Isetan Mitsukoshi Group
Business Results Explanation Meeting
Fiscal Year Ended March 31, 2020

Isetan Mitsukoshi Holdings Ltd.

May 11, 2020

First and foremost, we would like to express our deepest sympathies to those affected by COVID-19, their families, and all those concerned, and we wish to express our deepest condolences to all those who passed away. We would also like to express our deepest gratitude to those engaged in medical institutions, as well as to everyone who has made every effort and cooperation to prevent the spread of infection.

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With the signs of containment of COVID-19 and the subsequent trend of economic recovery remaining unclear, the forecast of consolidated results for the fiscal year ending March 31, 2021 has not yet been determined at this point in time because there are many uncertainties and it is difficult to make rational forecasts.

The future disclosure schedule will be covered later in this presentation.

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1. Results of FY2019
(Fiscal Year Ended March 31, 2020)

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Consolidated Results

(Billions of yen)	FY2019	YoY		Vs November Targets	
		Change	Difference	Change	Difference
Net Sales	**1,119.1**	-6.5%	-77.6	-6.0%	-70.8
Gross Profit	**322.7**	-7.3%	-25.5	-7.3%	-25.2
SG&A	**307.0**	-3.8%	-12.0	-3.5%	-10.9
Operating Income	**15.6**	-46.4%	-13.5	-47.7%	-14.3
Recurring Income	**19.7**	-38.2%	-12.2	-34.1%	-10.2
Net Income	**-11.1**	–	-24.6	–	-25.1

Consolidated Results (Third Quarter (Cumulative), Fourth Quarter)

(Billions of yen)	Q3 of FY2019 (Cumulative)	YoY Difference	Q4 of FY2019	YoY Difference
Net Sales	**875.2**	-26.4	**243.9**	-51.1
Gross Profit	**253.4**	-10.9	**69.2**	-14.6
SG&A	**232.3**	-6.6	**74.6**	-5.4
Operating Income	**21.0**	-4.3	**-5.4**	-9.2
Recurring Income	**23.0**	-3.7	**-3.3**	-8.4
Net Income	**7.8**	-3.5	**-19.0**	-21.0

YoY Change in Net Sales at Department Stores in Japan
(Comparable-store Basis)

(Billions of yen)	January	February	March	January-March Total
Situation in Japan and Overseas	▪ 1/19 COVID-19 first reported (Japan) ▪ 1/23 Wuhan lockdown	▪ Early Feb. Diamond Princess cruise ship reported ▪ Mid Feb. Stay at home requests	▪ 3/2 School closure (ES, JHS, HS) ▪ 3/12 Officially recognized as pandemic	–
Japanese Customers	-4.1	-5.0	-24.4	-33.5
Foreign Customers	+1.2	-4.4	-5.8	-9.0
Total at Department Stores in Japan	-2.9	-9.4	-30.2	-42.5

Breakdown of Extraordinary Loss

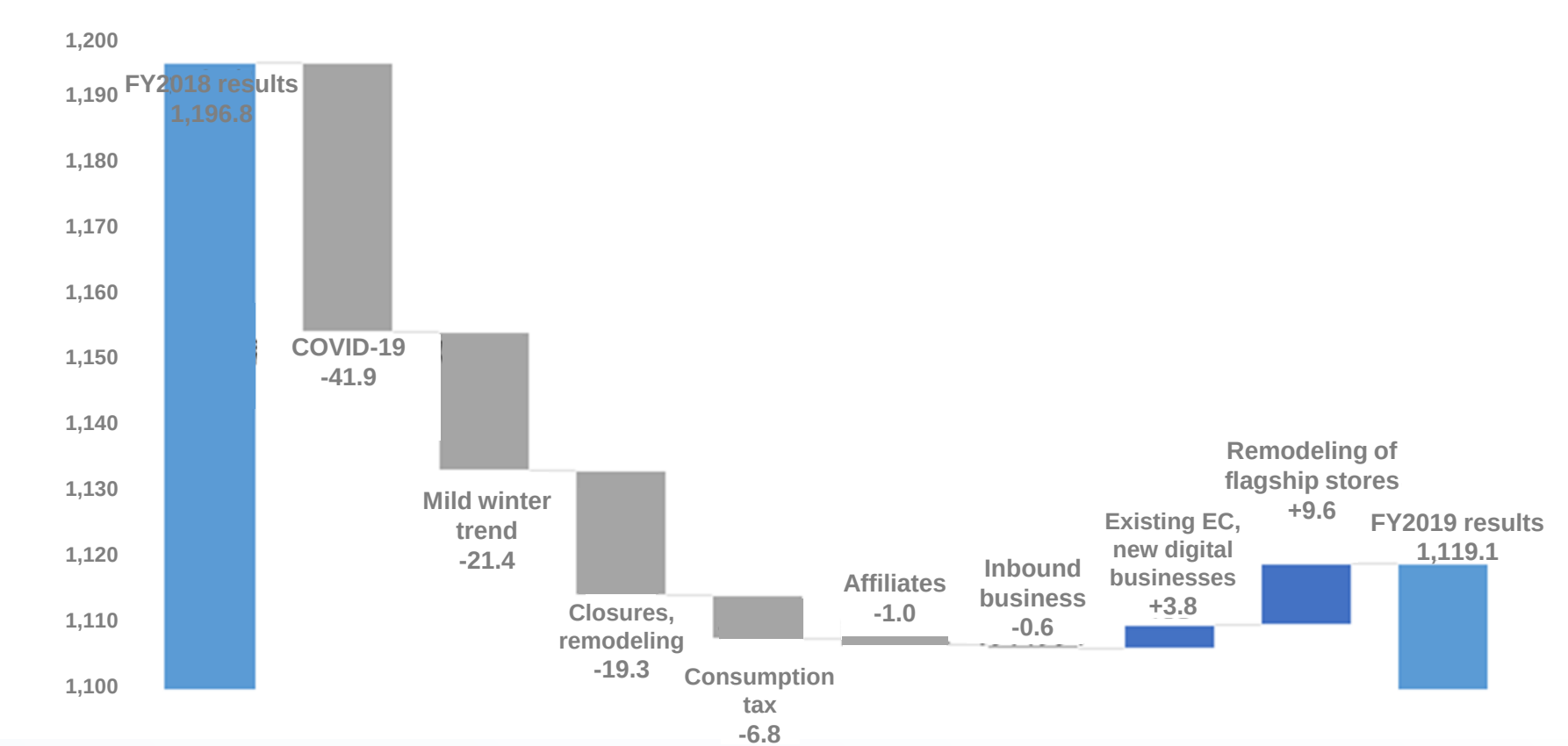
(Third Quarter (Cumulative), Fourth Quarter)

(Billions of yen)	Q3 of FY2019 (Cumulative)	Q4 of FY2019	FY2019 results
Loss on Disposal of Property and Equipment	2.6	1.6	**4.2**
Loss on Closing of Stores	1.4	5.5	**6.9**
Impairment Losses	0.4	10.4	**10.8**
Business Structure Improvement Expenses	8.7	0.1	**8.9**
Loss on Valuation of Investment Securities	-	0.7	**0.7**
Total	13.3	18.4	**31.8**

Consolidated Results (Net Sales)

Factors of YoY Difference

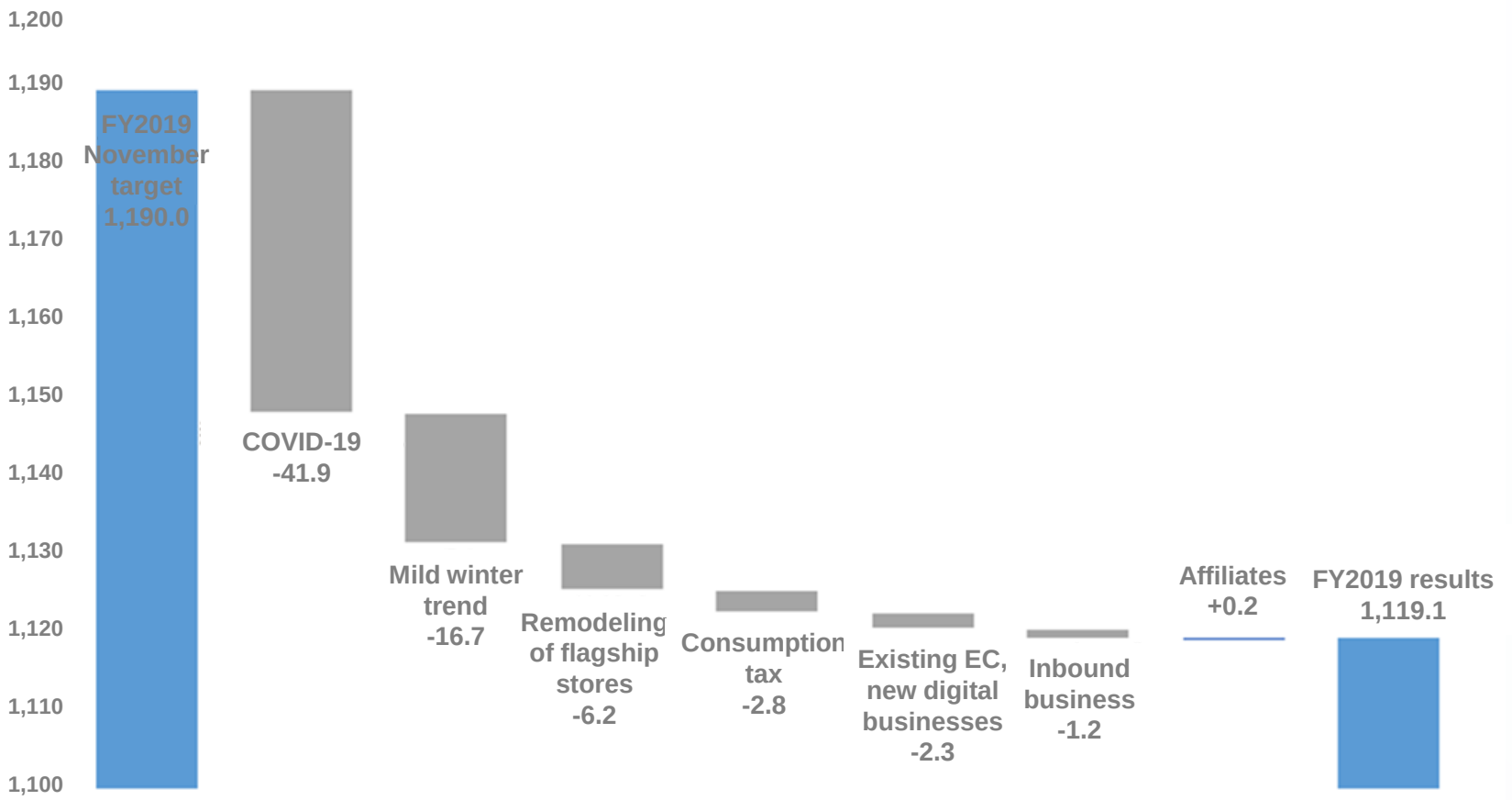
(Billions of yen)



Consolidated Results (Net Sales)

Factors of Difference vs November Targets

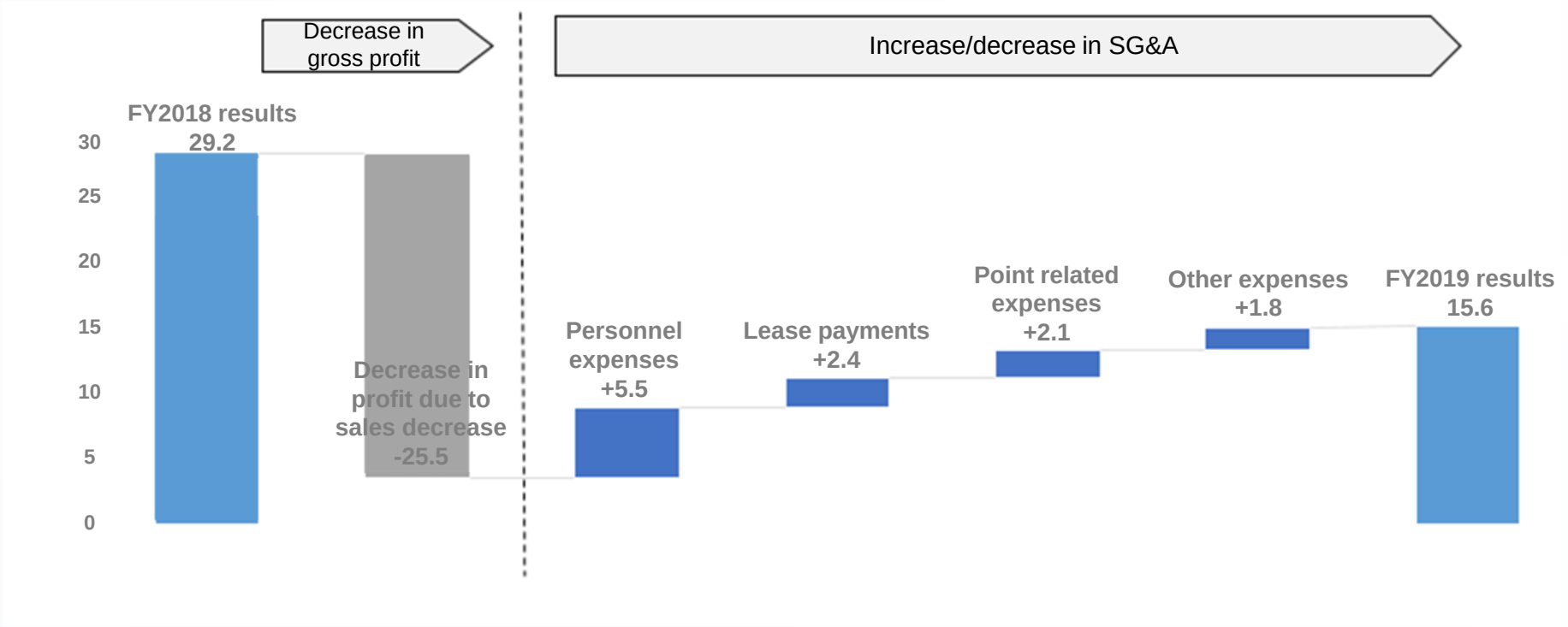
(Billions of yen)



Consolidated Results (Operating Income)

Factors of YoY Difference

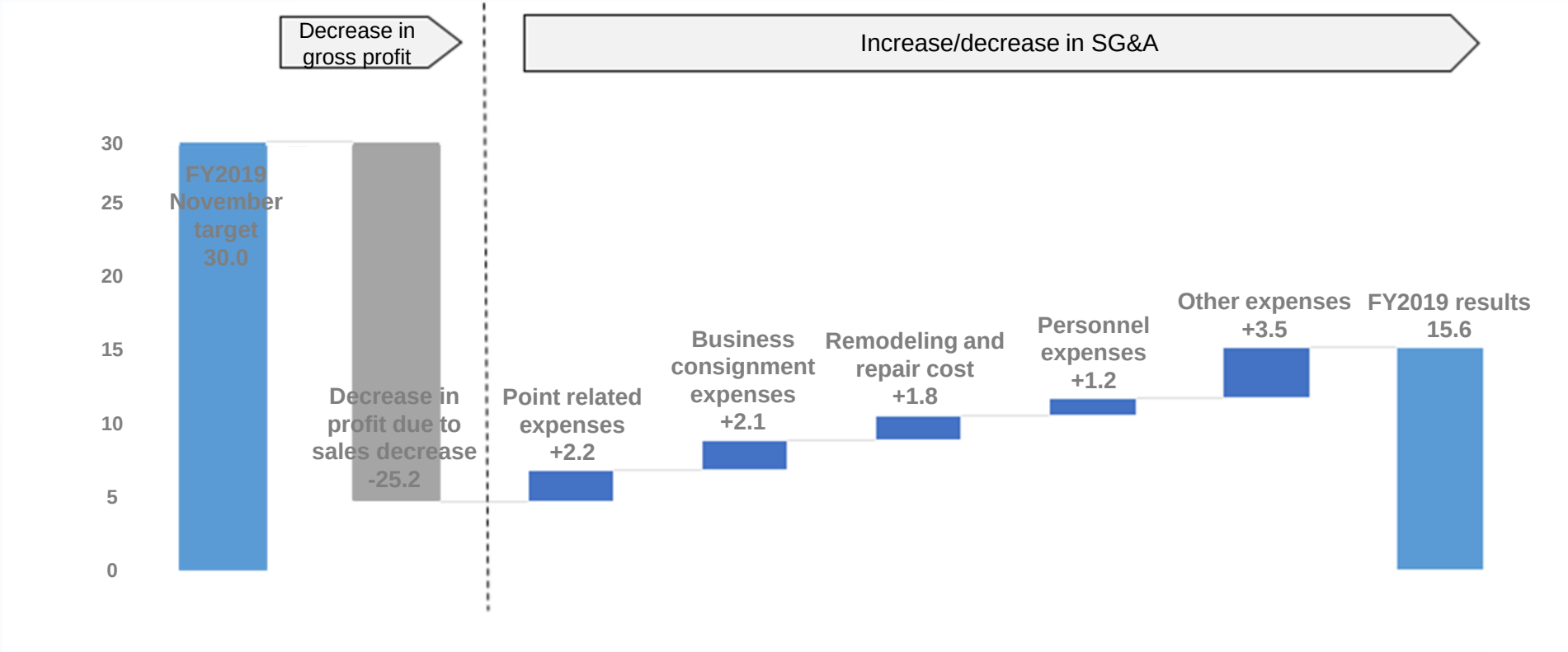
(Billions of yen)



Consolidated Results (Operating Income)

Factors of Difference vs November Targets

(Billions of yen)



Consolidated Results (by Segment)

(Billions of yen)	Net Sales	Operating Income		
		Results	YoY Difference	Difference vs November Targets
Department Store Business	**1,035.5**	2.2	-13.1	-13.7
Credit & Finance Business/Customer Organization Management Business	**38.5**	5.6	-0.7	-0.3
Real Estate Business	**35.3**	5.9	-1.8	+0.1
Other	**82.4**	1.6	+1.9	-0.0
Total	**1,119.1**	15.6	-13.5	-14.3

*** Total includes adjusted amounts.**

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1. Results of FY2019
(Fiscal Year Ended March 31, 2020)

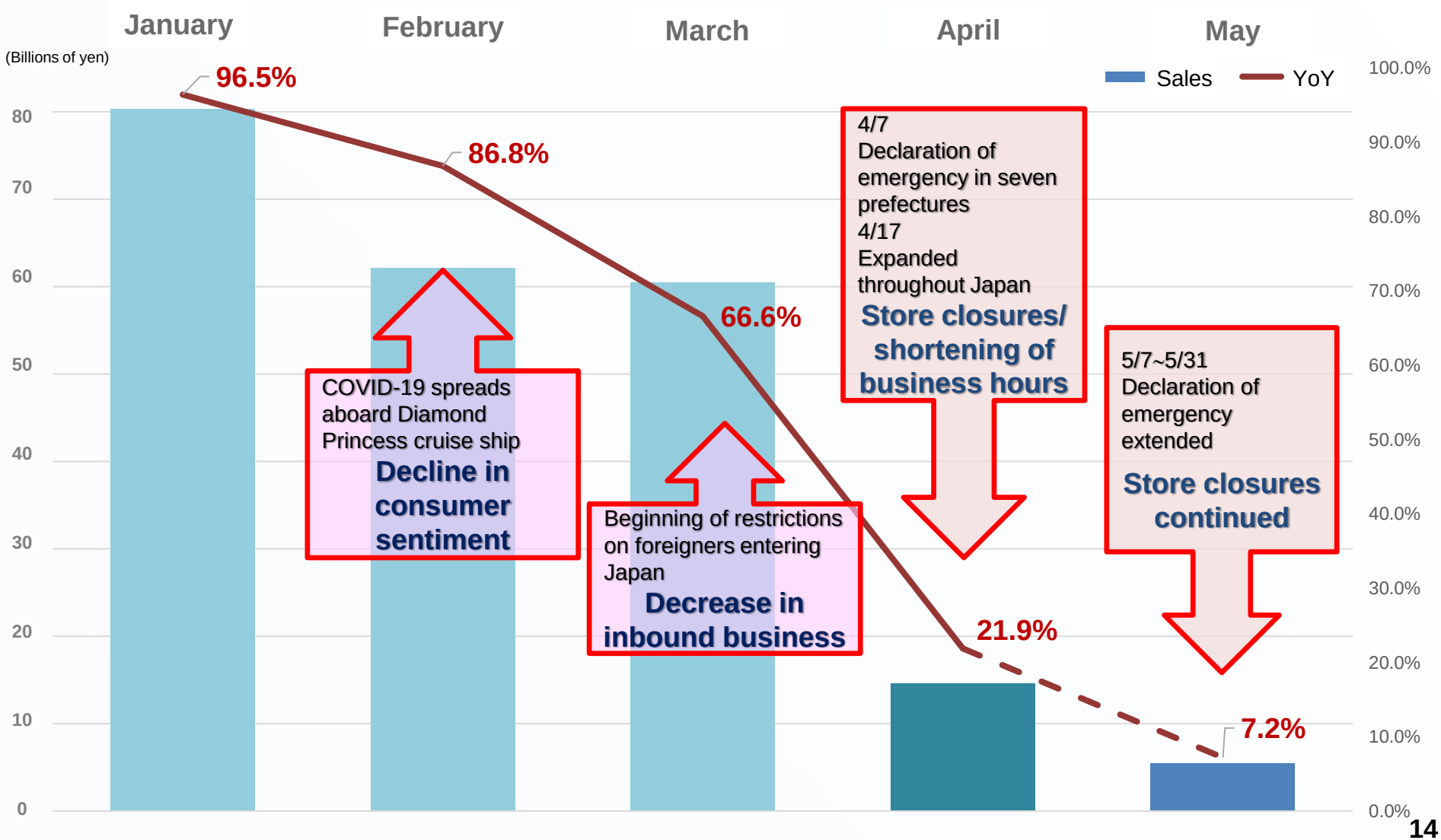
2. Impact of COVID-19

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Impact of COVID-19

Impact of COVID-19 on Sales



Impact of COVID-19

Impact on the Company

◇**Temporary closures** to prevent infection

◇Sluggishness in consumption **due to staying at home**

◇**Reduction of foreigners visiting Japan** due to travel restrictions and staying at home

◇**Prolonged global pandemic**

◆**All stores closed**
Sales: Over -90%
Impact on income: -15 billion yen/month

◆**Reduced consumption due to staying at home**
Sales: -30~40%
Impact on income: -3~4 billion yen/month

◆**Prolonged economic sluggishness**
Sales: -10~20%
Impact on income: -0~1 billion yen/month

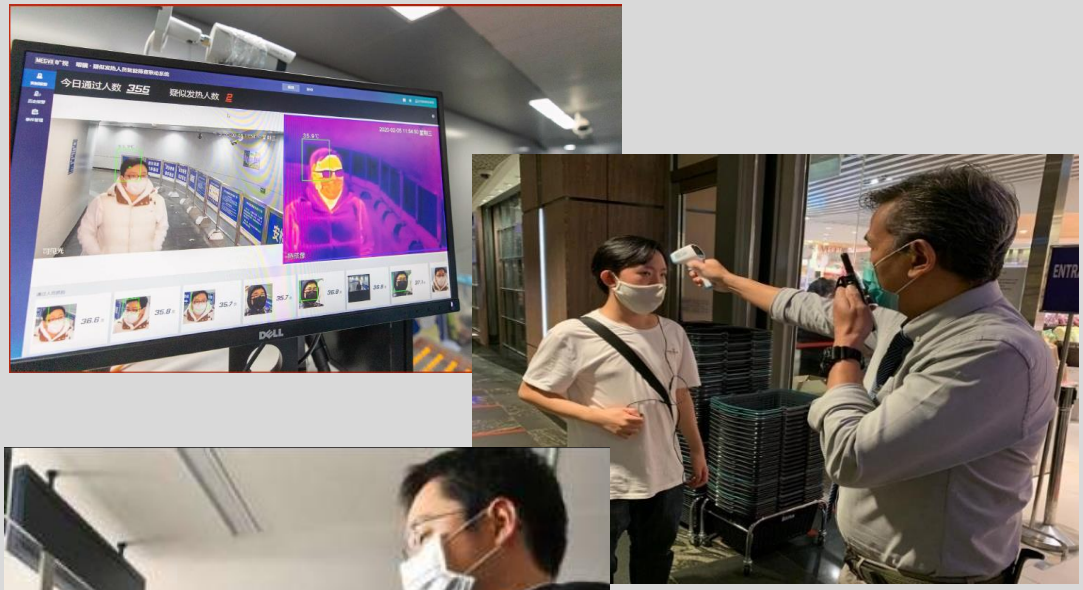
◇**Increased costs related to measures against COVID-19**

◆**Expenses related to safety and security measures**
1~1.5 billion yen

Impact of COVID-19

Response for Resuming Business (1)

Responses related to the “safety and security” of customers





Thermography for checking temperatures on store entry



Preventive measures in the in-store environment

Impact of COVID-19

Response for Resuming Business (2)

Responses related to the “safety and security” of employees





When reopen -ing

Checking temperature on entry, distributing/wearing facial masks

As soon as possible

Improve environment of lockers and employee cafeterias

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Response to Medium-Term Management Plan

Three-year Plan (FY2019~FY2021) Overview

Growth Strategy

1. Retail business model innovation

- (1) Store model reform
- (2) Seamless connection between online and offline platforms
- (3) CRM, marketing policies

2. Expanding real estate business

3. Structural Reform

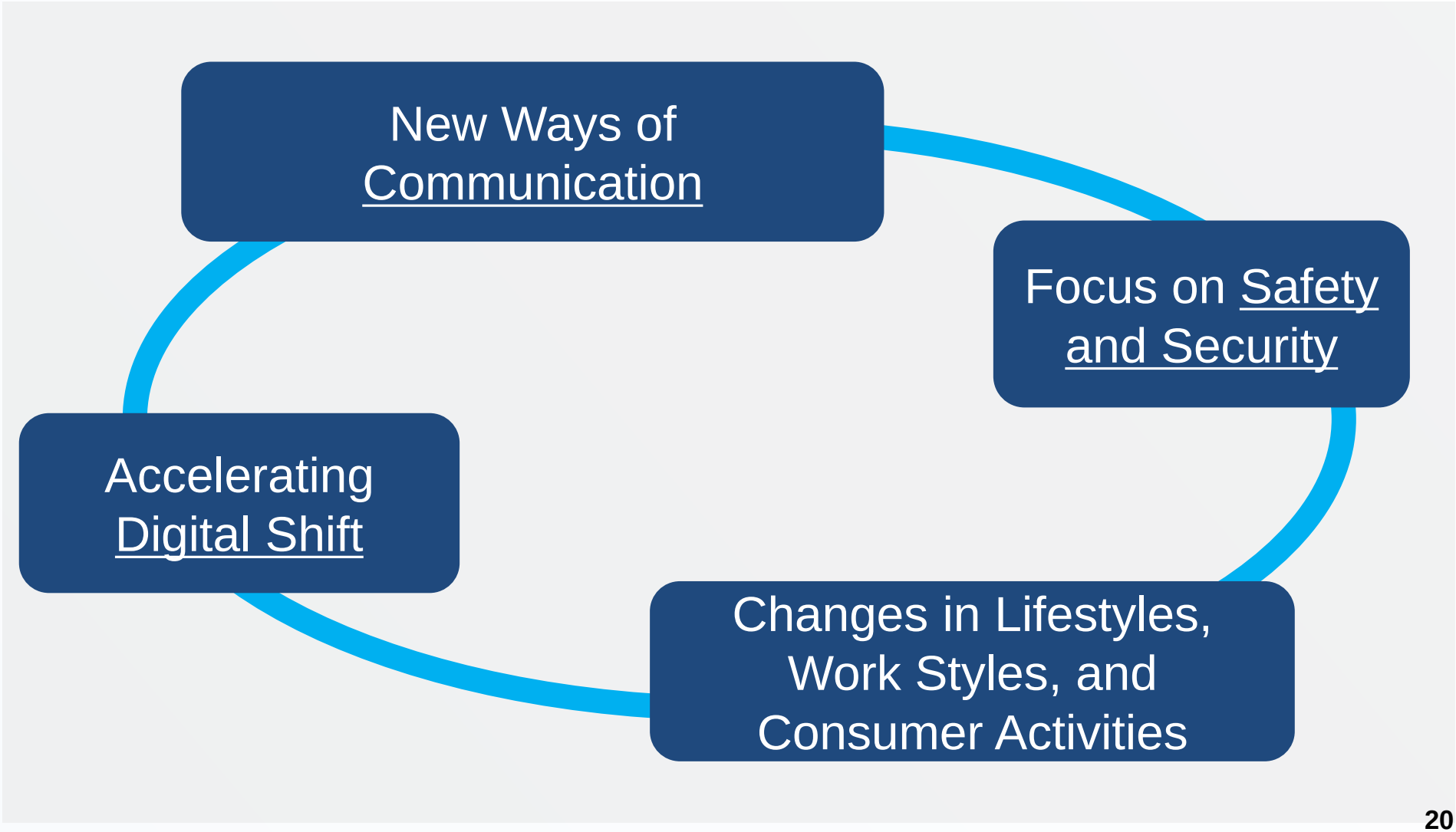
Future Revisions

- Scale back plans for remodeling, etc. in (1)
- Make progress on (2), (3) as planned
- Additional digital measures related to COVID-19 (detailed later in presentation)

Partial revision of plan (Continue long-term development projects)

Further cost reductions and restrained investment, continued income and expenditure structure reforms

Changes Brought by COVID-19



Response to Medium-Term Management Plan

Points for Strengthening Digital Efforts Based on Impact of COVID-19

<Medium-Term (Three-year) Management Plan>

Same as before

Provide “the latest, most supreme customer experience” and “new online businesses” by **developing seamless platforms**

Strengthen CRM and marketing based on customer information

Additional

◆**Strengthening EC business**

- Strengthen EC sales in addition to seamless platforms (online⇔stores)

◆**Expanding One to One services**

- Create system to directly connect customers with our sales clerks

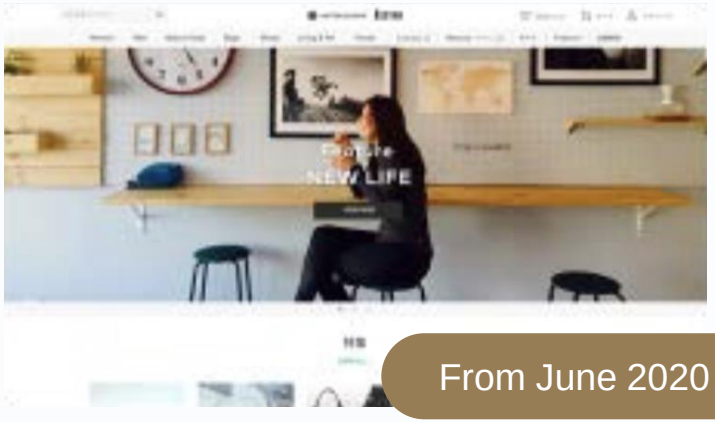
◆**Providing safety and security**

- Provide “safe and secure shopping” through the digital experience

All in One ... Strengthening EC business

Based on the concept "Isetan Mitsukoshi, right there in the palm of your hand," Isetan Mitsukoshi can be accessed anytime from a smartphone.

POINT 1



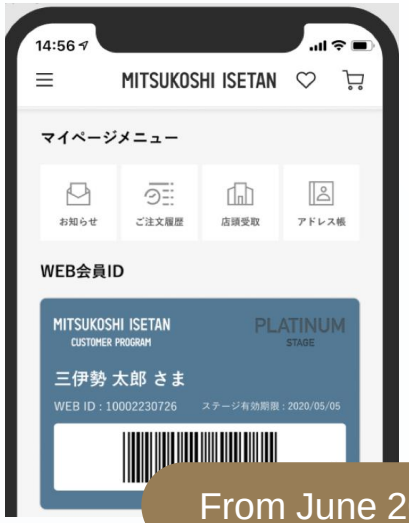
From June 2020

Integrating EC and Information

Isetan Mitsukoshi-related product and event information will be unified to provide customers with easier access. The design of website will also be updated.

POINT 2





From June 2020

Releasing Isetan Mitsukoshi's Seamless App

Both our website and smartphone-optimized app will be launched at the same time. Customers can use a variety of convenient functions, such as the personalized My Page.

One to One

We will prioritize strengthening the following initiatives in order to create a system that allows stylists to provide hospitality to each customer, even at home.

Even from home, the best customer service



Consultation by chat even from home

Customers can easily chat from their smartphone without visiting the store in person, whenever they want to talk to a professional or their personal stylist.

Even from home, the best info

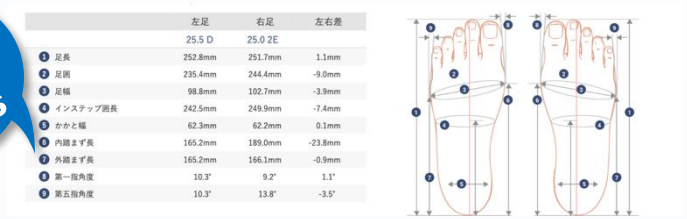
Best suggestions for each customer, both in-store and online



Recommendation of the best information based on preferences

Our app analyzes data on customer's past purchases and interests, and deliver the best information right to notification box in the app.

Even from home, the best sizes

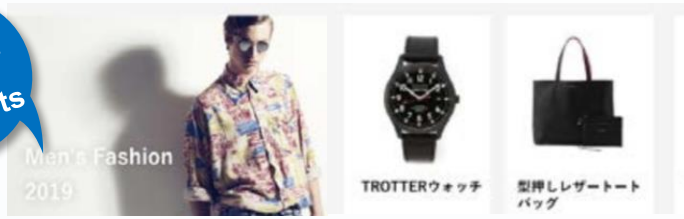


	左足	右足	左右差
	25.5 D	25.0 2E	
1 足長	252.8mm	251.7mm	1.1mm
2 足囲	235.4mm	244.4mm	-9.0mm
3 足幅	98.8mm	102.7mm	-3.9mm
4 インステップ囲長	242.5mm	249.9mm	-7.4mm
5 かかと幅	62.3mm	62.2mm	0.1mm
6 内踏まず長	165.2mm	189.0mm	-23.8mm
7 外踏まず長	165.2mm	166.1mm	-0.9mm
8 第一指角度	10.3°	9.2°	1.1°
9 第五指角度	10.3°	13.8°	-3.5°

One 3D measurement and no more worries about sizes with EC purchases

The 3D measurement service we have already introduced for women's and men's shoes can be used to help us suggest products that fit the size of any customer's feet.

Even from home, the best products



Extensive EC lineup to find the perfect products

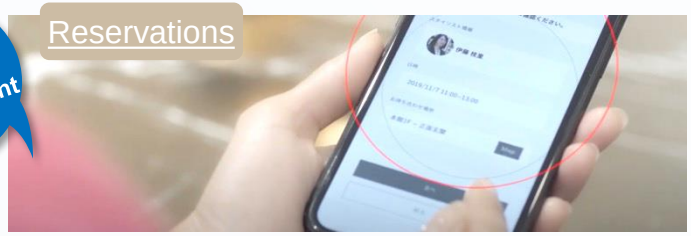
We will prioritize offering extensive selection online so that customers can always find exactly what they want on our seamless sites.

Safety and Security

Planned for future release

Looking ahead to the future, we will prioritize strengthening and promoting the following aspects in the initiative to develop a seamless platform in order to provide the best customer experience while ensuring safety and security.

Secure in-store environment



Reserve in advance and enjoy a secure environment

We will prepare products in advance available at times convenient to the customer's schedule and prepare a clean environment to welcome them.

Reduced contact in stores



Enhancing non-face-to-face services

Through making payments in advance, the number of stylists our that customers may come into contact with in the store can be reduced by 50%.

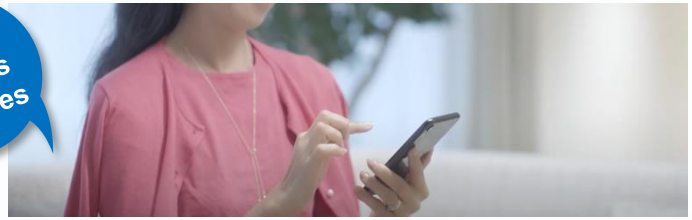
Shortened in-store stay times



Digitize all sales slips and shorten stay times

Customers can use their smartphones to shorten the time required to print all sorts of sales slips, including those for deliveries, processing, and reservations.

Avoid crowds in stores



See information on how crowded the store is in advance

The app allows customers to consider when to visit in order to avoid the crowded hours at the Isetan Shinjuku Store and shop at their own leisure.

Response to Medium-Term Management Plan

Digital-related Targets/KPI

	FY2020 initial targets	Revision/ enhancement
(1) New websites/apps	**Launch in April 2020**	**June 2020**
(2) Online sales	**25 billion yen** * Excluding increase of seamless stores	**Upward revision**
(3) Digital IDs	1,300,000 IDs	**As planned**
(4) Number of listed items	150,000 items	**As planned**

Response to Medium-Term Management Plan

Reducing Additional Costs (Revising Expenses)

<Initial FY2020 target reduction values>

FY2019⇒FY2020
SG&A: **-12.0 billion yen reduction**

<Advertising and point related expenses> +2.0 billion

Reduce existing advertising expenses: -2.0
Digital/seamless/CRM/point related expenses: +4.0

<Lease payments> -1.5 billion
Integrate rental properties, etc.
*Excluding effect of IFRS

<Personnel expenses, etc.> -10.0 billion
Promote in-house production, restrict new hiring

Examine and implement additional cost reduction measures

Additional reduction of advertising, attraction, and decoration expenses

Decrease points related expensed linked to sales

Request rent reduction during closure, promote remote work

Officers to give up bonuses, other measures involving personnel

Response to Medium-Term Management Plan

Restraining Investment

<Initial FY2020 target values>

FY2019~FY2021: **144.0 billion yen in investment**
of which, in FY2020: Approx. 50 billion yen

<Department store remodeling> 17.0 billion Tokyo Metropolitan Area, regional, overseas	Reduce/freeze * Continue remodeling to improve staff efficiency
<LCC> 17.0 billion	Postpone nonurgent projects
<System> 6.0 billion Promote digitalization, replace fundamental system	Maintain plan
<Cards, real estate, etc.> 10.0 billion Establish infrastructure, rearrange assets, etc.	Continued legal compliance for cards; Real estate partially reduced, frozen, postponed

Plan Revision

*** Implement efforts directly linked to immediate profits**

Securing Capital

Securing cash-on-hand necessary for business continuity

Issued additional commercial paper
(30 billion yen)

Additional establishment of commitment lines

Future Schedule

[Today] Announcement of financial results for fiscal 2019

[End of July (planned)] Announcement of financial results for the first quarter of fiscal 2020

Announcement of forecast of consolidated results for fiscal 2020 (planned)

[November (planned)] Announcement of financial results for the second quarter of fiscal 2020

Announcement of revision to Medium-Term Management Plan (planned)

*** Schedule may change depending on the containment status of COVID-19.**

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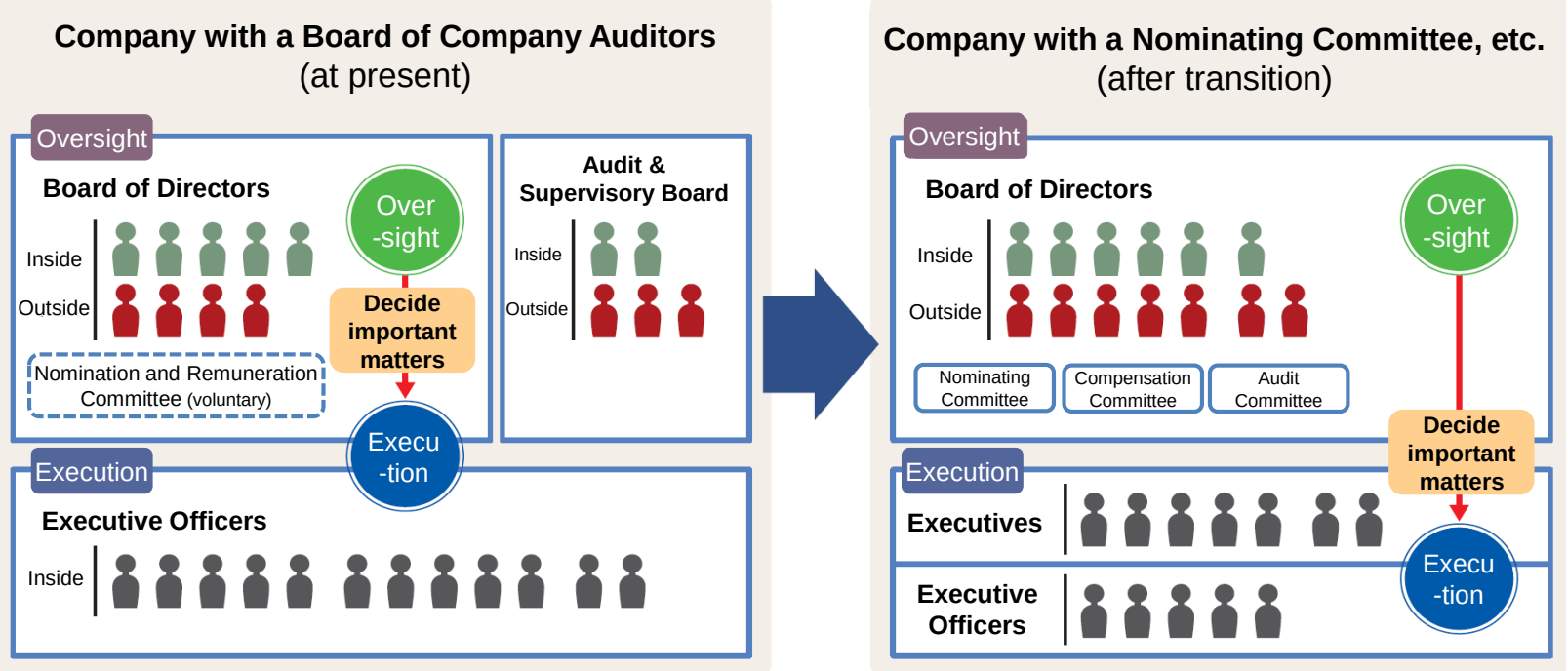
4. Corporate Governance

Corporate Governance

Corporate Governance System Transition

Company with a Board of Auditors
⇒ Company with a Nominating Committee, etc.

- ◆Further clarify **separation of oversight and execution** in management
- ◆**Accelerate** execution
- ◆Enhance the **oversight function** of the Board of Directors



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