



November 13, 2024

To Whom It May Concern,

Listed Company Name	Isetan Mitsukoshi Holdings Ltd.
Representative	Toshiyuki Hosoya, Director, President and CEO (Code: 3099 TSE Prime Market)
Contact	Keiko Mihara, General Manager, Corporate Communication and IR Division, General Affairs Department (TEL. 050-1704-0684)

Medium-Term Management Plan (FY2025-FY2030)

The Isetan Mitsukoshi Group is pleased to announce the outline of its "Medium-Term Management Plan for FY2025-FY2030."

1. Progress of the Current Medium-Term Management Plan (Results) and Environmental Awareness

When formulating our current Medium-Term Management Plan in November 2021, our group defined "our vision" to be "a 'special' department store-centered retail group that enriches the lives of its customers." To realize this vision, we have clarified "our reason for existence (mission)" and "the thoughts and actions we cherish (values)," and established these as the new corporate philosophy of the Isetan Mitsukoshi Group in FY2023.

The current Medium-Term Management Plan (FY2022-2024) sets the "revitalization of department stores" as the top goal, with the initial plan calling for operating income of 35 billion yen in 2024 and 50 billion yen in the long-term by 2030. As a result of steady progress in our key strategies in the revitalization and evolution of department stores, we achieved consolidated operating income of 54.3 billion yen in FY2023, far exceeding our initial plan and setting a new record for profits.

In FY2024, the final year of our current Medium-Term Management Plan, we will be promoting four key strategies: the "Sophisticated and high-quality" strategy, the "Connecting with individual customers" CRM strategy, the "Intra-group coordination" strategy, and the "Urban community development" strategy. Also, in order to transform our business model from "mass to individual" and switch from "store business" to "individual customer business," we will continue to revitalize and evolve each business from a forecasting perspective in the final year of the current Medium-Term Management Plan, and have begun advance efforts toward the next Medium-Term Management Plan from a backcasting perspective.

While the overall environment surrounding our Group is expected to become increasingly severe, factors that are expected to lead to growth, such as an increase in the world population and the number of wealthy people in Japan, are also becoming apparent. In addition, there is a growing trend for people to spare no expense or effort when it comes to special consumption, and to seek out products and experiences that provide great satisfaction. We aim to achieve medium- to long-term growth by taking advantage of these opportunities.

2. Positioning of Next Medium-Term Management Plan

The next Medium-Term Management Plan, which will begin in FY2025, has been formulated for the six-year period from FY2025 to FY2030, taking into account the start and completion dates of construction of the urban community development project. The first three years, from FY2025 to FY2027, will be the urban development planning period (urban community development preparation phase I), and the last three years, from FY2028 to FY2030, will be the urban community development design to start of construction period (urban community development preparation phase II). We view these six years as an important period for our future growth.

3. Management Objectives

(1) Financial KPIs

The operating income target for FY2027 has been set at 85 billion yen, further reaching the highest level since the integration. For FY2030, we aim to exceed 100 billion yen in operating income, with a plan for 100 to 110 billion yen.

	FY2024 plan		FY2027 plan		FY2030 plan	
	Prospects	Difference from FY2023	Planned value	Difference from FY2024	Planned value	Difference from FY2027
Gross sales	1,320 billion yen	+95.3 billion yen	1,400 billion yen	+80 billion yen	1,500 to 1,550 billion yen	+100~ +150 billion yen
Selling, general and administrative expenses	269 billion yen	+4.4 billion yen	290 billion yen	+21 billion yen	310 to 315 billion yen	+20~ +25 billion yen
Operating income	72 billion yen	+17.6 billion yen	85 billion yen	+13 billion yen	100 to 110 billion yen	+15~ +25 billion yen
Net income	58 billion yen	+2.4 billion yen	62 billion yen	+4 billion yen	72 to 79 billion yen	+10~ +17 billion yen
ROE	9.7%	-0.1% *	9.8%	-	10 to 11%	-

*Difference excluding FY2023 ROE special factors: +1.6%

(2) Customer KPIs

Identifying customers around the world. We will propose various values to connected customers and further promote usage. Based on this, we set net sales to identified customers, including overseas app members, and net sales to customers who purchase more than 3 million yen per year as a group as KPIs.

KPI Target Clients	Until Now		From Now				
	(1)	(2)	Planned value		Compared to FY2024	Compared to FY2027	
	MICARD members (general/out-of-store sales) + members with Digital ID only (including app members in Japan)	MICARD members purchasing 1 million yen or more per year	MICARD members (general/out-of-store sales) + members with Digital ID only (including app members in Japan) + International app members, international out-of-store customers				
			Customers purchasing more than 3 million yen per year across the Group				
			FY2024	FY2027 plan		FY2030 plan	
			Prospects	Planned value	Compared to FY2024	Planned value	Compared to FY2027
(1) Identified customer net sales			615 billion yen	687 billion yen	112%	714 to 731 billion yen	104~106%
(2) Net sales to customers purchasing more than 3 million yen per year across the Group			184 billion yen	190 billion yen	103%	191 to 195 billion yen	101~103%

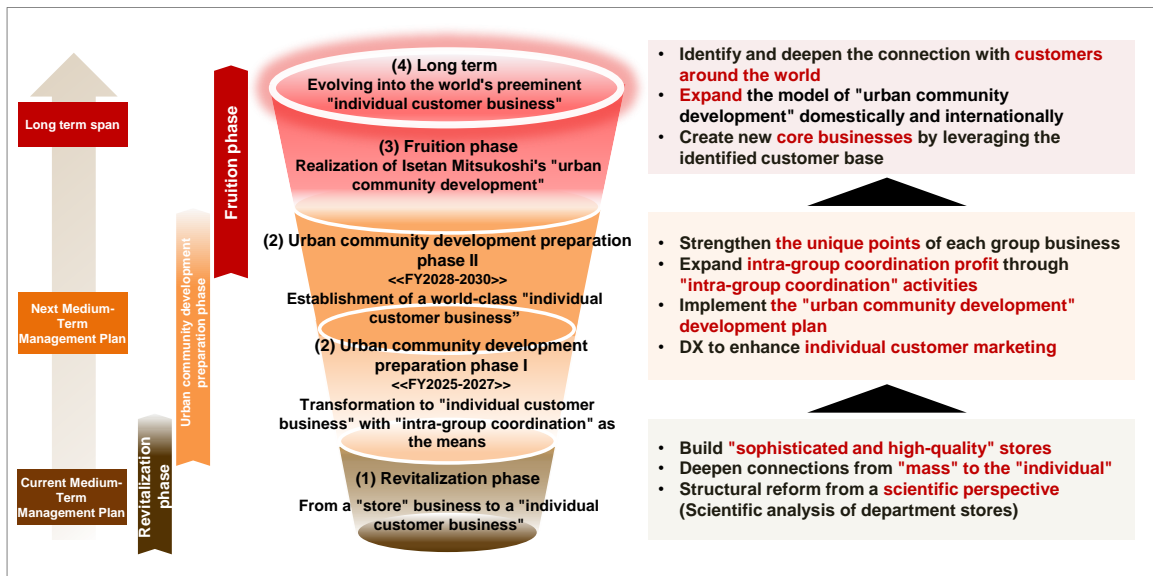
4. Next Medium-Term Management Plan

(1) Companywide Strategy

1) Medium- to Long-Term Steps

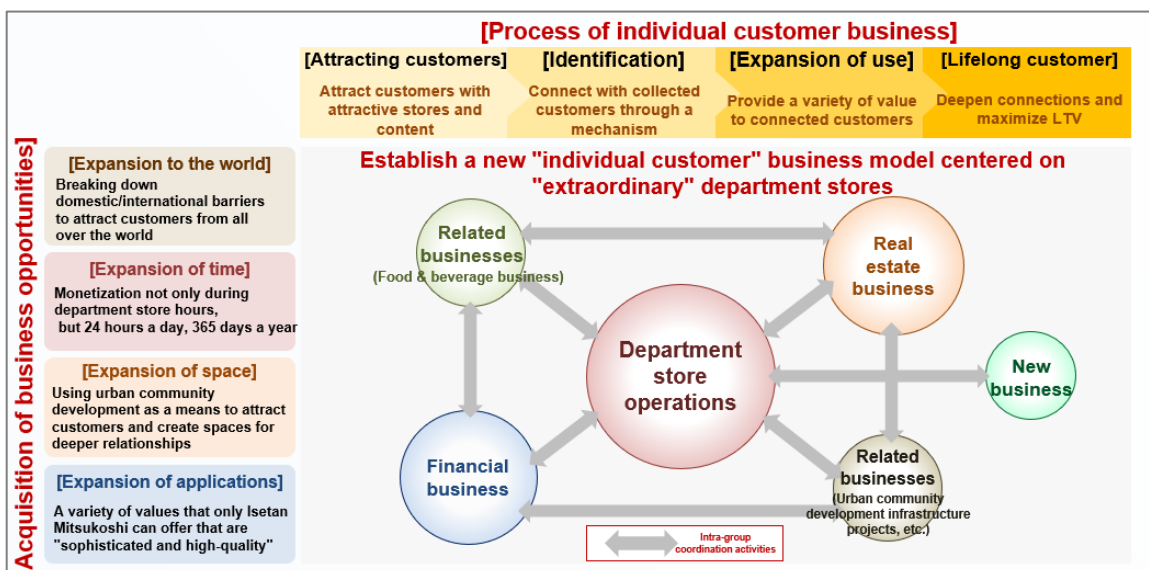
Now, 120 years after declaring ourselves a department store, we are transforming and evolving from a "store" business (= a business model aimed at the masses) to an "individual customer business" by using "intra-group coordination" and "urban community development" as the means.

In the urban community development preparation phase, we will establish a global standard of "individual customer business" by deepening cooperation among each businesses with the "intra-group coordination." In the fruition phase, we will evolve into a world-class "individual customer business" by using "urban community development" to attract customers from all over the world.



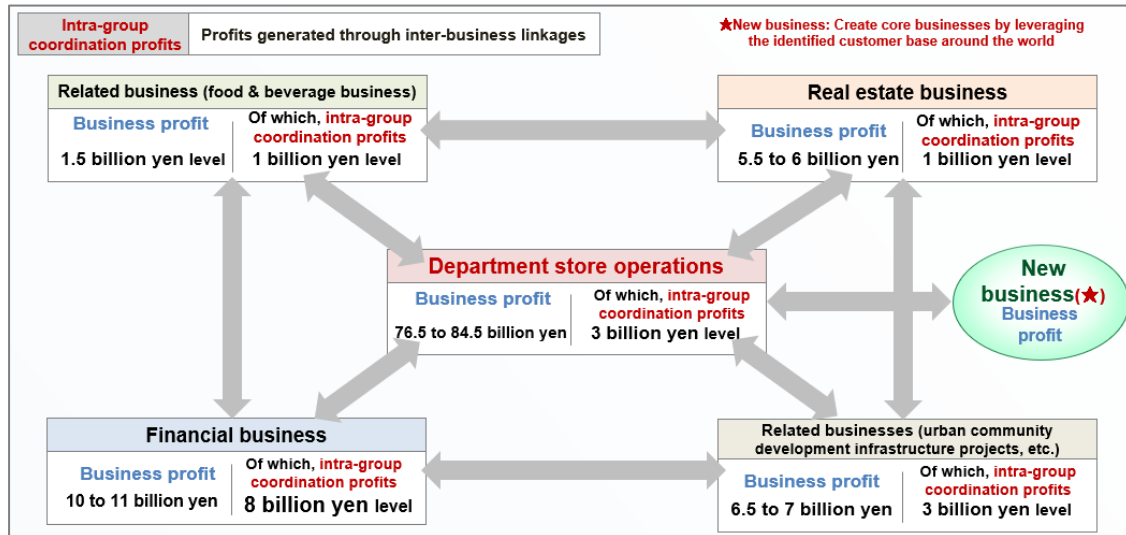
2) Transformation and evolution into an individual customer business

We will attract customers from all over the world and evolve into an "individual customer business" that proposes a variety of customer values to these identified and connected customers. In addition, intra-group coordination activities will deepen cooperation among businesses and expand profits by capturing new business opportunities.



3) Profit Expansion Frame

Design new mechanisms to maximize intra-group coordination profits by increasing the number of identified customers and deepening the connection with individual customers. At the same time, intra-group coordination will be established during urban community development preparation phase. In FY2030, we aim to achieve an intra-group coordination profit level of 16 billion yen and share of over 14% out of an operating income of 110 billion yen level.



(2) Business Strategy

1) Domestic Department Store Operations

◆To become an "extraordinary" department store as the core of urbanization

- As the core of the urban development, we aim to become an "extraordinary" department store that will attract customers from all over the world with its overwhelming originality.
- We will evolve our flagship stores by establishing new categories and globalizing our stores, and promote creating sophisticated and high-quality stores. In addition, to expand individual customer contact points, we will construct a digital urban community development through digital contact point reform.
- We will strengthen customer identification by introducing an app for overseas customers and a MICARD entry card, which has no annual fee.
- We will work to expand customer usage through initiatives such as the intra-group coordination network initiative, which provides group content to customers at stores nationwide, and by deepening connections with customers around the world through the membership club system and global sales function as One Group's out-of-store sales.
- We will expand department store customer programs to cover the entire Group, working to turn each customer into a lifelong customer.

◆Realization of three flagship stores as "sophisticated and high-quality stores"

- Flagship stores will refine their uniqueness through the Isetan Mitsukoshi style and their own concepts, creating "new value." We will optimize MD balance and achieve further evolution to become the outstanding department store around the world.

[Isetan Shinjuku Main Store] The world's best and one of a kind, "the latest and the most cutting edge"

[Mitsukoshi Nihombashi Main Store] Unparalleled "tradition, culture, arts and lifestyle"

[Mitsukoshi Ginza Store] A "global store" that broadcasts from Ginza to the world

◆ Restore stable profitability of regional department stores

- We aim to become the one and only company that supports refined tastes, high-quality consumption in the region by evolving the regional department store business model and further advancing the "scientific analysis of department stores."
- We will promote three reforms (organizational personnel reform, income and expenditure structure reform, and store structure reform) from a scientific perspective to further advance the "scientific analysis of department stores" and achieve operating profitability in the "non-consolidated business."
- We aim to achieve stable profitability (operating income margin of 3% level) by evolving the business model of regional department stores through the promotion of customer attraction and identification in each area and the expansion of usage through the base network.
- By encouraging the use of group infrastructure and content for identified customers, we aim to expand intra-group coordination profits and further increase revenue.

2) Overseas Business

- We will shift from the "selection and transformation" phase to the "expansion and deepening" phase. Furthermore, we will promote business expansion through common measures and area measures for our overseas businesses.
- In the "development" initiative (common measures), we will work to build an in-house operation model that combines originality and profitability by using "Japanese food," which has a high drawing power overseas, as content for our food and beverage business.
- In our "deepening" initiative (area strategy), we aim to expand our business by exploring new mixed-use real estate development projects through the combination of category-specific retail with residences and offices.

3) Real Estate Business

- In addition to the realization of real estate development plans for "urban community," strengthen the unique points of the construction and interior and logistics businesses.
- In preparation for our real estate development plans, we will be exploring high-quality content such as hotels, restaurants, and entertainment, and will be moving ahead with the realization of our hotel.
- The main initiative between FY2025 and FY2027 will be to refine development plans for each area. Together, we will explore content, applications, and business opportunities.
- In FY2028-FY2030, we will start working on the first projects to materialize the contents, applications, and business opportunities.
- In the construction and interior business, we aim to dominate the sophisticated and high-quality "construction and interior market," and will strengthen the acquisition of high-value-added projects such as executive floors in offices and high-quality renovations in residences.
- In the logistics business, we will leverage our logistics know-how cultivated in the department store logistics business to strengthen external development of services through initiatives such as commissioned business for outside hotels and offices for urbanization.

4) Financial business

- We will establish a financial services business that provides "unique value" by leveraging the value of goodwill and the Group's customer base.

- In the card domain, the lineup will be renewed to strengthen the conversion of Group customers into cardholders.

In addition, by reviewing the amount of credit and the points system, we will work to promote the use of cards inside and outside of department stores and to enhance the use of financing.

- In the financial domain, we aim to expand earnings by offering new financial services unique to department stores to Isetan Mitsukoshi app customers in addition to MICARD customers.

5) Domestic Related Businesses

- We will expand the earnings of each business and evolve the business model by expanding BtoB and BtoC businesses.

- We will further promote group insourcing by utilizing the unique points of each business.

- We aim to increase earnings by maximizing the use of group assets such as identified customers, stores, and out-of-store sales at each group company, while also strengthening external sales by participating in urban development business opportunities.

(3) Group Platform Strategy

1) Financial Strategy

◆Business Profit and Capital Efficiency

- We aim to increase business profits and intra-group coordination profits, and improve asset efficiency, while keeping in mind capital costs.

[Department store operations]

- We will continue to grow with profit scale and efficiency, backed by the expansion of the number of identified customers from around the world and the value we provide.

[Financial business]

- We will expand the scale of our business while keeping an eye on increasing working and aim to achieve operating income of 10 billion yen while improving business ROIC.

[Real estate business]

- ROIC level is expected to remain flat due to the increase in assets through development. However, we aim to make a significant contribution to the profit growth of other business through the creation of visitors.

Unit: Billions of yen		Current Medium-Term Management Plan		WACC by business (Recognition at this time)	Next Medium-Term Management Plan	
		FY2023	FY2024		FY2027	FY2030
Department store operations * Including MI TOMONOKAI	Operating income	44	58.5	5 to 6%	66	76.5 to 84.5
	ROIC	6.9%	9.3%		10.3%	12-13%
Financial business * Excluding MI TOMONOKAI	Operating income	4.4	6.1	2 to 3%	8	10 to 11
	ROIC	2.5%	3.2%		4.0%	4-5%
Real estate business	Operating income	3.3	4.1	3 to 4%	5.5	5.5 to 6
	ROIC	5.9%	6.9%		* Monitored by investment evaluation using ROI/IRR	
Related businesses	Operating income	2.6	3.3		5.5	8 to 8.5
	ROIC	8.9%	9.7%		12.8%	16-17%
Consolidated	Operating income	54.3	72		85	100 to 110
	ROIC	5.3%	7.0%		7.8%	8-9%

* Business classification differs from segment
* Department store operations: Domestic department store operations and overseas operations.
Including MI TOMONOKAI and consolidation adjustments.

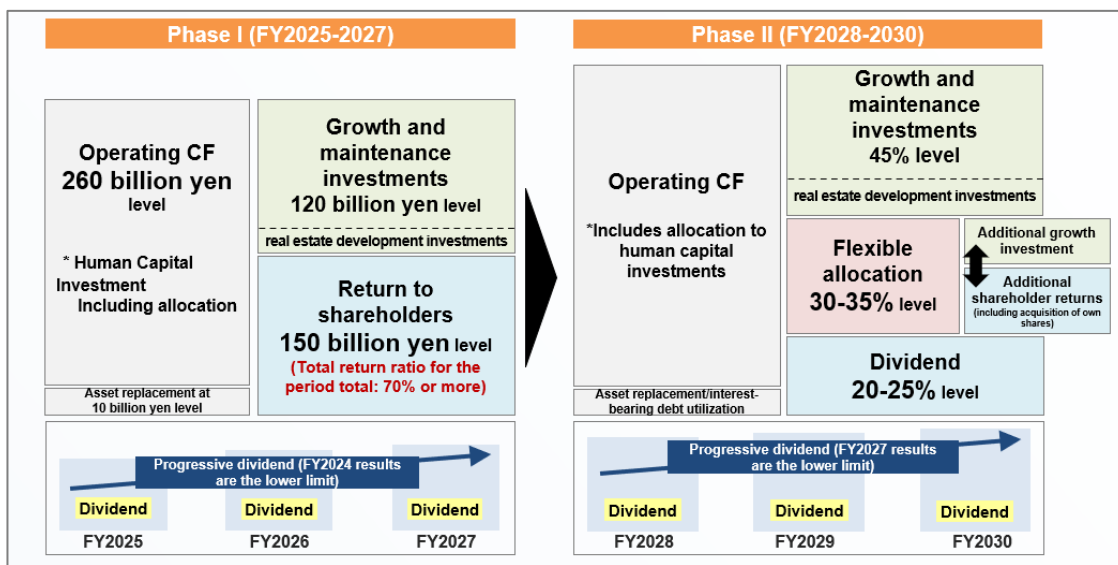
◆Cash Allocation Plan

[Phase I]

- In the period prior to the start of real estate development, the allocation of funds will be focused on improving capital efficiency through shareholder returns.

* With "progressive dividends" and "flexible share buybacks," we expect to return 150 billion yen to shareholders over the three-year period (total return ratio of 70% or more for the total period).

* We will consider reviewing the level of shareholder return in the event of large-scale additional investments, such as M&As that contribute to medium- to long-term growth.



◆Investment Classification, Discipline and Valuation

- While allocating a certain amount of resources to maintenance investments, we will strengthen investment in growth, such as expansion of sophisticated and high-quality content and investment in human capital.

- We will promote growth investment with an aggressive stance while remaining disciplined in terms of financial indicators and strategic perspectives.

Investment Items		Investment Discipline and Evaluation
Growth Investment	Contents	Department store remodeling
		Investment in urban community development (Expansion of functions and contents)
	DX and system	System development investment
		DX investment for individual customer business
	Real estate	Increasing the value of real estate holdings
Increased productivity	Human capital investment	
	Business reform DX investment	
Maintenance Investment	Safety and security	LCC investment (building repairs, repairs, etc.)
		Investment in existing system modifications

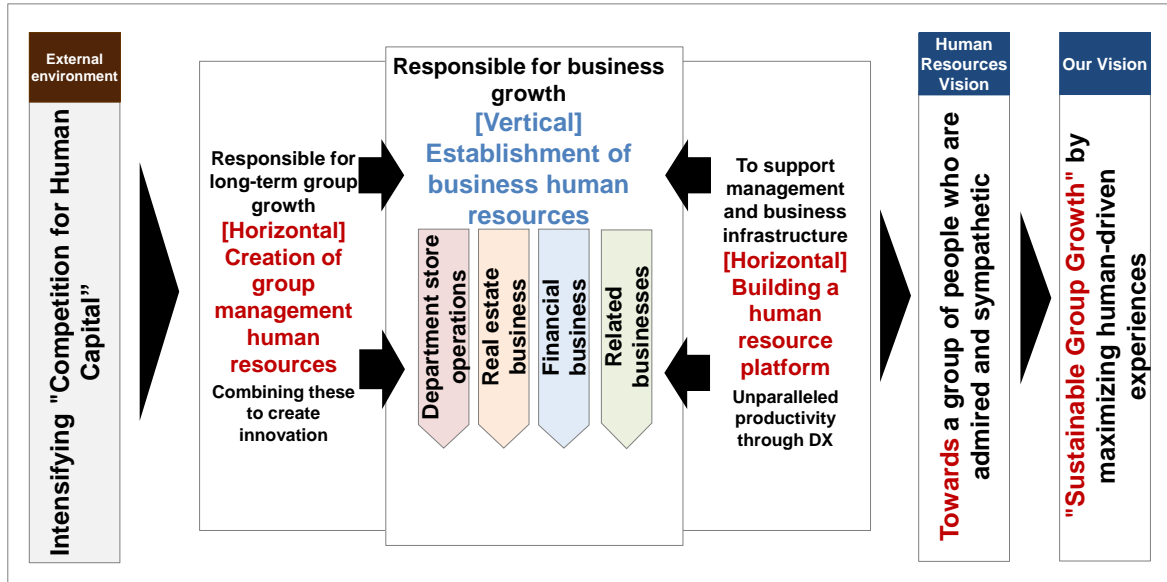
Phase I Total (FY2025-FY2027)

Planning for a 100 to 120 billion yen level

2) Human Resource Strategy

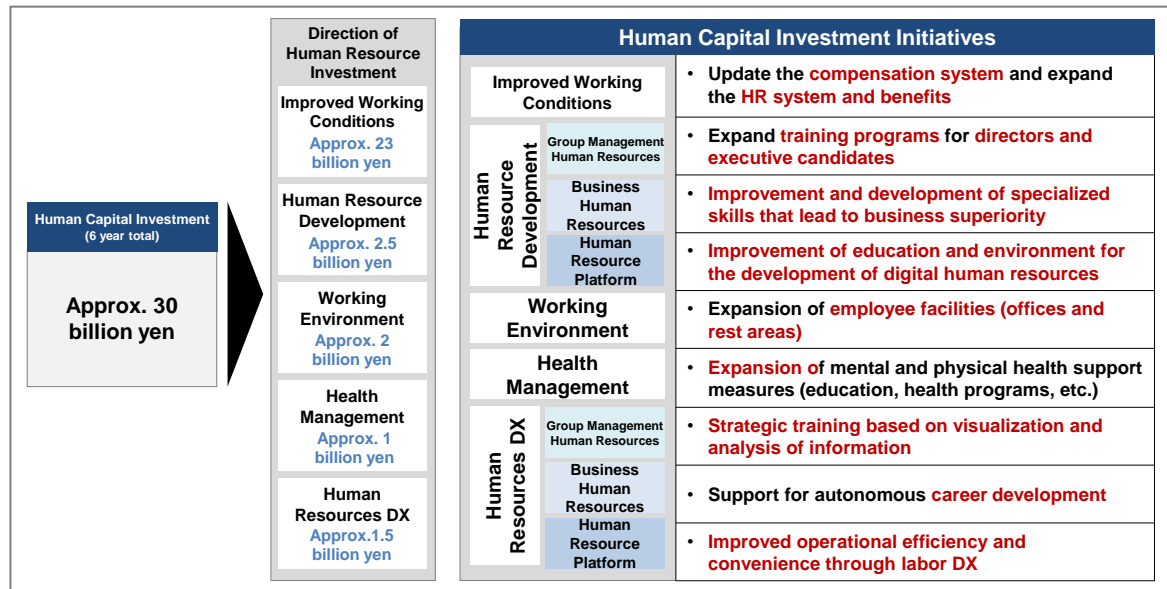
◆ "Human Resource Strategy"

- We will strengthen "vertical" measures to "establish specialized personnel for the business" and "horizontal" measures to "create group management human resources" and "rebuild the human resource platform."
- We will implement human capital measures according to the "expected roles of human resources."



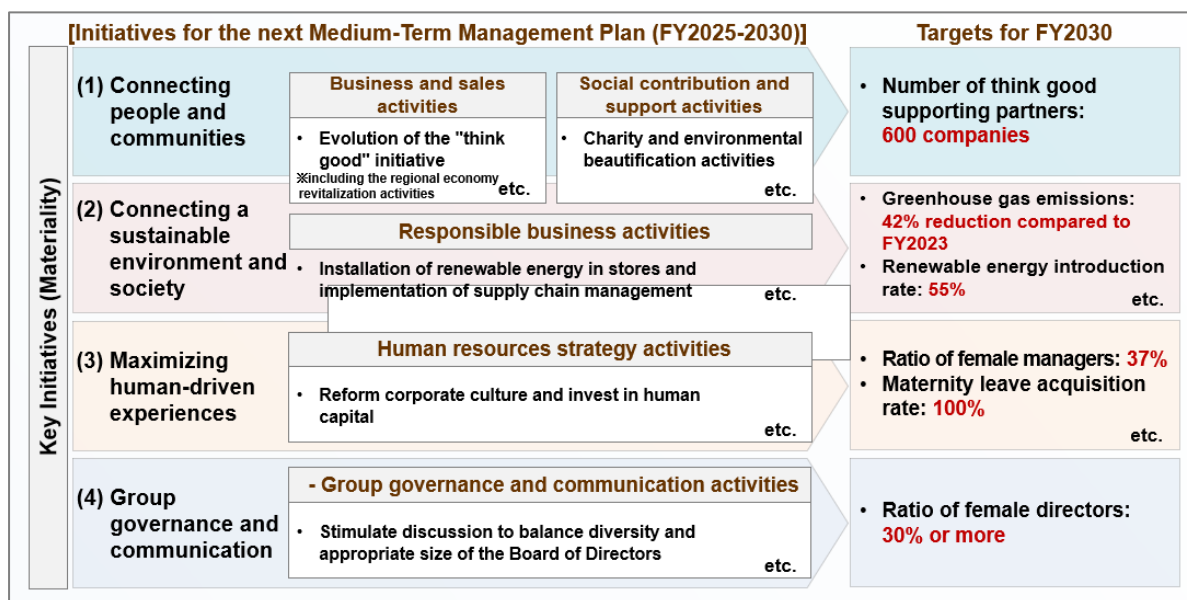
◆ Human Capital Investment

- We will make a balanced investment in human capital to achieve both "employee growth" and the "realization of corporate strategy."



3) Sustainability

- We consider sustainability issues to be an important issue that underpins its management platform and are proceeding with initiatives under the Basic Sustainability Policy.
- We are addressing four material issues while linking them with the strategies of each business, from the perspective of whether we can address them by leveraging our core business, and whether these issues are meaningful for the Group and can produce results.



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

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

It involves 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.