Isetan Mitsukoshi Group Business Results Explanation Meeting First Quarter of the Fiscal Year Ending March 31,2024

August 3, 2023

ISETAN MITSUKOSHI HOLDINGS

Table of Contents

I: Results for the First Quarter of the Fiscal Year Ending March 2024

II: Full Year Plan for the Fiscal Year Ending March 2024

I: Results for the First Quarter of the Fiscal Year Ending March 2024

II: Full Year Plan for the Fiscal Year Ending March 2024

Consolidated Financial Results (First Quarter)

- Gross sales remain strong: Significant sales increase due to recovery in inbound sales in addition to strong domestic non-tax-exempt sales.
- Steady progress in SG & A expenses control: Despite increase in expenses due to sales-linked costs, expenses restructuring has made steady progress.
- Operating income doubles year-on-year: Q1 operating profit exceeds pre-COVID (FY 2018) level. (Comparison before adoption of the revenue recognition standard)

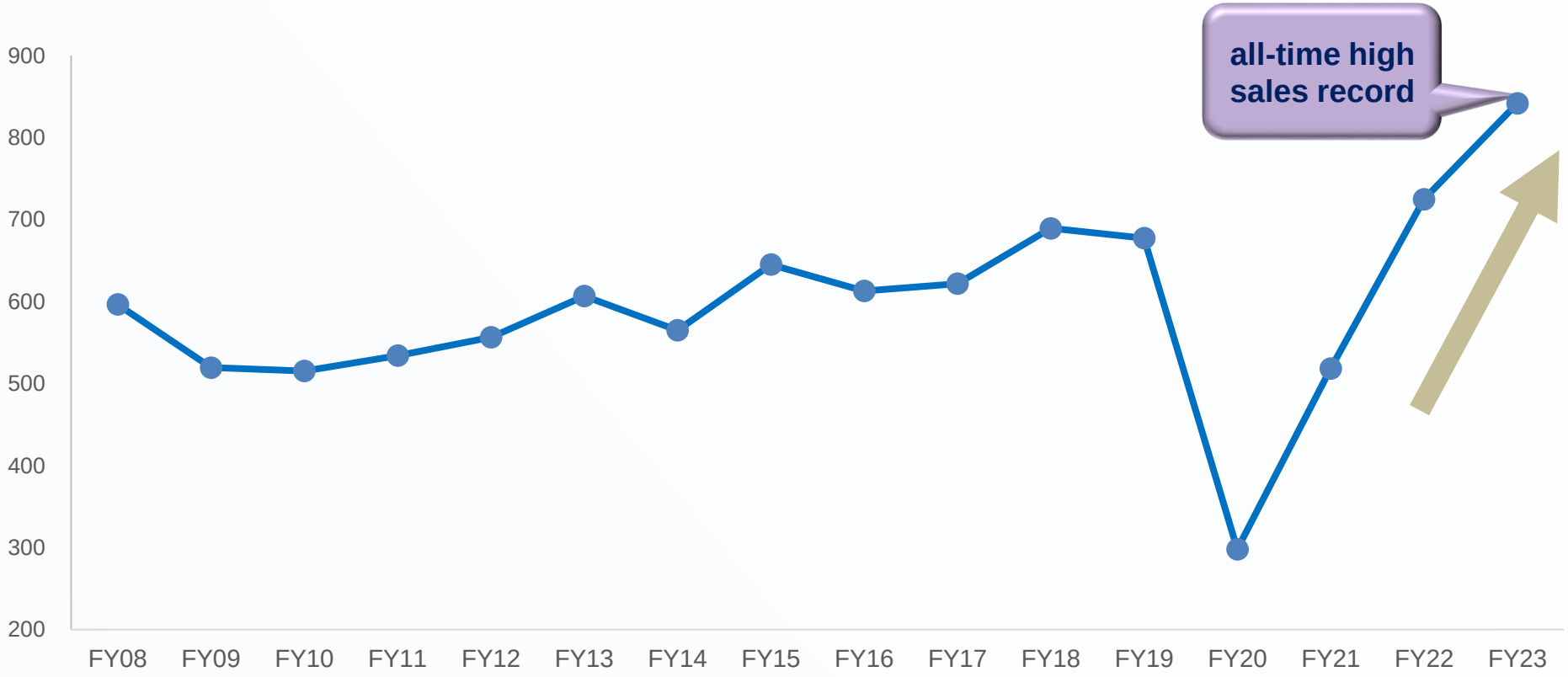
(0.1 billions of yen)	1Q (April-June)	YoY	Year-on-year difference	(Reference) Before adoption of the revenue recognition standard
Gross sales	2,777	114.3%	+348	2,777
Net sales	1,186	116.8%	+170	2,777
Gross profit	706	113.7%	+85	786
Selling, general and administrative expenses	620	106.6%	+38	672
Operating income	86	218.3%	+46	114
Recurring income	101	223.1%	+55	127
Net income	68	120.4%	+11	95

Isetan Shinjuku Main Store First Quarter Net Sales Trend (After Consolidation)

- **Isetan Shinjuku Main Store posted record net sales in the first quarter, continuing from last year.**
- **Isetan Shinjuku Main Store will continue to promote its “High sensitivity, fine quality” strategy and CRM strategy to increase net sales.**

Isetan Shinjuku Main Store 1Q Net Sales Trend by Fiscal Year

2008 – 2023



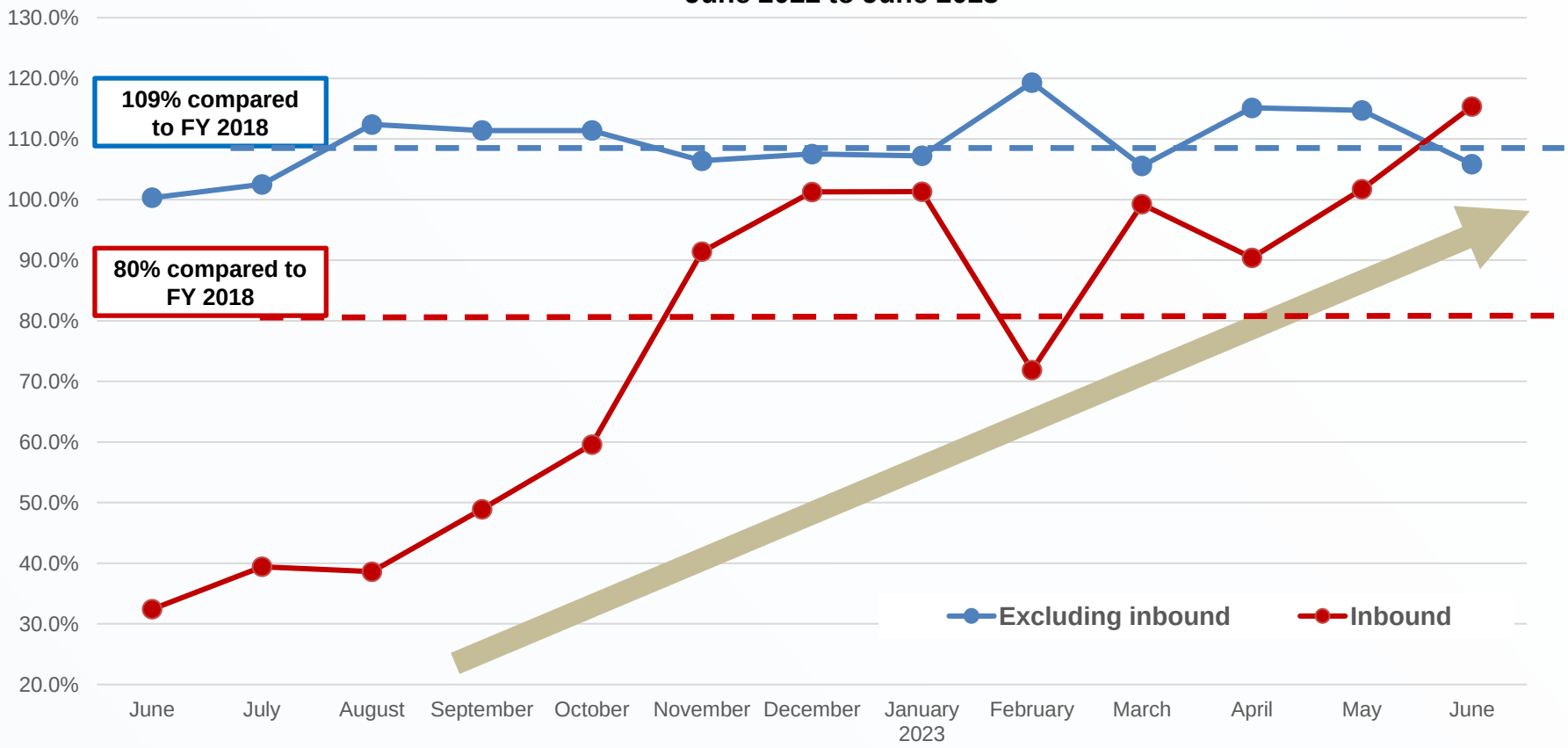
***Before adoption of the revenue recognition standard, based on gross sales**

Sales Trend of Isetan Mitsukoshi Existing Stores Compared to FY 2018

- Growth rate of net sales excluding inbound sales of Isetan Mitsukoshi Ltd. remained steady on a non-consolidated basis. The cumulative figure for the first quarter was 111%.
- Meanwhile, growth rate of inbound net sales has surged since June, and the cumulative growth rate in Q1 was 102% of FY 2018.
- All of these figures exceeded full-year plan (Net sales excluding inbound sales to be 109% of FY 2018, inbound sales to be 80% of FY 2018).

Monthly Net Sales Growth Rate of Isetan Mitsukoshi Compared to FY 2018

June 2022 to June 2023



*Excludes Isetan Sagamihara, Isetan Fuchu and Ebisu Mitsukoshi
*Before adoption of the revenue recognition standard, based on gross sales

Increase (decrease) in consolidated SG & A expenses (1Q)

- Cost reduction through expenses restructuring was 1.2 billion yen, and proceeding as planned according to annual reduction target of 4 billion yen.
- Increase in expenses due to price rises were contained below projections, with year-on-year increase of 700 million yen in the first quarter.

			Breakdown of year-on-year changes				
			Changes in FY 2022				
(0.1 billions of yen)	1Q (April-June)	Year-on-year changes	Expenses restructuring	Linked to sales	Price increases	New consolidation	Others businesses
Personnel expenses	221	+11	(4)		+3	+12	
Advertising expenses	21	+4		+4			
Lease payments	80	+1	(4)			+5	
Business consignment expenses	72	+1	(2)			+2	+2
Depreciation and amortization	56	(1)				+1	(2)
Utilities	23	+4	(1)		+4	+1	
Others businesses	145	+15	(1)	+7		+9	
Total	620	+38	(12)	+11	+7	+31	+0

Results by Segment (First Quarter)

- Department store business: Further progress in expanding number of identified customers through initiatives at stores in the Tokyo metropolitan area since re-categorization of COVID-19 to Category 5 on May 8.
  Sales continued to be strong due to lifting of activity restrictions. Operating income increased significantly combined with effects of expenses restructuring.
- Credit and finance business: Gross sales increased due to increase in external transactions, but operating income remained unchanged year-on-year due to investments, etc.
- Real estate business: Gross sales increased due to expansion of construction and design business, but operating income fell year-on-year due to a decrease in rent revenue.

(0.1 billions of yen)	Gross sales	YoY	Net sales	Operating income	Year-on-year difference	(Reference) Operating income before adoption of the revenue recognition standard
Department store business	2,576	111.6%	989	67	+47	87
Credit & finance business/ Customer organization management business	90	104.9%	78	11	+0	17
Real estate business	49	116.1%	49	4	(5)	4
Others businesses*	61	(-9)	68	3	+4	3
Total	2,777	114.3%	1,186	86	+46	114

*Others businesses include adjustments

I: Results for the First Quarter of the Fiscal Year Ending March 2024

II: Full Year Plan for the Fiscal Year Ending March 2024

Assumptions for Full Year Plan

- For gross sales, only first quarter results which were favorable in both inbound and non-inbound net sales are factored into the revised full-year plan, while initial plan stands for second quarter onwards.
- Selling and administrative expenses remain unchanged from initial plan, forecasting increase in sales-linked expenses, although some items' results remained below plan.

Operating income projected to reach 38 billion yen exceeding highest figure since 2008 when Isetan Mitsukoshi Holdings was established.

Consolidated Plan (Full-year FY 2023)

- Gross sales: Revised upward by 15 billion yen from May forecast based on latest situation.
- Selling and administrative expenses: initial plan remains unchanged, forecasting increase in sales-linked expenses, although some items' results remain below plan.
- Operating income: Upward revision of 3 billion yen based on recent increase in sales.

(0.1 billions of yen)	Full year	Year-on-year difference	YoY	Difference with May Plan
Gross sales	11,550	+665	106.1%	+150
Net sales	5,150	+275	105.7%	+50
Gross profit	3,040	+174	106.1%	+30
Selling, general and administrative expenses	2,660	+90	103.5%	-
the revenue recognition standard	380	+83	128.3%	+30
Recurring income	400	+99	133.3%	+30
Net income	300	(23)	92.7%	+20

Increase (decrease) in Consolidated SG & A Expenses (FY 2023)

- Promoting expenses restructuring through scientific analysis of department stores: Continue to reduce costs, aiming to further increase margin of cuts.
- Sales linked expenses: Any increase in sales-linked expenses resulting from net sales exceeding initial plan is appropriately and systematically controlled.
- Price increases: Maintain initial plan from the second quarter onwards as future situation is unforeseeable.

			Breakdown of year-on-year changes				
			Changes in FY 2022				
(0.1 billions of yen)	FY 2023 Plan	Year-on-year changes	Expenses restructuring	Linked to sales	Price increases	New consolidation	Others businesses
Personnel expenses	932	+2	(21)		+9	+13	+1
Advertising expenses	96	+8		+8			
Lease payments	324	+2	(8)	+3		+5	+2
Business consignment expenses	288	(1)	(4)			+2	
Depreciation and amortization	236	+2				+2	
Utilities	129	+29	(2)		+30	+1	
Others businesses	655	+47	(5)	+41		+10	+1
Total	2,660	+90	(40)	+53	+39	+33	+5

Plan by Segment (FY 2023)

- **Department store business:** Operating income revised upward by 3 billion yen from May forecast based on recent increase in sales and progress in expenses restructuring.
- **Non-department store business:** May forecast unchanged due to strong sales compared to initial plan.

(0.1 billions of yen)	Gross sales	YoY	Net sales	the revenue recognition standard	Year-on-year difference	Difference with May Plan
Department store business	10,600	104.2%	4,307	270	+65	+30
Credit & finance business/ customer organization management business	355	105.8%	325	40	+2	-
Real estate business	290	141.3%	290	45	+4	-
Others businesses*	305	181.3%	228	25	+11	-
Total	11,550	106.1%	5,150	380	+83	+30

*Others businesses include adjustments