ISETAN MITSUKOSHI HOLDINGS

2023 New Year's Greeting from President and CEO

At the start of 2023, I would like to wish all of you a Happy New Year.

Last year, social and economic activities in Japan moved toward normalization as patterns of behavior based on "living with COVID-19" became established. In our company, many customers visited our stores, including our main stores in Shinjuku and Nihombashi. In particular, in the first half of fiscal 2022, our Isetan Shinjuku main store recorded its highest net sales since the merger, despite the fact that the number of visitors from overseas has yet to recover to pre-COVID-19 pandemic levels. Performance has recovered so much that we can expect full-year net sales to exceed 300 billion yen, which we have achieved only once before.

The Isetan Mitsukoshi Group has defined our vision for the future to be "a 'special' department store-centered retail group that enriches the lives of its customers," and we are currently implementing our Medium-term Plan, in which we aim for "revitalization of department stores", a shift away from the traditional department store business model, over a period of three years from last fall to fiscal 2024. I believe that the reason we have currently gained support from a very large number of customers is that our complete shift toward "personal" marketing based on our slogan of "from mass to personal" in this management plan has meant that our strategy of connecting with customers through all means at our stores and digitally, and responding properly to each customer's needs, is achieving results faster than expected. In addition, by listening to the needs of our customers, the range of possibilities is expanding for us to leverage trust in our company to provide products and services not previously available at department stores. With these efforts, we are making good progress, and our business performance in the first year of the three-year plan is expected to exceed the targets formulated at the start of the year.

The year 2023 will be an important year for our smooth transition toward the next three-year plan which is positioned as the Deployment Phase where we aim to implement an "intra-group coordination strategy in Group companies," while further promoting the "revitalization of department stores." In order to build a framework that enables all Isetan Mitsukoshi Group companies to work together to respond to the trust gained from many customers through the revitalization of department stores, we will enhance the means and scale of our revenue generation in ways such as utilizing Group resources to strengthen external sales and offering value in all-in-one packages that combine the skills and expertise accumulated by our Group companies. In the further phase, as part of "Isetan Mitsukoshi's urban development," we will create the foundations for "attractive urban community development 'centered' on department stores," which will provide solutions for multiple uses to enable a greater number of customers to "visit, stay, travel, and live," while also supporting the real estate, financial settlement, data systems, and other businesses that provide the infrastructure for these uses through intra-Group coordination in the Isetan Mitsukoshi Group.

Additionally, in terms of sustainability initiatives, we have engaged in dialogue with our business partners aimed at the implementation of supply chain management that takes the environment and human rights into consideration. We also announced our support for the "Declaration of Partnership Building." Going forward, the Isetan Mitsukoshi Group will continue to contribute to solving social issues and support the realization of a prosperous future and a sustainable society through our corporate activities.

Finally, I would like to express my appreciation to all of you including our customers, shareholders, and other stakeholders for your support and wish everyone good health and further progress in 2023.

January 2023
Toshiyuki Hosoya
Director, President and CEO
Isetan Mitsukoshi Holdings Ltd.