2024)

- Gross sales: Upward revision by 40 billion yen due to the promotion of strategies for domestic and overseas customers
- SG&A expenses: The increase in sales-linked expenses and the further promotion of cost structure reform are reflected
- Operating income and recurring income: Record highs
- Net income: Income increase from the previous fiscal year *Record profit since integration was 58.8 billion yen (FY2011, including one-off factors of 32.8 billion yen related to tax effects)

(0.1 billions of yen)	Full year	Year-on-year difference	YoY	Difference from May plan
Gross sales	13,200	+953	107.8%	+400
Net sales	5,560	+195	103.6%	+80
Gross profit	3,430	+240	107.5%	+90
Selling, general and administrative expenses	2,710	+64	102.4%	+10
Operating income	720	+176	132.4%	+80
Recurring income	770	+171	128.6%	+80
Net income	580	+24	104.4%	+50

3. Sales plan for existing department stores in Japan

- Isetan Mitsukoshi plans 112% YoY (of which inbound sales are 170%)
- Regional operating companies keep the May forecast unchanged

(0.1 billions of yen)	First half		Second half		Full year			
	Plan	YoY	Plan	YoY	Plan	YoY	Difference from May plan	Ratio to May plan
Isetan Mitsukoshi Total	3,725	116%	4,175	109%	7,900	112%	+355	105%
(of which) inbound sales	740	210%	740	143%	1,480	170%	+219	117%
Total regional operating companies	1,738	105%	1,958	100%	3,697	102%	-	-
(of which) inbound sales	149	208%	153	106%	303	140%	-	-
Total domestic department stores	5,463	112%	6,133	106%	11,597	109%	+355	103%
(of which) inbound sales	889	209%	893	135%	1,783	164%	+219	114%

* Regions: Excluding Iwataya Kurume store and Matsuyama Mitsukoshi; rounded down to the nearest 100 million yen

4. Increase (decrease) in Consolidated SG&A Expenses (FY2024)

- **Cost structure reform:** Further reduction by 500 million yen from the May forecast to -6.6 billion yen by promoting the scientific analysis of department stores
- **Sales-linked expenses:** Increase by 1.8 billion yen to +6.5 billion yen by appropriately factoring in expenses associated with increased revenue
- **Impact from price changes:** Lower-than-expected utilities expenses in Q1 are expected to have a positive YoY as the trend of falling unit costs reverses

			Breakdown of year-on-year increase/decrease				
			Current year increase/decrease				
(0.1 billions of yen)	FY2024 Plan	Year-on-year changes	Cost structure reform	Linked to sales	Strategic expenditures	Impact from price changes	Others
Personnel expenses	950	+1	(33)		+14	+21	
Advertising expenses	102	+6	(3)	+9			
Lease payments	317	(10)	(20)	+9			
Business consignment expenses	299	+0	(4)		+4		
Depreciation and amortization	234	+6			+6		
Utilities expenses	104	+10	(2)			+12	
Others	704	+49	(5)	+47		+6	+2
Total	2,710	+64	(66)	+65	+24	+39	+2

5. Plan by Segment (FY2024)

- **Department store business:**
  Operating income was revised upward by 8.0 billion yen from the May forecast, reflecting revenue increase due to the promotion of various strategies and cost control through the further promotion of cost structure reform

(0.1 billions of yen)	Gross sales	YoY	Net sales	Operating income	Year-on-year difference	Difference from May plan
Department store business	12,220	107.4%	4,580	595	+143	+80
Credit & finance business/ Customer organization management business	370	104.4%	340	55	+14	-
Real estate business	330	123.2%	330	37	+6	-
Other businesses*	280	111.5%	310	33	+11	-
Total	13,200	107.8%	5,560	720	+176	+80

* The “Other businesses” segment includes adjustments

6. Return to shareholders

- The annual dividend forecast has been increased from 44 yen to 48 yen (24 yen interim/24 yen year-end) following an upward revision of the profit forecast
- We will continue to consider additional shareholder returns, depending on the situation, while monitoring profit progress and movements in the share price

	FY2024		FY2023 results
	Forecasts disclosed at the beginning of period in May	Forecast this time	
Net income	53.0 billion yen	58.0 billion yen	55.5 billion yen
Interim dividend	22 yen	24 yen	12 yen
Year-end dividend	22 yen	24 yen	22 yen
Annual dividend	44 yen	48 yen	34 yen
Dividend payout ratio	31.2%	31.1%	23.1%
Share buybacks (disclosed)	15.0 billion yen	15.0 billion yen	15.0 billion yen
Total return ratio	59.5%	56.9%	50.1%

* The forecast dividend payout ratio and total return ratio for FY2024 is calculated based on the number of shares outstanding (excluding treasury shares) at the end of March 2024

Some of the information in this material may contain forward-looking statements.

These statements are forecasts based on reasonable judgments made in accordance with information available to the Company at the time of disclosure, and include various risks and uncertainties.

Therefore, actual performance figures and results may differ from forecasts due to factors such as future business operations and changes in economic conditions.