
Isetan Mitsukoshi Group Financial Results Explanation

Meeting for the Six Months

Ended Sep 30, 2024

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November 13, 2024

 **Isetan Mitsukoshi Holdings Ltd.**



I: FY2024 Q2 Results

II: FY2024 Full Year Plan

**III: Next Medium-Term Management Plan
(FY2025-FY2030)**



I: FY2024 Q2 Results

II: FY2024 Full Year Plan

III: Next Medium-Term Management Plan
(FY2025-FY2030)

1. FY2024 Q2 Summary of Results

- **Gross sales increased significantly at domestic department stores as various strategies were successful in the final year of the "Revitalization of Department Stores" phase.**
- **While selling, general and administrative expenses increased due to increased revenue, cost structure reform through "Scientific analysis of department stores" progressed across the Group, the total amount is lower than the previous year.**

2Q operating income, recurring income, and net income all significantly surpassed record highs since integration

2. FY2024 Q2 Consolidated Results

- Gross sales: In the department store business, in addition to inbound tourists, domestic customers also grew steadily, resulting in a significant increase in sales.
- Selling, general and administrative expenses: The idea of "Scientific analysis of department stores" has spread to regional stores and group companies, and the total amount is lower than the previous year
- As a result of the above, profitability has improved significantly. Operating income, recurring income, and net income all reached record highs since the merger

(0.1 billions of yen)	2Q Cumulative Results	YoY	YoY difference
Gross sales	6,191	110.3%	+576
Net sales	2,640	106.3%	+155
Gross profit	1,617	109.3%	+138
Selling, general and administrative expenses	1,268	99.3%	-8
Operating income	348	172.8%	+146
Recurring income	387	169.0%	+158
Net income	253	170.8%	+105

3. Gross sales figures for major domestic department stores (by store and company)

- Both Shinjuku and Nihombashi flagship stores are progressing smoothly toward their annual plans, and the Ginza store achieved a significant increase in sales of more than 20% compared to the previous year.
- Large-scale stores such as Sapporo Marui Mitsukoshi, Nagoya Mitsukoshi, and Iwataya Mitsukoshi saw steady sales growth.

(0.1 billions of yen)	Gross sales	YoY	YoY difference	(0.1 billions of yen)	Gross sales	YoY	YoY difference
Isetan Shinjuku Main Store	1,981	116.4%	+278	Sapporo Marui Mitsukoshi	286	104.0%	+10
Mitsukoshi Nihombashi Main Store	762	109.0%	+63	Sendai Mitsukoshi	121	94.3%	-7
Mitsukoshi Ginza Store	593	125.8%	+121	Nagoya Mitsukoshi	298	103.7%	+10
Isetan Tachikawa store	146	98.6%	-2	Niigata Isetan Mitsukoshi	159	94.5%	-9
Isetan Urawa store	166	93.5%	-11	Iwataya Mitsukoshi	633	112.9%	+72
Isetan Mitsukoshi Total	3,651	114.0%	+449	Total of 5 major regional companies	1,500	105.5%	+77

4. Changes in consolidated SG&A expenses

- Although sales-linked expenses increased, total selling, general and administrative expenses were reduced by **800 million yen year-on-year due to further promotion of expense structure reform.**
- Cost structure reform: Progressing **smoothly with a reduction of 4 billion yen in the first half of the year**, against the full-year reduction plan of -6.6 billion yen announced in August
- Price impact: Water, electricity and gas costs increased in July- September compared to the previous year, but fell short in the first half cumulative total

(0.1 billions of yen)	2Q Results	YoY changes	Breakdown of YoY increase/decrease Current year increase/decrease				
			Cost structure reform	Linked to sales	Strategic expenditures	Impact from price changes	Others
Personnel expenses	442	-2	-20		+6	+11	
Advertising expenses	43	-4	-5				
Lease payments	162	-0	-7	+7			
Business consignment expenses	144	-1	-3		+1		
Depreciation and amortization	113	-0			+1		-1
Utilities expenses	49	-1				-1	
Others	311	+2	-5	+10		+1	-5
Total	1,268	-8	-40	+17	+8	+11	-6

5. Segment income

- Department store business: Significant increases in revenue and profits due to increased sales to identified customers and cost structure reforms
The operating income margin is also over 5%, and the profitability of the department store business has improved dramatically
- Credit and finance business: Profits increased due to steady card transaction volume and progress in cost structure reform

(0.1 billions of yen)	Gross sales	YoY	Net sales	Operating income	YoY difference
Department store business	5,750	110.2%	2,198	295	+127
Credit & finance business/ Customer organization management business	177	103.5%	163	31	+17
Real estate business	132	120.0%	132	14	+2
Other businesses*	130	112.1%	146	7	-0
Total	6,191	110.3%	2,640	348	+146

* Operating income in the "other businesses" segment includes an adjustment (130 million yen)



I: FY2024 Q2 Results

II: FY2024 Full Year Plan

III: Next Medium-Term Management Plan
(FY2025-FY2030)

1. FY2024 Summary of Full Year Plan

- Gross sales are progressing generally as planned, and the plan announced in August remains unchanged
- Regarding selling, general and administrative expenses, we will steadily manage them by spreading the "Scientific analysis of department stores" and take flexible measures that will lead to profits while determining the necessary expenses for advancing our strategies

Operating income and recurring income, which surpass record highs, and net income, which will increase from the previous year, will **be in line with August plan**

2. FY2024 Consolidated Plan

- **Gross sales:** Continue to promote "sophisticated and high quality" strategy and "connect with customers" CRM strategy, and be in line with August plan
- **Gross profit:** Slight revision based on first-half trends
- **Selling general and administrative expenses:** Necessary expenses will be invested in promoting strategies, but **expenses restructuring will be further advanced and reduced from the August plan**
- **Operating income, recurring income, and net income remain unchanged from the August plan**

(0.1 billions of yen)	Full year	YoY	YoY difference	Difference from August Plan
Gross sales	13,200	107.8%	+953	±0
Net sales	5,560	103.6%	+195	±0
Gross profit	3,410	106.9%	+220	-20
Selling, general and administrative expenses	2,690	101.7%	+44	-20
Operating income	720	132.4%	+176	±0
Recurring income	770	128.6%	+171	±0
Net income	580	104.4%	+24	±0

3. Gross sales plan for major domestic department stores (by store and company)

- The three stores in Shinjuku, Nihombashi, and Ginza have revised their initial plans upwards in light of trends in the first half of the year.
- The Shinjuku store is expected to exceed 420 billion yen, and the Ginza store 130 billion yen
- Other stores may also increase or decrease depending on the current situation

(0.1 billions of yen)	Gross sales	YoY	YoY difference	(0.1 billions of yen)	Gross sales	YoY	YoY difference
Isetan Shinjuku Main Store	4,240	112.8%	+481	Sapporo Marui Mitsukoshi	610	100.7%	+4
Mitsukoshi Nihombashi Main Store	1,660	108.6%	+131	Sendai Mitsukoshi	270	97.7%	-6
Mitsukoshi Ginza Store	1,300	124.1%	+252	Nagoya Mitsukoshi	630	102.2%	+13
Isetan Tachikawa store	330	102.3%	+7	Niigata Isetan Mitsukoshi	360	100.2%	+0
Isetan Urawa store	370	95.1%	-18	Iwataya Mitsukoshi	1,320	106.0%	+74
Isetan Mitsukoshi Total	7,900	112.1%	+852	Total of 5 major regional companies	3,190	102.8%	+86

4. Sales plan for existing department stores in Japan

- **No change in the full-year sales plan for domestic department stores for both domestic and inbound customers.**
- For both Isetan Mitsukoshi and regional business companies, the balance between domestic and inbound customers will be slightly revised based on the results for the first half of the year.

(0.1 billions of yen)	First half		Second half		Full year	
	Results	YoY	Plan	YoY	Plan	YoY
Isetan Mitsukoshi Total	3,651	114%	4,248	110%	7,900	112%
(of which) inbound sales	683	194%	740	143%	1,423	163%
Total regional operating companies	1,730	104%	1,966	101%	3,697	102%
(of which) inbound sales	179	250%	180	124%	359	166%
Total domestic department stores	5,382	111%	6,215	107%	11,597	109%
(of which) inbound sales	862	203%	920	139%	1,783	164%

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

5. Changes in consolidated SG&A expenses

- Expense restructuring: Due to company-wide progress in "Scientific analysis of department stores," we further **reduced expenses by 400 million yen from the August plan to -7 billion yen**
- Sales-linked: After carefully examining expenses associated with increased sales, we reduced them by 300 million yen to 6.2 billion yen.
- Price impact: Water, electricity and gas costs take into account the increase in unit prices since 2Q

(0.1 billions of yen)	Full Year Plan	YoY changes	Breakdown of YoY increase/decrease Current year increase/decrease				
			Cost structure reform	Linked to sales	Strategic expenditures	Impact from price changes	Others
Personnel expenses	950	+1	-33		+14	+21	
Advertising expenses	101	+5	-4	+10			
Lease payments	321	-6	-20	+14			
Business consignment expenses	300	+1	-4		+4	+1	
Depreciation and amortization	233	+5			+6		
Utilities expenses	95	+1	-2			+4	
Others	690	+35	-6	+39		+8	-5
Total	2,690	+44	-70	+62	+24	+33	-5

6. Plans by Segment

- Department store business: Despite the uncertain future, August sales were on track thanks to the promotion of the "sophisticated and high quality" strategy and the "connect with customers" CRM strategy.
- Credit & finance business: Steady progress in cost control led to an operating income increase of 300 million yen from the August plan.

(0.1 billions of yen)	Gross sales	YoY	Net sales	Operating income	YoY difference
Department store business	12,220	107.4%	4,580	595	+143
Credit & finance business/ Customer organization management business	375	105.8%	345	58	+17
Real estate business	330	123.2%	330	37	+6
Other businesses*	275	109.6%	305	30	+8
Total	13,200	107.8%	5,560	720	+176

* Operating income in the other businesses segment includes an adjustment

7. Return to shareholders

- In light of the current stock price level, we have added an additional 10.0 billion yen share buyback limit to further improve capital efficiency.

* Number of shares to be acquired (upper limit): 5 million shares / Acquisition period: November 14, 2024 to March 14, 2025

* All acquired shares are scheduled to be cancelled on March 31, 2025

	FY2024		FY2023 results
	Disclosed in August	Forecast this time	
Net income	58 billion yen	58 billion yen	55.5 billion yen
Interim dividend	24 yen	24 yen	12 yen
Year-end dividend	24 yen	24 yen	22 yen
Annual dividend	48 yen	48 yen	34 yen
Dividend payout ratio*	31.1%	30.7%	23.1%
Acquisition of treasury stock	15 billion yen	25 billion yen	15 billion yen
Total return ratio*	56.9%	73.8%	50.1%

*The figures announced in August were calculated based on the number of shares as of the end of March 2024, and the figures announced this time were calculated based on the number of shares as of the end of September 2024.



I: FY2024 Q2 Results

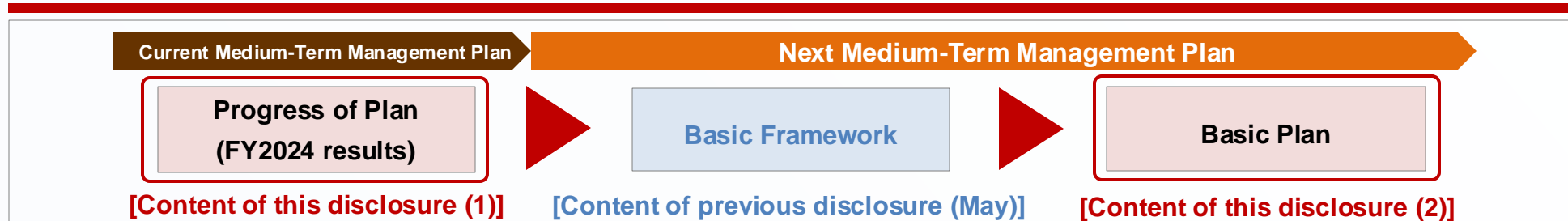
II: FY2024 Full Year Plan

**III: Next Medium-Term Management Plan
(FY2025-FY2030)**



- **Disclosure Flow and Digest of Disclosures**
- **Progress of the Current Medium-Term Management Plan (Results)**
- **Management Objectives**
- **Environmental Awareness**
- **Corporate Strategy**
- **Business Strategy**
- **Group Platform Strategy**

Disclosure Flow



Digest of Disclosures

● Progress of the current Medium-Term Management Plan

- **Forecast consolidated operating income of 72 billion yen for FY2024** due to significant progress in key strategies
- Business restructuring progressed ahead of schedule, and regional department stores and domestic affiliates returned to **profitability**
- **Number of identified customers** almost reaches **7.6 million**, and **net sales to identified customers** increased significantly

● "Basic Plan" of the next Medium-Term Management Plan

- **The "intra-group coordination"** is a means of deepening cooperation among businesses and establishing a global standard of **"individual customer business."** Aim for **consolidated operating income of 85 billion yen in FY2027 and 100 to 110 billion yen in FY2030**
- Evolving into an **"individual customer business"** that **gathers** customers from **all over the world**, **identifies** and **connects** them, and proposes **diverse customer values** to them.
 - ➔ **Intra-group coordination activities** will deepen cooperation among businesses and expand profits by capturing **new business opportunities**
- Design new mechanisms to maximize **intra-group coordination profits** by **increasing the number of identified customers** and **deepening the connection** with individual customers
 - ➔ **Establish a group intra-group coordination structure** in the urban community development preparation phase. Aim for a **16 billion yen level of intra-group coordination profits and a market share of over 14%** out of a 110 billion yen level of operating income in FY2030
- Plan to **increase business profits and** intra-group coordination profits and improve asset efficiency while **keeping in mind** capital costs
- **'Invest in human capital'** in a balanced manner to achieve both **"employee growth"** and the **"realization of corporate strategy"**
- Strengthen efforts in four **key initiatives (materiality)**. In addition, some FY2030 targets were revised

Progress of Current Medium-Term Management Plan (Results) "Profit Step"

[Previous plan] Achieved long-term operating income target **ahead of schedule in FY2023**, and plans for FY2024 operating income of **"64 billion yen"**

[Current plan] Operating income for FY2024 revised significantly upward to **"72 billion yen"**

Unit: 0.1 Billions of yen / Disclosure period		FY2023	FY2024	Long term (10-year span)
Baseline (Disclosed in November 2021)	Gross sales	-	11,100	-
	Operating income	-	350	500
	ROE	-	5.3%	-
↓				
Previous plan (Disclosed in May 2024)	Gross sales	12,246	12,800	-
	Operating income	543	640	-
	ROE	9.8%	8.8%	-
↓				
Current plan (Disclosed in November 2024)	Gross sales	12,246	13,200	-
	Operating income	543	720	-
	ROE	9.8%	9.7%	-

**Achieved ahead
of schedule**

**Significant
upward revision**

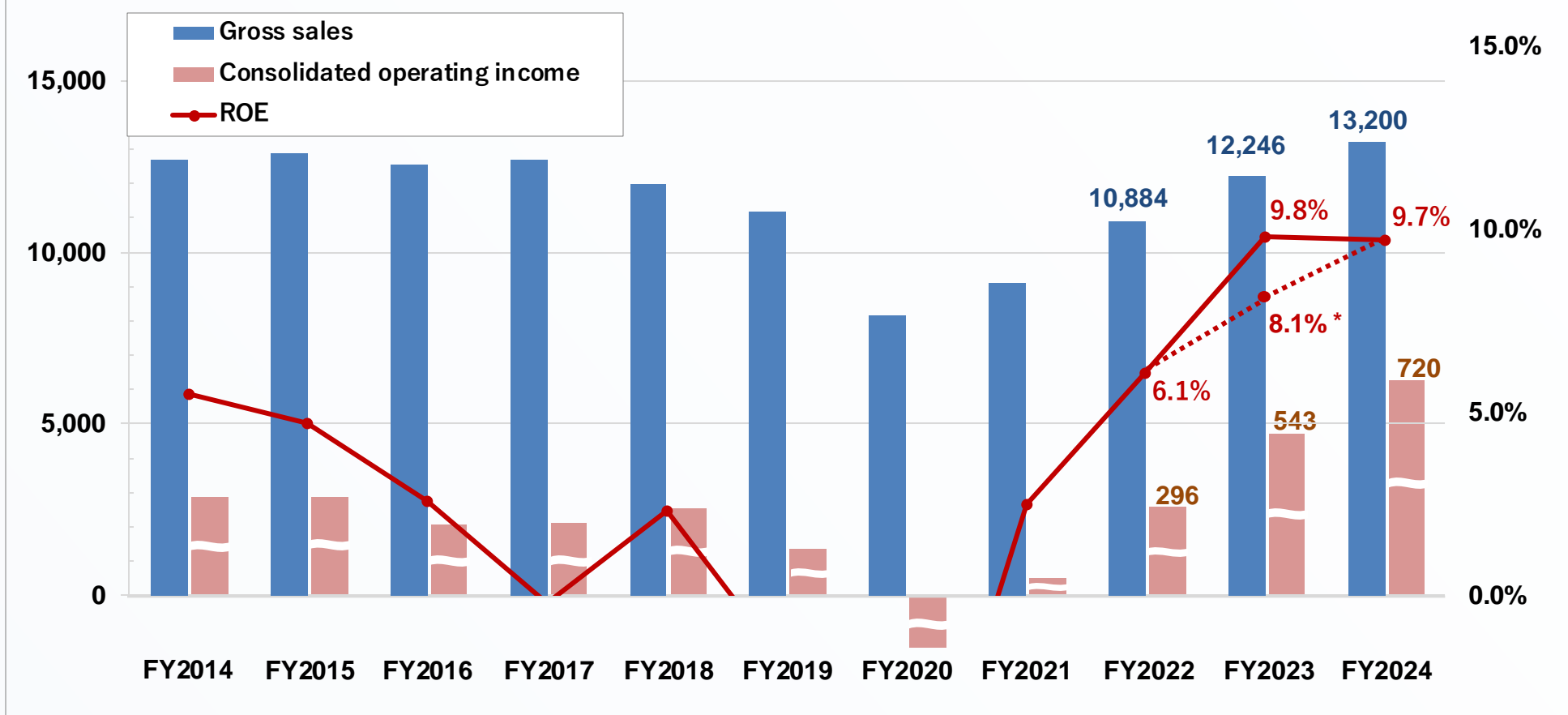
*Including special factors in FY2023

Progress of Current Medium-Term Management Plan (Results) "Trends in Net Sales, Consolidated Operating Income, and ROE"

[Gross sales] Since the COVID-19 outbreak, **the external environment has improved**, and **we have leveraged our unique strategies and strengths** to achieve **double-digit growth** compared to the previous year.

[Operating income] **Significant growth** due to **"business restructuring based on science"**

Unit: 0.1 Billions of yen



* FY2023 ROE results excluding special factors

Progress of Current Medium-Term Management Plan (Results) "Changes in Net Income and Dividends"

[Net income] **Increase in operating income** and thorough **control of extraordinary losses** will lead to a gradual and **significant increase in profits from FY2022 onwards.**

[Dividend per share] Before the COVID-19 pandemic, it was at the **12 yen level.** **34 yen dividend** for FY2023 due to flexible dividend increase

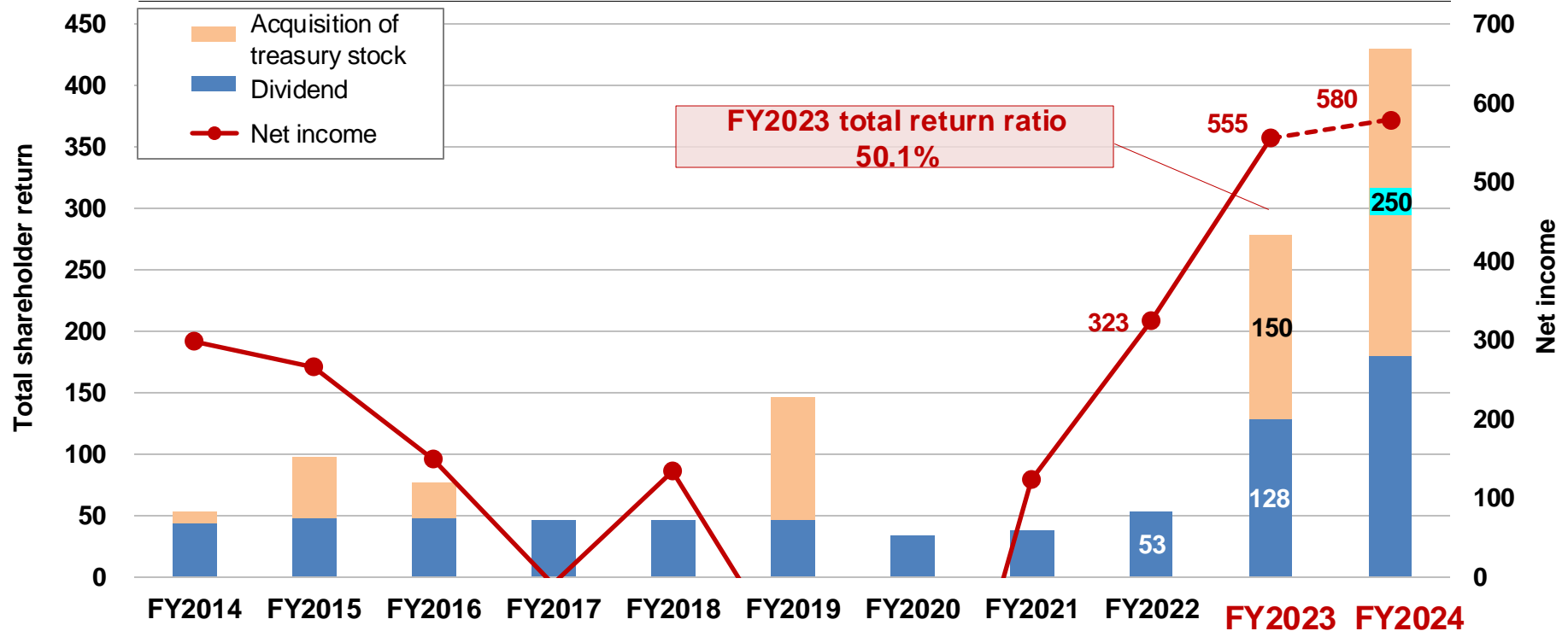
Unit: 0.1 Billions of yen

Dividend per share

[Dividend increased by 20 yen]

Forecast

Dividend 11 yen 12 yen 12 yen 12 yen 12 yen 12 yen 9 yen 10 yen 14 yen → 34 yen 48 yen



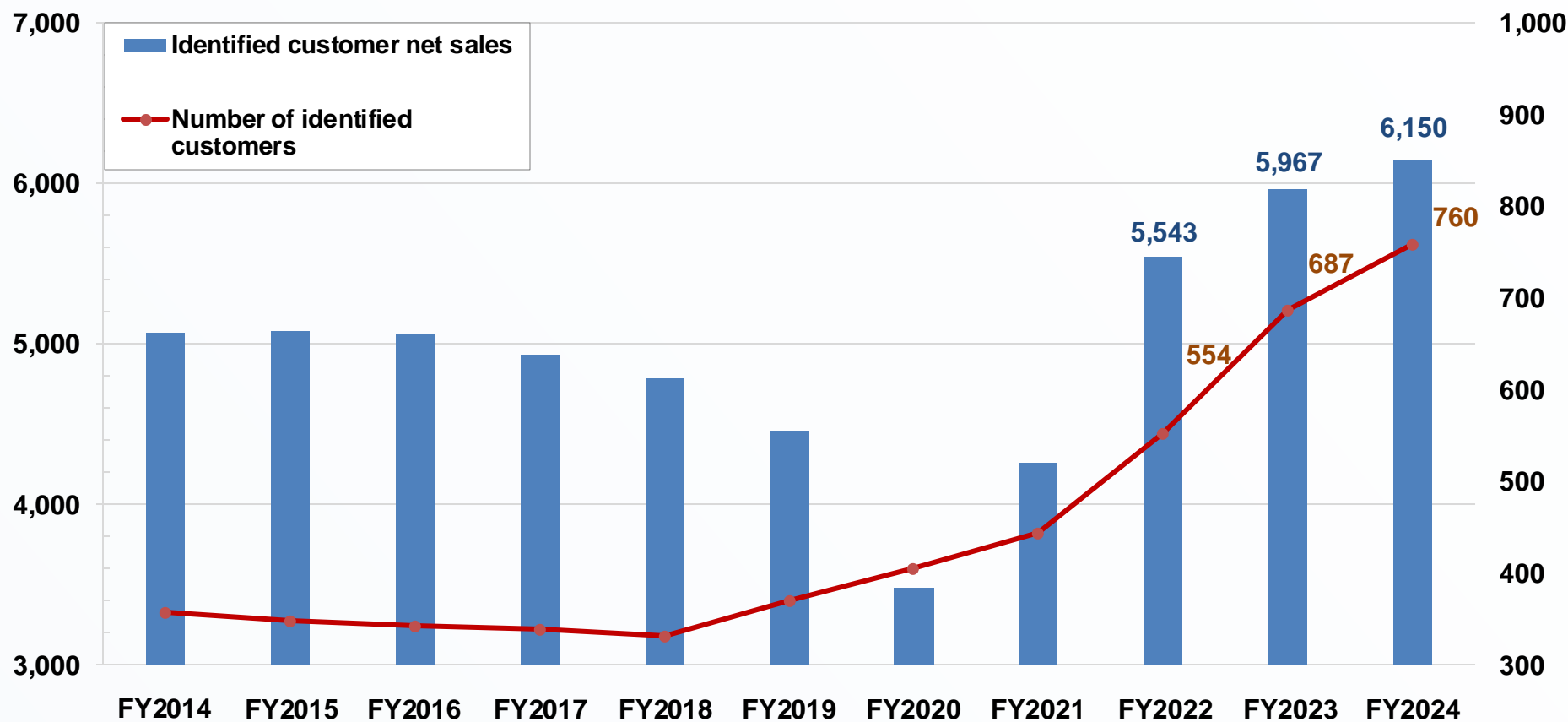
Progress of Current Medium-Term Management Plan (Results) "Changes in Number of Identified Customers and Identified Customer Net Sales"

[Number of identified customers] Since the COVID-19 pandemic, the number of identified customers has been steadily increasing, mainly due to a significant increase in **app members**

[Identified customer sales] Steady growth due to an increase in the number of identified customers and the **sophistication of individual marketing**.

Unit: 0.1 Billions of yen

Unit: 10,000 people



Progress of Current Medium-Term Management Plan (Results) "Financial KPIs"

[Gross sales] Forecast to reach **1,320 billion yen (107% of the previous year)**, due to strong sales at Isetan Mitsukoshi and inbound sales.

[Operating income] Expect to reach **72 billion yen**, exceeding the highest profit since the integration for the second consecutive year

[ROE] Expect to be **9.7%** (+1.6% in actual YoY differences), close to the 9.8% of the previous year (actual result excluding special factors: 8.1%)

	FY2022		FY2023		FY2024	
	Results	YoY difference	Results	YoY difference	Prospects	YoY difference
Gross sales	1,088.4 billion yen	+176.3 billion yen	1,224.6 billion yen	+136.1 billion yen	1,320 billion yen	+95.3 billion yen
Selling, general and administrative expenses	256.9 billion yen	+19.1 billion yen	264.5 billion yen	+7.6 billion yen	269 billion yen	+4.4 billion yen
Operating income	29.6 billion yen	+23.6 billion yen	54.3 billion yen	+24.7 billion yen	72 billion yen	+17.6 billion yen
Net income	32.3 billion yen	+20 billion yen	55.5 billion yen	+23.2 billion yen	58 billion yen	+2.4 billion yen
ROE	6.1%	+3.7%	9.8% *1	+3.6%	9.7%	-0.1% *2

*1 FY2023 ROE: Actual result excluding special factors: 8.1%

*2 Difference excluding FY2023 ROE special factors: +1.6%

Progress of Current Medium-Term Management Plan (Results) "Customer KPIs"

- All four KPIs are expected to **exceed those of the previous year**. In particular, initiatives to increase app membership among de-identified customers were successful
 ➔ **Sales from members with Digital ID only** are expected to grow significantly

	FY2023		FY2024	
	Results	Compared to FY2022	Prospects	Compared to FY2023
(1) Identified customer net sales	596.7 billion yen	108%	615 billion yen	103%
(2) MICARD members sales	463 billion yen	103%	470 billion yen	102%
(3) Sales from MICARD members purchasing more than 1 million yen per year	246.4 billion yen	106%	251 billion yen	102%
(4) Sales from members with Digital ID only	133.7 billion yen	129%	145 billion yen	108%

Management Objectives "Financial KPIs"

[FY2027 Plan] Aiming to further surpass the highest profit since the merger, we plan to achieve **operating income of 85 billion yen**

[FY2030 Plan] Aiming for operating income of over 100 billion yen, planning for **operating income of 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%

Management Objectives "Customer KPIs"

- Identify customers around the world, propose various values to connected customers, and further promote usage
 - 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)	MICARD members (general/out-of-store sales) + members with Digital ID only (including app members in Japan)	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	(2)
			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%

Environmental Awareness "External Environment (Macro Environment, Customer Changes)"

- The overall feeling is **that the situation is likely to become more severe**. On the other hand, factors such as the global population and the domestic increase in the number of wealthy people are also emerging as **growth prospects**
- The trend toward **highly satisfying goods and services** is expanding, with consumers those are willing to spend money and effort for their **special consumption**

Changes in the macro environment			Changes in customers	
Factors	Risk	Opportunity	Factors	Opportunity
Population movements	<ul style="list-style-type: none"> ◆ Decline in domestic population ◆ Aging population 	<ul style="list-style-type: none"> ◆ Growing world population ◆ Expansion of urban population 	Living	<ul style="list-style-type: none"> ◆ Balance between savings and luxuries ◆ Fusion of real and digital
Economic growth	<ul style="list-style-type: none"> ◆ Slowing economic growth ◆ Abnormal price increases 	<ul style="list-style-type: none"> ◆ Increase in domestic wealth ◆ Inbound increase 	Consumption	<ul style="list-style-type: none"> ◆ Polarization of consumption ◆ Sympathetic/recommended consumption



[Directions]

[To whom] Target individual customer	Targeting all customers worldwide who are interested in "sophisticated and high-quality" consumption
[What] Value provided	Propose a variety of "sophisticated and high-quality" contents that meet the needs of each and every customer
[How] How to provide	We will thoroughly attend to "individuals" with the power of "human/people" and "digital"

Environmental Awareness "Internal Environment"

- Significant progress in **business revitalization** centered on department stores, building a corporate structure capable of **generating stable profits**
- In the next Medium-Term Management Plan, we will promote **intra-group coordination activities** that make the most of **the identified customer base**

[Major items to be addressed]

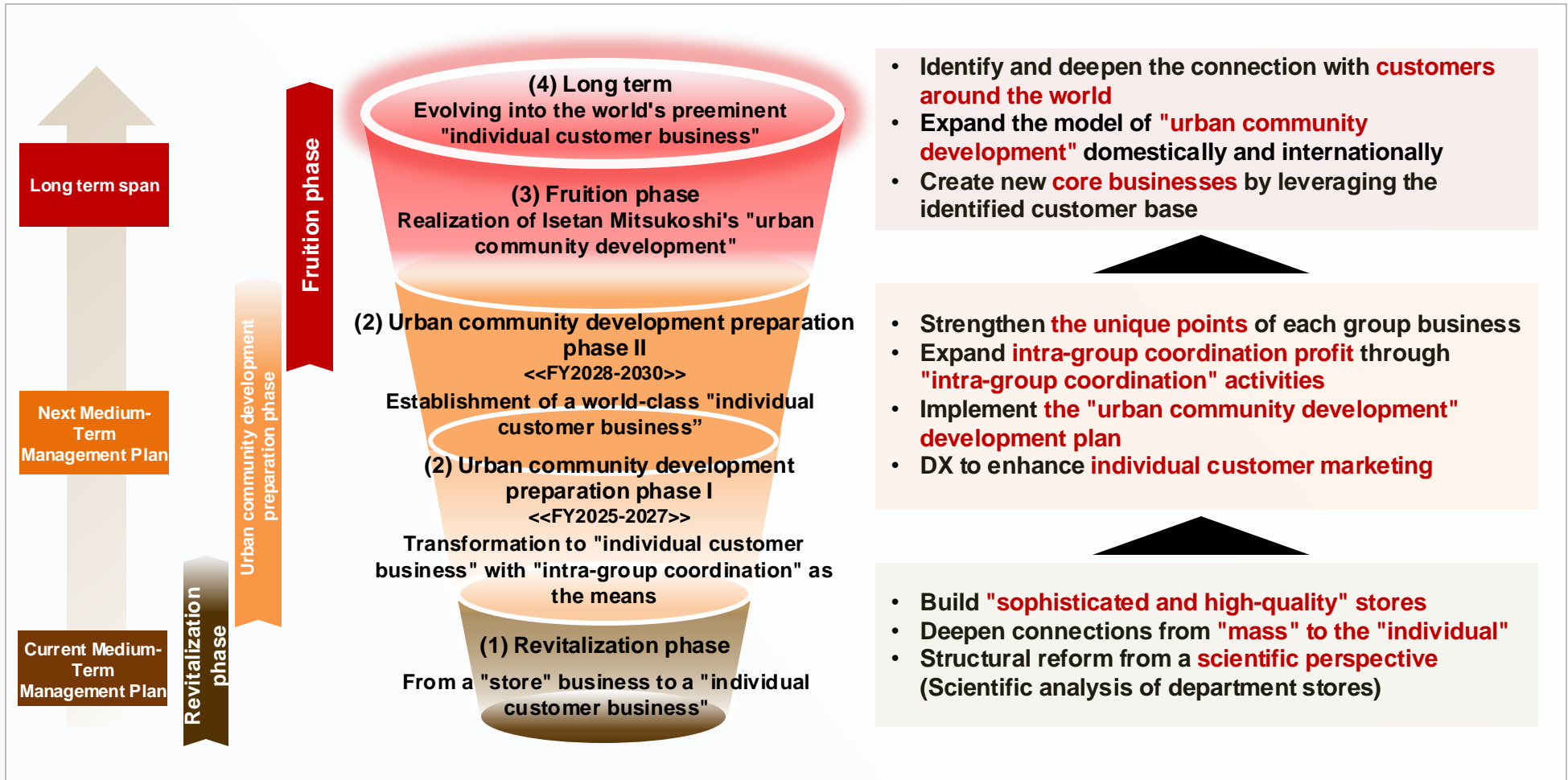
[Major actions]

[Results and progress]

<p>Improving productivity from a scientific perspective</p>	<ul style="list-style-type: none"> • Thorough control of selling, general and administrative expenses • Facilitate business restructuring • Optimize the number of personnel in domestic department stores 	<p>Effects of income and expenditure structure reforms</p> <ul style="list-style-type: none"> • Cumulative total from FY2021 to FY2024: Approx. -45 billion yen <p>Per capita sales (domestic department stores)</p> <ul style="list-style-type: none"> • Difference between FY2018 and FY2024 estimates: 140%/approx. +28 million yen
<p>Establish an identified customer base</p>	<ul style="list-style-type: none"> • Expanding the number of identified customers, especially app customers • Sophisticated individual marketing activities for identified customers • Strengthen sales activities to domestic and overseas out-of-store sales customers 	<p>Number of identified customers</p> <ul style="list-style-type: none"> • Difference between FY2018 and FY2024 estimates: Approx.+4.2 million people <p>Identified customer net sales</p> <ul style="list-style-type: none"> • Difference between FY2018 and FY2024: + approx. 135 billion yen
<p>Fostering a sense of group "intra-group coordination"</p>	<ul style="list-style-type: none"> • Moving away from a shared service focus and expanding external net sales • All the businesses that support department stores are treated equally, eliminating the idea of vertical division <ul style="list-style-type: none"> ➔ Strengthening the unique points of each business and collaboration between businesses 	<p>Intra-group coordination profits</p> <ul style="list-style-type: none"> • Intra-group coordination profit for FY2023: Approx. 7 billion yen (13% share of operating income)

Corporate Strategy "Medium- to Long-term Steps"

- Now, 120 years after the "Department Store Declaration," the company has transformed and evolved from a **"pavilion" business** (= a business model for the masses) to an **"individual customer business"** by using **"intra-group coordination"** and **"urban community development"** as the means

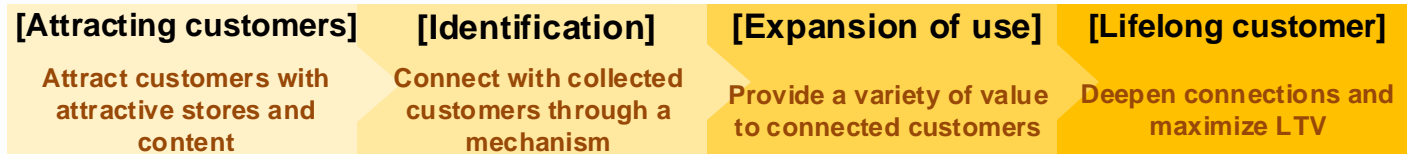


Corporate strategy "Transformation and evolution to individual customer business"

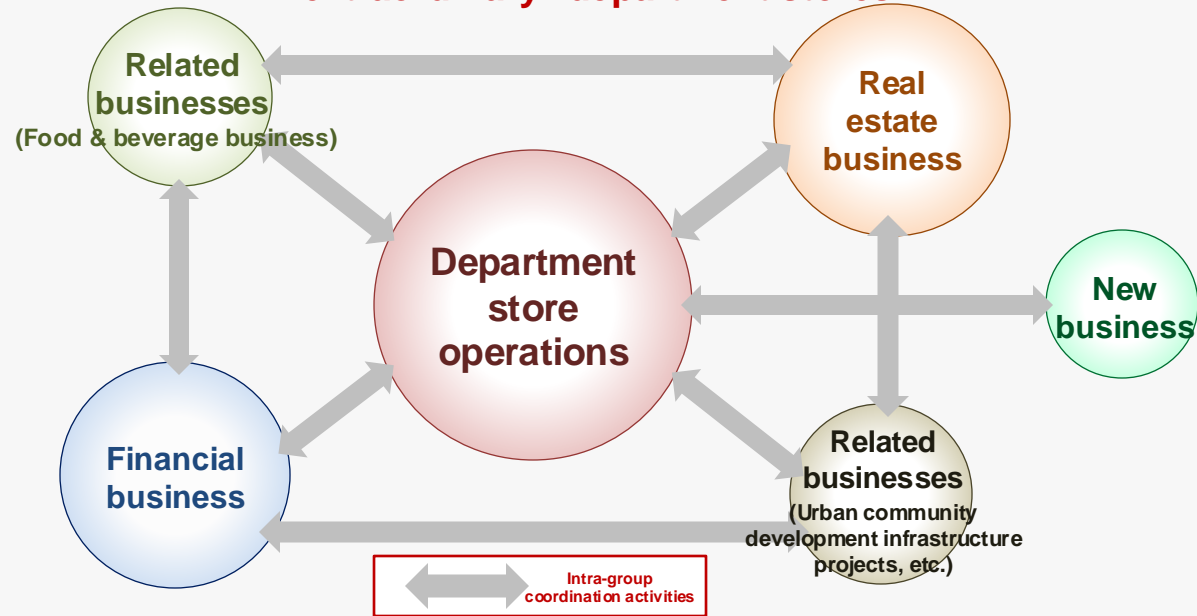
- Evolving into an "individual customer business" that **gathers** customers from **all over the world**, **identifies** and **connects** them, and proposes **diverse customer values** to them
- **Intra-group coordination activities** will deepen cooperation among businesses and expand profits by capturing **new business opportunities**

[Acquisition of business opportunities]

[Process of individual customer business]



Establish a new "individual customer" business model centered on "extraordinary" department stores



[Expansion to the world]
Breaking down domestic/international barriers to attract customers from all over the world

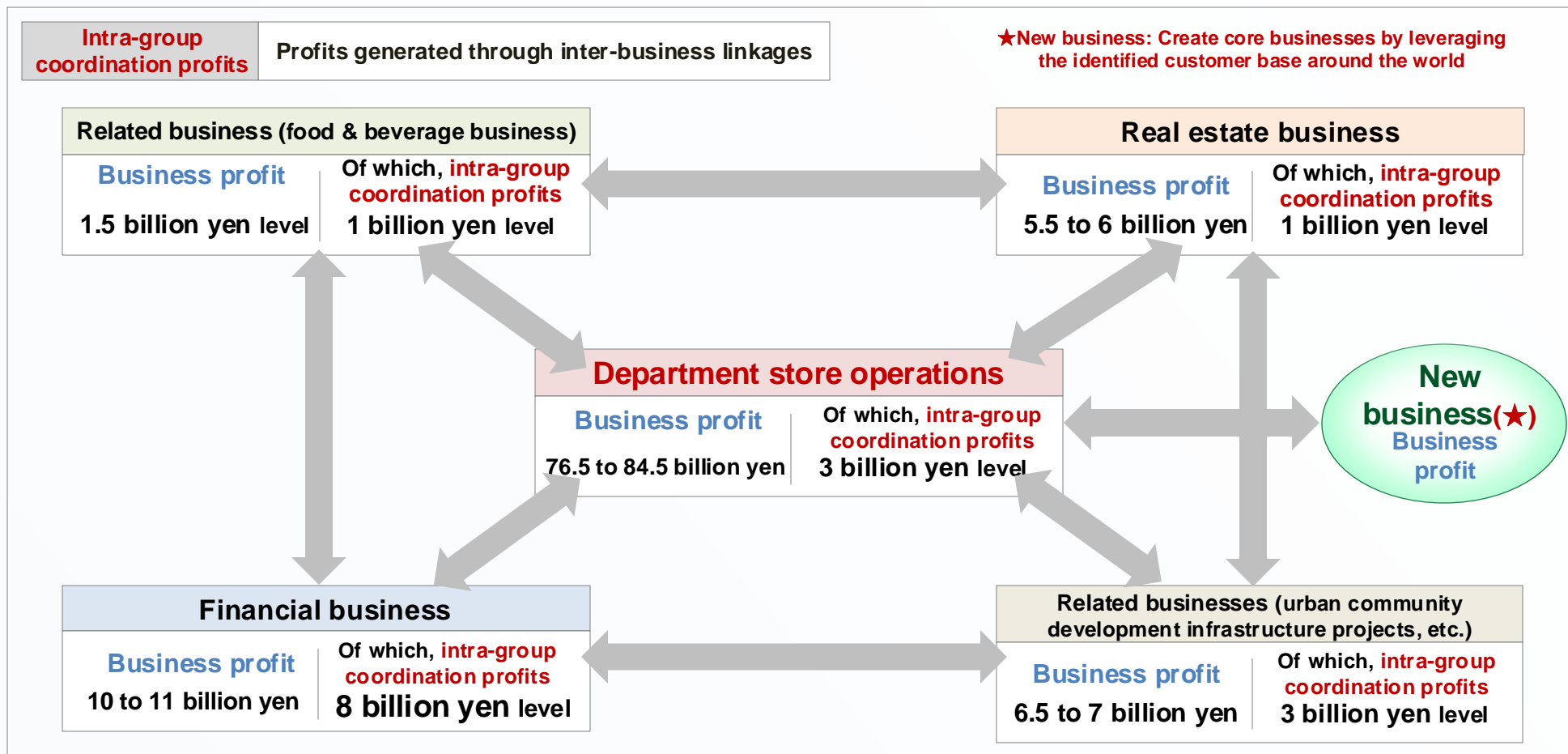
[Expansion of time]
Monetization not only during department store hours, but 24 hours a day, 365 days a year

[Expansion of space]
Using urban community development as a means to attract customers and create spaces for deeper relationships

[Expansion of applications]
A variety of values that only Isetan Mitsukoshi can offer that are "sophisticated and high-quality"

Corporate Strategy "Earnings Expansion Frame (FY2030 Image)"

- Design new mechanisms to maximize **intra-group coordination profits** by **increasing the number of identified customers** and **deepening the connection** with individual customers
 - ➔ Establish a **group intra-group coordination structure** in the urban community development preparation phase.
- Aim for a **16 billion yen level of intra-group coordination profit** and a **market share of over 14%** out of a 110 billion yen level of operating income in FY2030



* Business classification differs from segment: Department store business includes overseas business, MI TOMONOKAI, and consolidated adjustments

Business Strategy "Domestic Department Store Operations"

* Business classification differs from segment (excluding MI TOMONOKAI, consolidated adjustments and overseas business)

- As the core of the urban community development, **"extraordinary" department stores** that attracts customers from all over the world with their **overwhelming uniqueness**

Operating income plan		
FY2024	FY2027	FY2030
56.5 billion yen	63.9 billion yen	74~81.5 billion yen
131% compared to FY2023	113% compared to FY2024	115%~ compared to FY2027

Attracting customers

(1) Conversion to sophisticated and high-quality stores

Evolution of flagship stores

Construction of a new intermediate classification MD development for the 2.8th industry (fusion of the secondary and the tertiary sector)

Globalization of stores

(2) Expand individual customer contact points

Digitization of urban community development

Evolution from EC to "urban community"

Digital interface reform

Expansion of use

(1) Intra-group coordination networking

Expand **group content** to customers in all stores nationwide

Facilitate behavioral change through **visualization of profits**

(2) One Group's out-of-store sales development

Increase loyalty by **creating an out-of-store membership club for foreign customers**

Deepen contacts with **customers around the world** through global out-of-store sales functions

Identification

(1) Introduce an app for overseas customers

Guest card function (5% discount)

Disseminate information in line with interest levels

Personal communication



Both are **scheduled to be introduced at the end of FY2024**

(2) Introduce entry cards

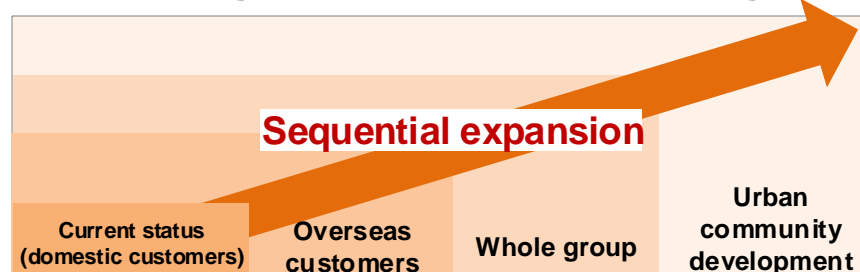
No annual fee

2% points awarded for use in department stores

Improve accuracy of customer information

Lifetime customerization

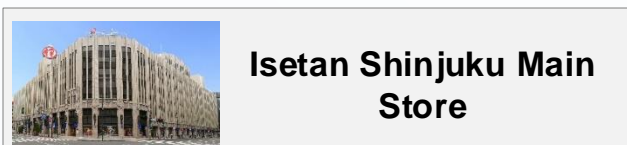
[Expand the group's overall customer program]



- Expand the scope of the customer program and expand incentives

Business Strategy "Domestic Department Store Operations" Direction of Three Flagship Stores

- **Each flagship store** will refine its **uniqueness** through its own concept and Mitsukoshi Isetan identity, **creating "new value"**
- **Optimize MD balance** and **achieve further evolution** to become the outstanding department store in the world



Isetan Shinjuku Main Store

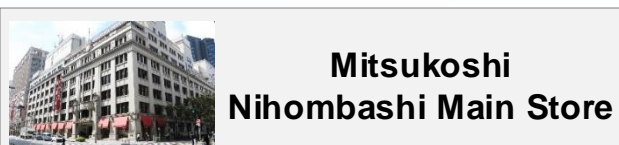
The world's best and one of a kind, "the latest and the most cutting edge"

New intermediate classification
"Fashion x Design"

Value Creation Points Proposing value with ISETAN's unique innovative spirit and the themes of "class," "beauty," and "uniqueness"

PB and new edition of "Western Confectionery"

Value Creation Points We offer **originality** through collaboration with creators from around the world. A collection of cutting-edge "**global sweets**"



Mitsukoshi Nihombashi Main Store

Unparalleled "tradition, culture, arts and lifestyle"

New intermediate classification
"Japan Creation"

Value Creation Points Creating a place to share creations born from "being world-class" and from "**Japanese culture**"

Proposing a "Well-being Lifestyle"

Value Creation Points Customers and specialists **in each category** work together **to create special, personalized experiences** and support daily life



Mitsukoshi Ginza Store

A "global store" that broadcasts from Ginza to the world
~Innovation, Quality, Diversity~

New intermediate classification
"JAPAN MIND x Fine Articles"

Value Creation Points We will collaborate with creators from Japan and abroad to create and propose "**Japan's proud individuality**" and "**aesthetic sense**"

New intermediate classification
"GINZA GIFT"

Value Creation Points Creating a **glamorous** and **sophisticated** place for MD collection that is unique to Ginza and can only be found in Ginza

Business Strategy "Domestic Department Store Operations" Regional Department Stores

- To become **the one and only** store that supports sophisticated and high-quality consumption in the region by **evolving the regional department store business model** and further advancing the **"scientific analysis of department stores"**

Operating income plan		
FY2024	FY2027	FY2030
9.4 billion yen	10.5 billion yen	14~15 billion yen
142% compared to FY2023	111% compared to FY2024	133%~ compared to FY2027

Further development of the "scientific analysis of department stores"

[Turning business profitable]
Achieve operating profit for "single businesses"

- To achieve stable **profitability**, we will promote **three reforms** from the **viewpoint of science**

Organizational personnel reform
(work reform)

Income and expenditure structure reform

Store restructuring

Evolution of the regional department store business model

[Stable profitability]
"Business profit" operating income margin "3% level"

- Attracting and identifying customers** in the area and expanding use through the **base network**

Attracting customers

Optimization of MD balance

Identification

Strengthening use of entry cards

Expansion of use
Lifetime customerization

One Group's out-of-store sales development
Strengthening base network *

* Approx. 4% of total sales of regional department stores

Expand profits through the "intra-group coordination"

[Increased profits]

Further expand profits with "business profits" + "intra-group coordination profits"

- Increase intra-group coordination profits** by encouraging use of the Group's infrastructure and content

Expand identified customers



Business profit



+

Intra-group coordination profits



Intra-group coordination network
Content proposals by each business

Business Strategy "Overseas Business"

- Shift from the "selection and transformation" phase to a **"development and deepening"** phase.
In addition, promote business expansion through **common measures** and **area measures** as overseas business

Operating income plan		
FY2024	FY2027	FY2030
2 billion yen	2.1 billion yen	2.5~3 billion yen
192% compared to FY2023	110% compared to FY2024	113%~ compared to FY2027
Real estate development profits (cumulative for fiscal years 2025-2030) <small>* Equity method investment profit/loss</small>		6 billion yen level

"Development" initiatives (common measures)

[Creating food & beverage content]

- Create content based on **"Japanese food,"** which has a high ability to attract customers overseas
- Build an **in-house operating model** that combines uniqueness and profitability

<<Uniqueness>>

MD, environment, and services derived from department stores



<<Profitability>>

MD mix
(Merchandise/Food & beverage) x (Owned-operated/Fixed rental)

→ Starting with Thailand, **"Depachika"** and **"Food Halls"** will be expanded mainly in the ASEAN region

"Deepening" initiatives (area measures)

[Strengthening acquisition of new mixed-use real estate development projects]

- Develop a combined retail and real estate development business
- Search for **new complex development projects** for expansion

The value of goodwill

Retail (category-specific)



Real estate development

- Residences ...
- Offices

→ Search for projects following **Manila, Philippines and Bangkok, Thailand.**

Business Strategy "Real Estate Business"

* Real estate rental income, construction and interior business, logistics / Business classification differs from segment (including logistics industry)

- In addition to the realization of real estate development plans for "urban community development," strengthen the unique points of **the construction and interior business**

Operating income plan		
FY2024	FY2027	FY2030
4.1 billion yen	5.5 billion yen	5.5~6 billion yen
124% compared to FY2023	134% compared to FY2024	100%~ compared to FY2027

Efforts to materialize the development plan

- Strengthen the foundation for refining and implementing each development plan**

Develop sophisticated and high-quality content

- Explore **hotels, restaurants, entertainment,** and other content



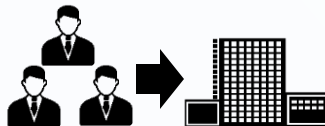
- Hotel materialization is underway in advance

LUX hotels

Lifestyle hotel ...

Strengthen the human resource platform

- Continuous **secondment to outside companies to develop future-oriented professionals**
- Returning staff take charge of **real estate development** and carry out practical work



Isetan Mitsukoshi Property Design Ltd.

- Become a company that dominates the sophisticated and high-quality "construction and interior market"

[Offices]
Executive floors

[Commercial facilities]
LUX brands

[Hotels]
4-5 star hotels

[Housing]
Quality renovation

Isetan Mitsukoshi Business Support Ltd.

- Leveraging **logistics know-how** cultivated in department store logistics to expand business outside of department stores

Expansion of commissioned business for outside hotels and offices toward urban community development

Expand external sales of logistics services in addition to EC

Business Strategy "Real Estate Business" Main Action Plan and Profit Plan

[FY2025-2027] Promote the **materialization and refinement** of development plans for each area. In addition, **explore** content, applications, and business opportunities

[FY2028-2030] Start **advance projects** (planned) and **materialize** content, applications and business opportunities

Initiatives for FY2025-FY2030

Real estate development	25~ FY2027	<ul style="list-style-type: none"> Elaboration of development plans for each area and town
	28~ FY2030	<ul style="list-style-type: none"> Start on prior projects (planned)
Content and applications	25~ FY2027	<ul style="list-style-type: none"> Sophisticated and high-quality content search →Hotel selection in advance
	28~ FY2030	<ul style="list-style-type: none"> Specification of content and uses in prior projects
New business opportunities	25~ FY2027	<ul style="list-style-type: none"> Explore opportunities for urban community development projects
	28~ FY2030	<ul style="list-style-type: none"> Materializing business opportunities in prior projects

Urban community development revenue and real estate development investment

- Invest **500 billion yen +α** by the 2040s, mainly in the Tokyo metropolitan area
→ **Annual urban community development revenue of 20 billion yen level +α is expected**

[Image of revenue from urban community development]

20 billion yen level per year +α



[Real estate development investment]

Approx. 500 billion yen +α

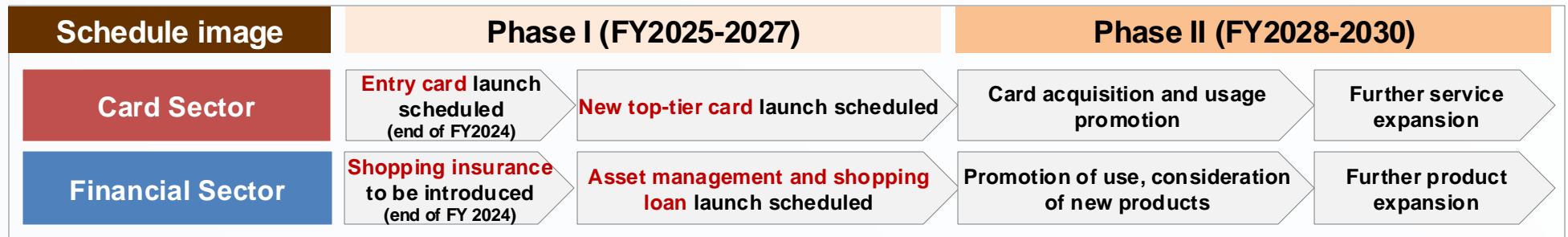
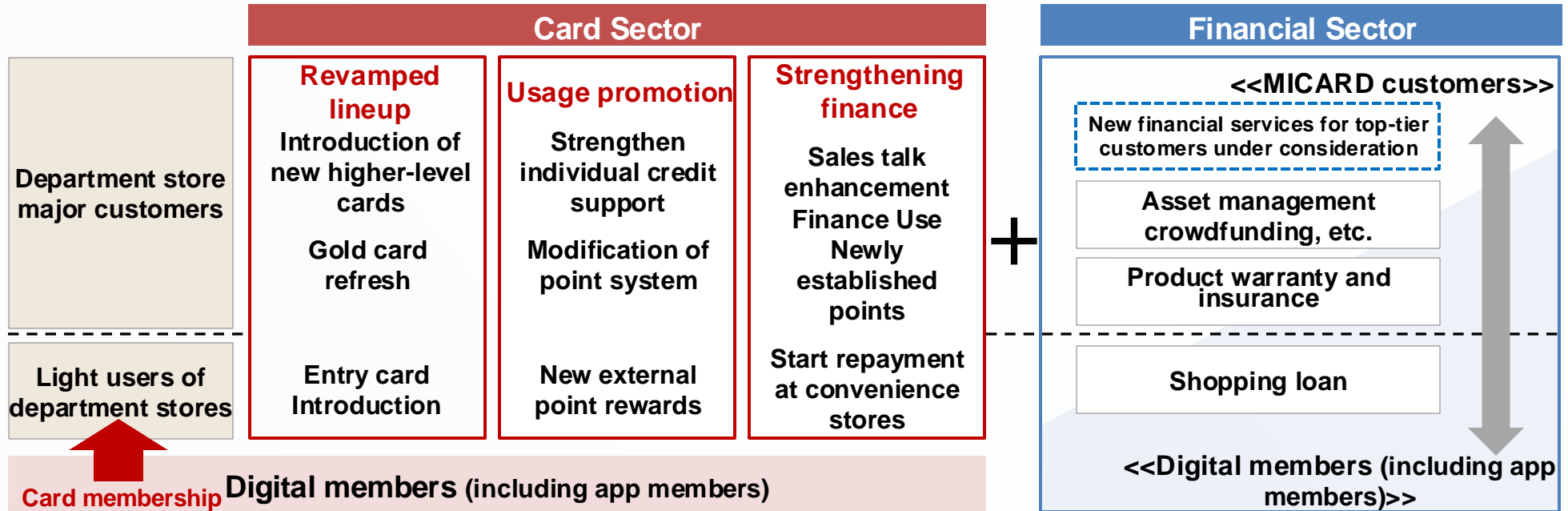
- Assumed investment of 45 billion yen or more in FY2025-FY2030 (FY2025-FY2027: Approx. 15 billion yen, FY2028-FY2030: Approx. 30 billion yen)
- The impact of higher construction costs, etc. will be reflected sequentially

Business Strategy "Financial Business"

* Business classification differs from segment (excluding MI TOMONOKAI)

- Establish a financial services business that provides **"unique value"** by leveraging the value of goodwill and the Group's customer base

Operating income plan		
FY2024	FY2027	FY2030
6.1 billion yen	8 billion yen	10~11 billion yen
140% compared to FY2023	131% compared to FY2024	125%~ compared to FY2027



Business Strategy "Domestic Related Businesses"

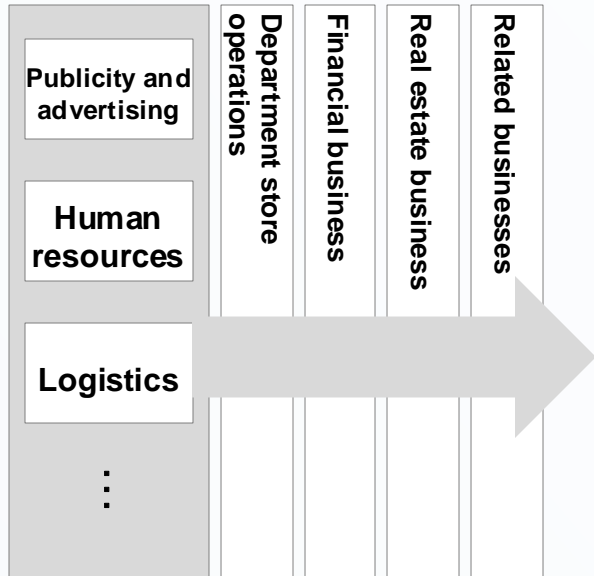
* Media business, human resources services, travel industry, etc. / business classifications differ from segments (excluding logistics and consolidated adjustments)

- **Expand earnings** in each business and **evolve business models** through expansion of BtoB and BtoC businesses

Operating income plan		
FY2024	FY2027	FY2030
3.3 billion yen	5.5 billion yen	8~8.5 billion yen
126% compared to FY2023	161% compared to FY2024	145%~ compared to FY2027

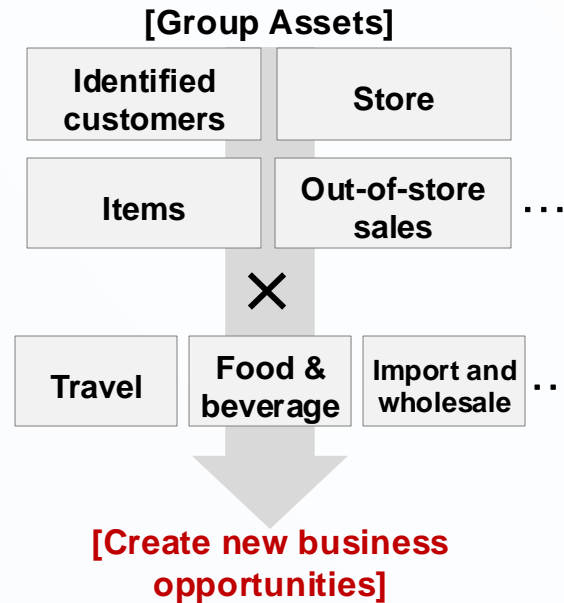
Promote insourcing within the Group

- Further promote **insourcing within the Group** by utilizing unique points



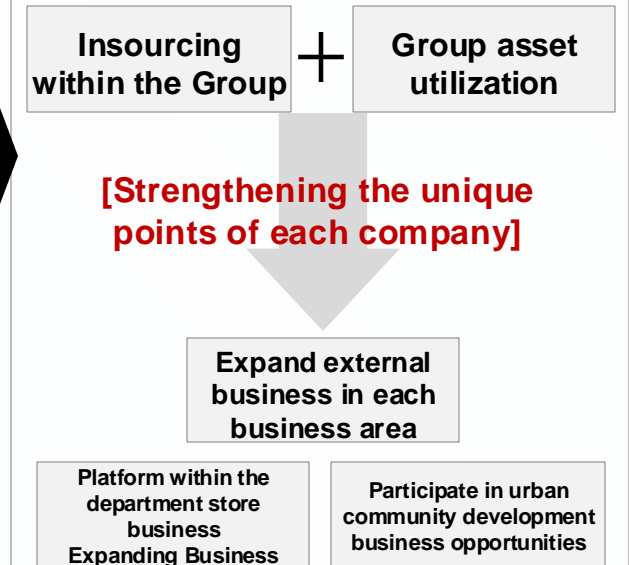
Strengthen utilization of group assets

- Expand earnings by leveraging **group assets**



External revenue expansion

- Further expand **external revenues** (inside and outside the industry), and participate in **urban community development business opportunities**



Group Platform Strategy "Financial Strategy" Profit by Business and Capital Efficiency

- Plan to increase **business profits and intra-group coordination profits** and **improve asset efficiency** while keeping in mind **capital costs** [Department store operations] **Profit scale and efficiency will continue to grow**, backed by an increase in the number of identified customers from around the world and the value provided
- [Financial business] Expand business scale while keeping an eye on increasing working capital. Plan **to achieve 10 billion yen operating income with improved business ROIC**
- [Real estate business] ROIC level remains flat due to increase in assets through development. However, it will contribute greatly to **increasing profits for other businesses by creating more visitors to the area**

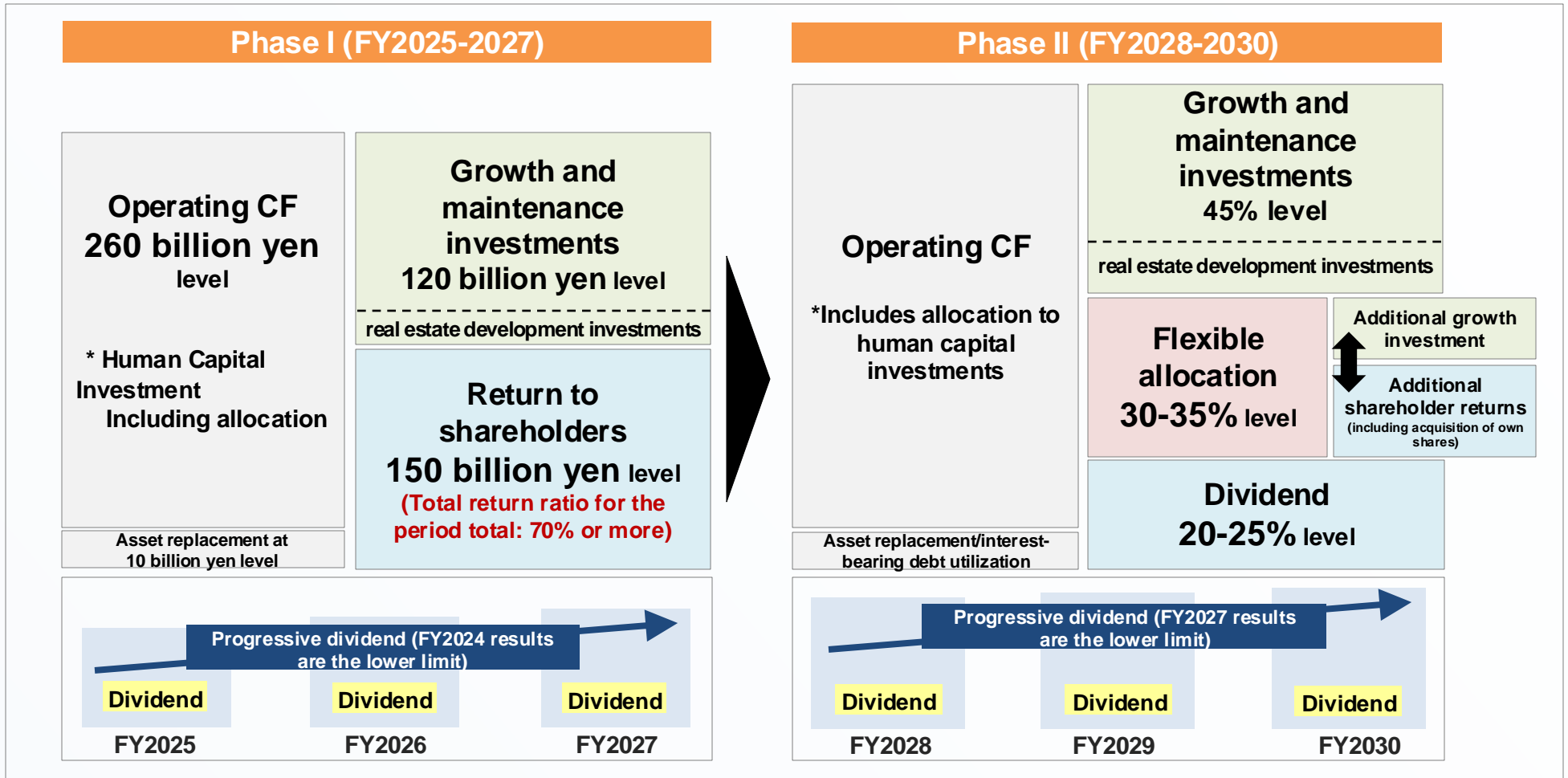
* Business classification differs from segment
 * Department store operations: Domestic department store operations and overseas operations.
 Including MI TOMONOKAI and consolidation adjustments.

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/MRR	
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%

Group Platform Strategy "Financial Strategy" Cash Allocation Plan

[Phase I] In the period prior to the start of real estate development, the allocation of capital was focused on **improving capital efficiency through shareholder returns**

- * Assumed shareholder return of **150 billion yen over 3 years** through "progressive dividend" and "flexible share buyback" (total return ratio of 70% or more for the period)
- * Consider reviewing the level of shareholder returns in the event of **additional large-scale investments**, such as M&A that contribute to medium- to long-term growth



Group Platform Strategy "Financial Strategy" Investment Classification, Evaluation and Discipline

- Strengthen **investment in growth**, including expansion of sophisticated and high-quality content and investment in human capital. Allocate certain resources to **maintenance investments**
 - While being **disciplined** from a financial and strategic perspective, also take an **aggressive approach** to growth investments

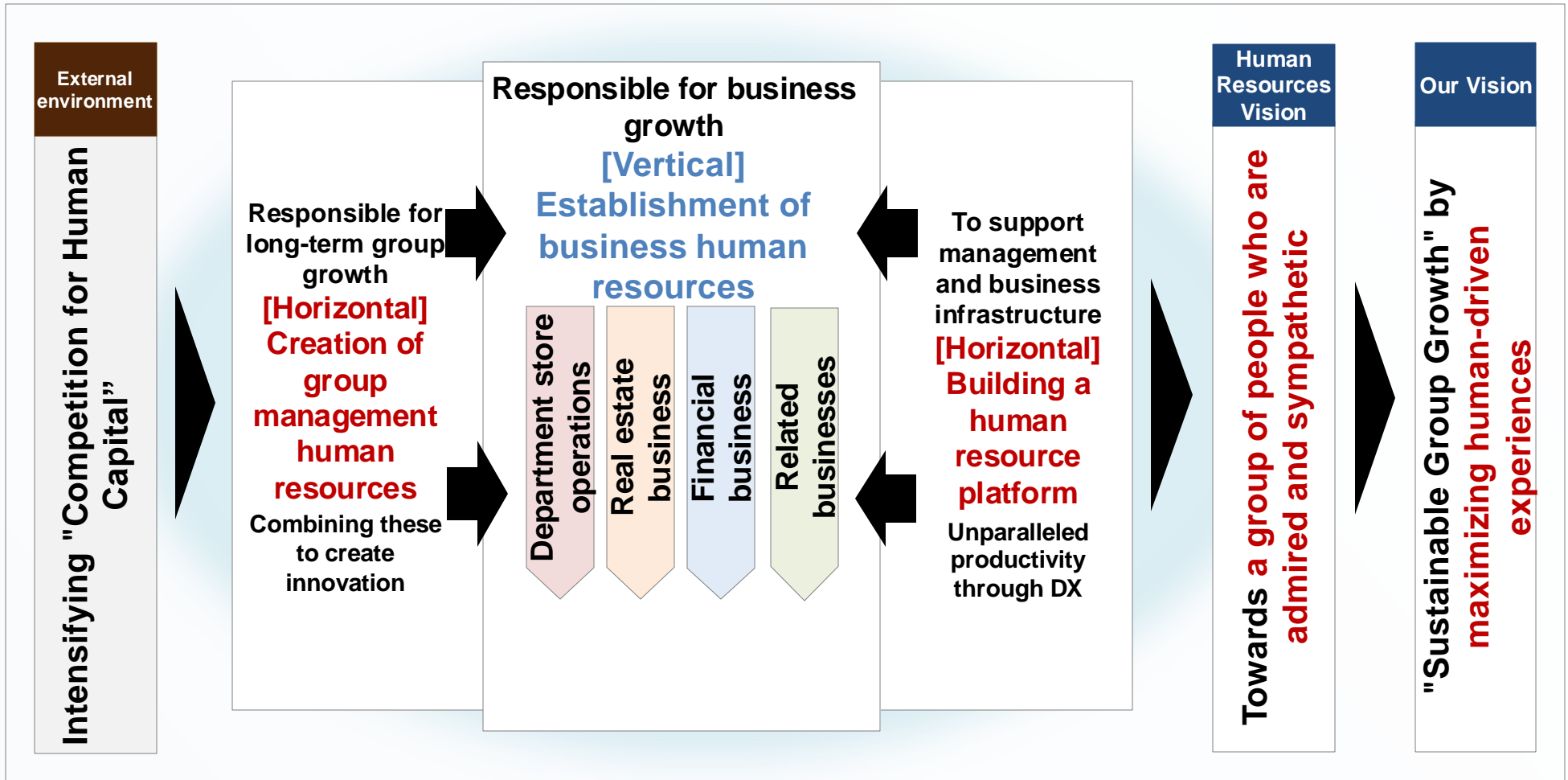
Investment Items		Investment Discipline and Evaluation
Growth Investment	Contents	Department store remodeling
		Investment in urban community development (Expansion of functions and contents)
	DX and system	System development investment
		DX investment for individual customer business
	Real estate	Increasing the value of real estate holdings
Maintenance Investment	Increased productivity	Human capital investment
		Business reform DX 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**

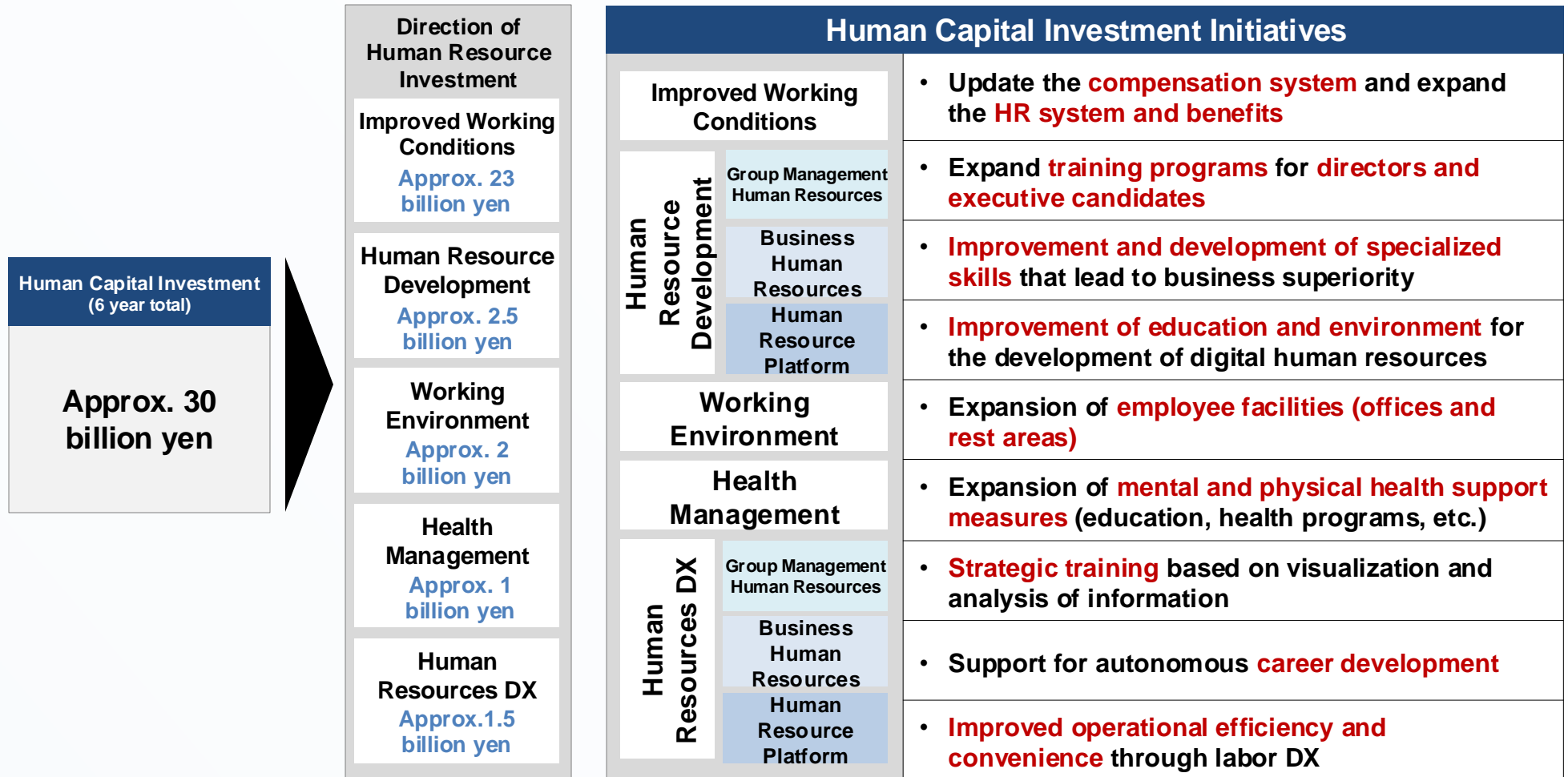
Group Platform Strategy "Human Resource Strategy"

- 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"
- Implement well-balanced human capital measures (human capital investments) according to the "expected roles of human resources"



Group Platform Strategy "Human Resource Strategy" Human Capital Investment

- **‘Invest in human capital’** in a balanced manner to achieve both **"employee growth"** and the **"realization of corporate strategy"**

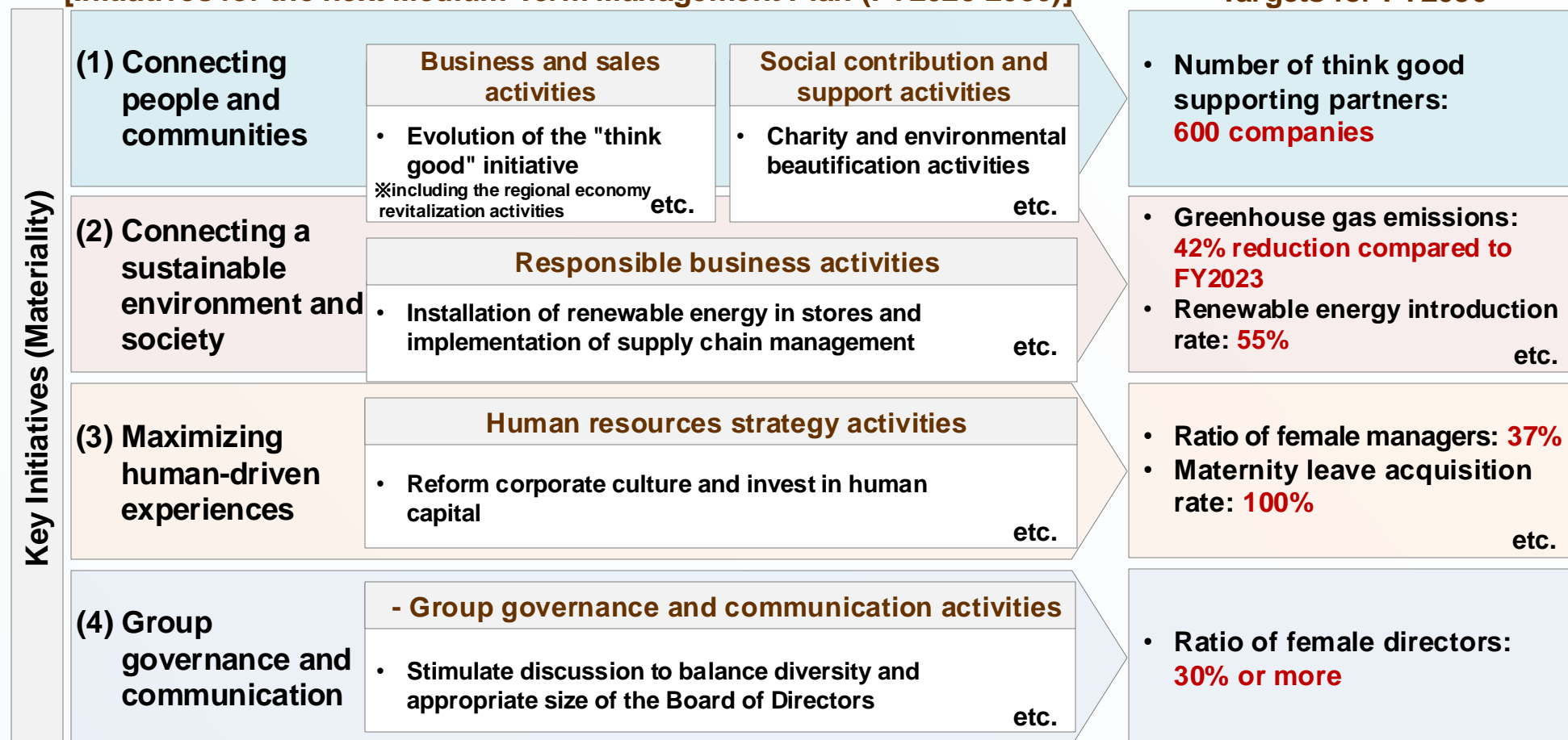


Group Platform Strategy "Sustainability" Key Initiatives (Materiality)

- Strengthen efforts in four **key initiatives (materiality)**. In addition, some FY2030 targets were revised

[Initiatives for the next Medium-Term Management Plan (FY2025-2030)]




Targets for FY2030



Group Platform Strategy "Sustainability" Initiatives for Social Issues

- The company has identified **"co-creation with local communities"** and **"cultural inheritance and innovation"** as social issues that need to be addressed
 - ➔ **think good**, expanding efforts as **a social contribution activity**

[Examples of current initiatives]

Cultural exhibitions	Charitable activities	Other initiatives
<ul style="list-style-type: none"> • Hold special exhibitions to promote culture 	<ul style="list-style-type: none"> • Implementing initiatives such as fundraising for reconstruction assistance  <p>三越伊勢丹グループ WEB募金・寄付サイト</p>	<ul style="list-style-type: none"> • Implementing industry-academia collaboration initiatives  <p>FUTURE FASHION EXPO 2023.11.15-2024.03.31</p>

[Initiatives for "co-creation with local communities"]

- **Build and strengthen partnerships** with local businesses and municipalities
- **Collaboration** with local industries and **utilization of resources**

etc.

[Initiatives for "cultural inheritance and innovation"]

- Support for **local traditional** and **cultural events**
- Inherit traditional culture, arts, and crafts through **industry-academia collaboration** and **events**

etc.



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.