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

November 10, 2023

ISETAN MITSUKOSHI HOLDINGS

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

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

III: Progress of Medium-term Management Plan

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

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

III: Progress of Medium-term Management Plan

[Yoshinori Makino, Director, Managing Operating Officer and CFO]

I would like to explain the results of the second quarter and the full-year plan.

Consolidated Financial Results (Second Quarter)

- Strong Gross sales: Significant increase in sales due to “High sensitivity, fine quality” strategy and CRM strategy that connects with individual customers
- Continued control of SG & A expenses: Continued steady cost control
- Operating income and recurring income doubled from a year ago: Highest profit in the first half after the business integration of Isetan and Mitsukoshi.

(0.1 billions of yen)	2Q Cumulative (April-September)	YoY	YoY difference
Gross sales	5,614	113.3%	+657
Net sales	2,485	111.5%	+256
Gross profit	1,478	112.1%	+159
Selling, general and administrative expenses	1,276	103.8%	+46
Operating income	201	225.7%	+112
Recurring income	229	240.1%	+133
Net income	148	191.3%	+70

First of all, let's talk about the results for the first six months of the fiscal year.

Gross sales were 113% year on year. As Hosoya will explain later, I feel that the reason for the rise in sales is that the strategy our company has been promoting for the past two and a half years has been effective, leading to slightly better results than the industry average.

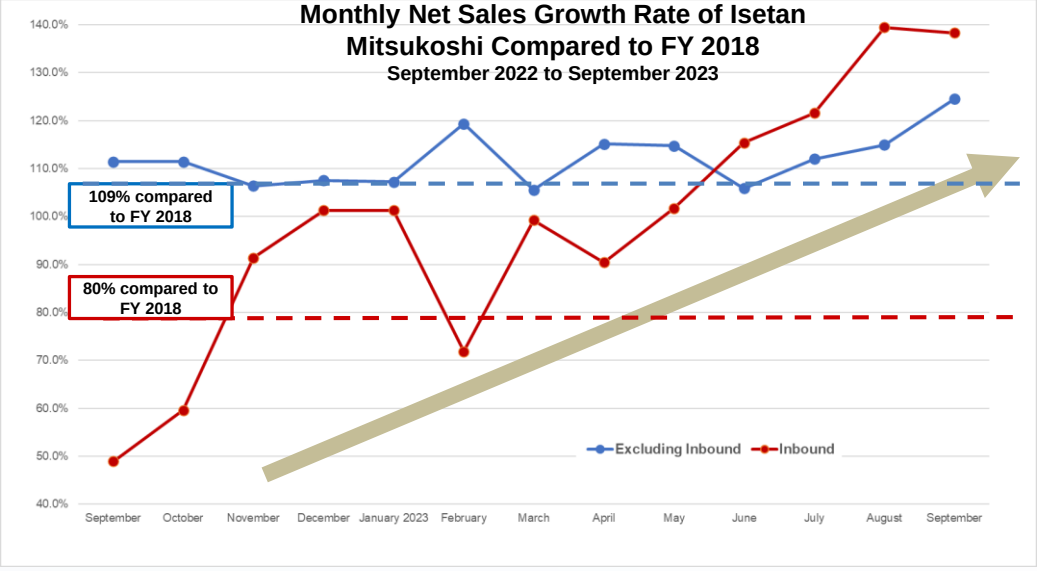
While gross profit increased by 15.9 billion yen, selling, general and administrative expenses increased by only 4.6 billion yen.
As a result, both operating income and recurring income increased by more than 10 billion yen from the previous year to record highs.

Operating income is much higher than the past record high of 14.5 billion yen in the second quarter of fiscal 2015.

In addition, net income also increased by 7 billion yen from the previous year, which reflected the effect of control on net income we have been promoting for the past several years.

Sales Trends of Isetan Mitsukoshi Existing Stores Compared to FY 2018

- Monthly sales excluding inbound and inbound rose further into the second quarter
- In both cases, steady progress over the full-year plan (109% excluding inbound, 80% inbound) as of disclosure forecast at August continued



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

Next, I would like to discuss the sales trends of existing stores of Isetan Mitsukoshi Ltd., which are the basis of the strong business performance.

The blue line shows Japanese customer and EC sales excluding inbound sales, and the red line shows inbound customer sales. In both cases, the performance in the second quarter has improved compared to the first quarter.

Inbound customer sales, in particular, has been setting a new record since July. Although not shown in this chart, sales in October increased further significantly.

Domestic Major department stores (gross sales for the first half of the fiscal year by stores/each company)

- Isetan Shinjuku Main Store sales for the first half were the highest ever following the first quarter
- Regional companies increased sales thanks to the successful implementation of strategies. Implementation of base network initiatives

(0.1 billions of yen)	Gross sales	YoY	YoY difference
Isetan Shinjuku Main Store	1,703	115.5%	+228
Mitsukoshi Nihombashi Main Store	699	110.5%	+66
Ginza Mitsukoshi	471	142.9%	+141
Isetan Tachikawa Store	148	108.6%	+11
Isetan Urawa Store	178	106.2%	+10
Total Isetan Mitsukoshi	3,201	116.7%	+458

(0.1 billions of yen)	Gross sales	YoY	YoY difference
Sapporo Marui Mitsukoshi	275	113.3%	+32
Sendai Mitsukoshi	128	102.2%	+2
Nagoya Mitsukoshi	288	108.7%	+22
Niigata Mitsukoshi Isetan	168	102.2%	+3
Iwataya Mitsukoshi	561	112.9%	+64
Total of five major regional companies	1,422	109.7%	+125

This chart shows the results of the successful department store business by store or regional company.

Regarding Isetan Mitsukoshi Ltd., on the left, the sales of Mitsukoshi Ginza Store, the third from the top, exceeded 140% year on year, and the sales of Isetan Shinjuku Main Store increased significantly to 115% year on year.

As for the regional stores on the right, the companies with the largest sales in our group are listed in order from the north.

In particular, the stores in the major metropolitan areas, such as Sapporo Marui Mitsukoshi, Nagoya Mitsukoshi, and Iwataya Mitsukoshi, showed remarkable sales growth, and business performance has recovered steadily.

Increase (decrease) in consolidated SG & A expenses (first half of the fiscal year)

- Cost structure reform: -3.2 billion yen as of the end of Q2, running exceeding -4 billion yen (disclosure forecast at August)
- Price increase: + 1.7 billion yen, falling below expectations, mainly in utilities

(0.1 billions of yen)	2Q Cumulative (April-September)	Year-on-Year Changes	Breakdown of year-on-year changes: Change in the current year: Cost Structure Reform	Sales Linked	Price Increase	New Consolidation	Other
Personnel expenses	445	+4	(18)		+9	+12	+1
Advertising expenses	48	+7		+7			
Lease payments	162	+3	(4)	+1		+5	+2
Business consignment expenses	146	+3	(5)		+4	+2	+2
Depreciation and amortization	114	(2)				+1	(4)
Utilities	50	+2	(3)		+4	+1	
Other	309	+28	(2)	+19		+9	+1
Total	1,276	+46	(32)	+27	+17	+31	+3

4

Next, I would like to discuss the results of selling, general and administrative expenses for the first six months of the fiscal year.

I mentioned earlier that we were able to keep it down to 4.6 billion yen increase year on year.
Since the cost of Isetan Mitsukoshi Food Style, which was consolidated from July of the previous fiscal year, increased 3.1 billion yen for the first quarter,
we were able to limit the increase to approximately 1.5 billion yen in real terms.

Although there was an increase in expenses associated with the linkage to sales and price increases, I feel that we have been able to take the cost structure reform further.

Results by Segment (The first half of the fiscal year)

- Department store business : Substantial increase in sales due to the recovery of consumption and the successful promotion of strategies.
  Operating income increased sharply due to cost control.
- Credit and finance business : External transaction volume was steady. Operating income fell temporarily due to investments.
- Real estate business : Construction and interiors business sales were strong. Operating income declined due to a decrease in rental income.

(0.1 billions of yen)	Gross sales	YoY	Net sales	Operating income	YoY difference
Department store business	5,215	112.6%	2,085	167	+116
Credit & finance business/ Customer organization management business	171	105.7%	156	14	(3)
Real estate business	110	121.5%	110	12	(8)
Other businesses *	116	165.3%	133	7	+7
Total	5,614	113.3%	2,485	201	+112

*Other businesses include adjustments.

Next, here are the results by segment for the first six months of the fiscal year.

Most of the year-on-year increase in operating income of 11.2 billion yen in the lower right corner was attributable to the department store business.

Other segments, such as finance and real estate, slightly decreased.

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

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

III: Progress of Medium-term Management Plan

Next, I would like to discuss our approach to the full-year plan.

Assumptions for Full Year Plan

- Gross sales were further revised up from the initial plan by implementing the “High sensitivity, fine quality” strategy and "CRM Strategy to Connect with Individual Customers" and promoting individual marketing to foreign customers in addition to Japanese customers.
- The initial plan for SG & A expenses was kept unchanged, as expenses were controlled by “Scientific analysis of department stores”, despite the increase in expenses due to sales linkage and price increases.

Operating income of 48 billion yen and recurring income of 50 billion yen are planned.
Both plans are revised upward to substantially exceed maximum profit after the business integration of Isetan and Mitsukoshi.

As for gross sales, again, it can be said that the integration with the strategy has been effective.

In addition, we have been able to raise the top line for foreign customers by shifting from mass to individual marketing promotion,
including out-store-sales for foreign customers launched in the second half of the previous fiscal year.

On the other hand, we believe that the fact that we were able to properly control our selling, general and administrative expenses and sustain our initial plan is one of the factors that enabled us to revise up our plan in both operating income and recurring income to greatly exceed the highest profit since the consolidation.

Consolidated Plan for (Full-year FY 2023)

- Gross sales: + 45 billion yen higher than the disclosure forecast at Aug due to the continued implementation of the “High sensitivity, fine quality” strategy and the CRM strategy to connect with individual customers
- SG & A expenses: Expense structure reform to cover increased expenses, disclosure forecast at August unchanged
- Operating income and recurring income: Up ¥10 billion from the August forecast, well above the maximum profit after the business integration of Isetan and Mitsukoshi.

(0.1 billions of yen)	Full year	YoY difference	YoY	Difference with August plan
Gross sales	12,000	+1,115	110.2%	+450
Net sales	5,250	+375	107.7%	+100
Gross profit	3,140	+274	109.6%	+100
Selling, general and administrative expenses	2,660	+90	103.5%	-
Operating income	480	+183	162.1%	+100
Recurring income	500	+199	166.6%	+100
Net income	370	+46	114.3%	+70

Next, I would like to discuss the full-year consolidated plan.

Gross sales was revised up by 45 billion yen from the August disclosure to 1,200 billion yen. Gross profit was revised up by 10 billion yen.

On the other hand, since selling, general and administrative expenses have not been raised since the disclosure in August, 10 billion yen has been added to operating income and recurring income.

Net income is projected to be 37 billion yen, up 7 billion yen, subject to certain tax expenses.

Sales plan for existing domestic department stores (Full-year FY 2023)

- Isetan Mitsukoshi is 114% of the FY2022 level and 117% of the FY 2018 level
- Regional operating companies: 106% from FY 2022 and 98% from FY 2018
- Inbound sales at domestic department stores set for ¥91.4 billion, well above pre COVID-19 pandemic levels

(0.1 billions of yen)	first half			second half			Full year		
	Results	Compared to FY 2022	Compared to FY 2018	Plan	Compared to FY 2022	Compared to FY 2018	Plan	Compared to FY 2022	Compared to FY 2018
Total Isetan Mitsukoshi	3,201	117%	114%	3,770	112%	120%	6,972	114%	117%
(of which) Inbound	353	333%	117%	400	152%	132%	753	204%	124%
Total regional operating companies	1,658	108%	97%	1,915	105%	98%	3,573	106%	98%
(of which) Inbound	71	1170%	107%	90	183%	112%	161	293%	110%
Total domestic department stores	4,859	114%	108%	5,686	109%	112%	10,546	111%	110%
(of which) Inbound	424	379%	115%	490	156%	128%	914	216%	122%

* Isetan Mitsukoshi: Isetan Sagamihara, Isetan Fuchu and Ebisu Mitsukoshi are excluded. Region: Iwataya Kurume, Matsuyama Mitsukoshi and Niigata Mitsukoshi are excluded

Next, I would like to discuss the sales plan of the existing department store on which this plan is based.

At the top is the sales plan of Isetan Mitsukoshi Ltd. The sales result for the first half is 117% year on year and the sales plan for the second half is 112% year on year.
Taking into account the considerable increase in sales from the second half of the previous fiscal year, the full-year sales plan is 114% year on year.

At regional operating companies, the sales result for the first half is 108% year on year, the sales plan for the second half is 105% year on year, and the full-year sales plan is 106% year on year.

The domestic department store total at the bottom is the weighted average.

The red circle on the right particularly indicates that Isetan Mitsukoshi Ltd.'s full-year sales plan is 117% compared to fiscal 2018, which is a strong performance even compared with the figure before the COVID-19.

At the bottom is the sales plan for inbound customers.
Sales for the first half of the year were 42.4 billion yen, and we saw a considerable return in sales from the second quarter of the current fiscal year.
In July of this year, we exceeded our previous record sales for a single month, and

we have been moving at a pace of approximately 8 billion yen per month in July, August, and September. Therefore, our sales plan for the second half of the year is 49 billion yen, and our full-year sales plan is 91.4 billion yen.

However, there may be some room for improvement, as we set a new record for sales in October due to the National Day of China and other holidays.

Domestic Major Department Store Plans
(FY 2023 gross sales plan by stores /each company)

- The gross sales for Isetan Shinjuku Main Store is 370 billion yen and Ginza Store is over 100 billion yen, both record high
- In addition to promoting strategies, regional companies are strengthening cooperation with the “ONE Group's out-of-store sales”

(0.1 billions of yen)	Gross sales	YoY	YoY difference
Isetan Shinjuku Main Store	3,727	113.8%	+451
Mitsukoshi Nihombashi Main Store	1,496	108.1%	+112
Ginza Mitsukoshi	1,027	133.0%	+254
Isetan Tachikawa Store	330	109.1%	+27
Isetan Urawa Store	389	104.1%	+15
Total Isetan Mitsukoshi	6,972	114.1%	+861

(0.1 billions of yen)	Gross sales	YoY	YoY difference
Sapporo Marui Mitsukoshi	616	112.2%	+67
Sendai Mitsukoshi	275	101.9%	+5
Nagoya Mitsukoshi	605	105.0%	+28
Niigata Mitsukoshi Isetan	375	105.6%	+19
Iwataya Mitsukoshi	1,183	107.9%	+86
Total of five major regional companies	3,056	107.3%	+207

Next, I would like to discuss full-year sales forecasts by store and regional company.

We'll see the Hosoya part later, but sales at Isetan Shinjuku Main Store have been very strong.

The Mitsukoshi Nihonbashi Main Store is also planning to sell 150 billion yen, and the Mitsukoshi Ginza Store is within range of 100 billion yen in sales for the first time.

At the regional stores on the right, stores in metropolitan areas are also planning to increase sales for the full year.

Increase (decrease) in consolidated SG & A expenses (Full year FY 2023)

- Cost structure reform : Further reduction of 1.5 billion yen from the August disclosure forecast to -5.5 billion yen by promoting Scientific analysis of department stores
- Sales linked: Expect a certain level of increase in line with an upward revision in gross sales
- Price Increase: Revise the impact based on the situation in the first half

			Breakdown of year-on-year changes				
			Change in the current year				
(0.1 billions of yen)	FY 2023 Plan	Year-on-Year Changes	Cost Structure Reform	Sales Linked	Price Increase	New Consolidation	Other
Personnel expenses	930	+0	(28)		+15	+12	+1
Advertising expenses	99	+11	(1)	+12			
Lease payments	326	+4	(7)	+5		+5	+2
Business consignment expenses	293	+3	(9)		+7	+2	+3
Depreciation and amortization	234	+0				+2	(1)
Utilities	110	+10	(4)		+13	+1	
Other	668	+60	(6)	+57		+10	(1)
Total	2,660	+90	(55)	+74	+35	+33	+3

Next, we will discuss our plans for selling, general and administrative expenses for the full year.

The full-year 266 billion yen plan disclosed in August is unchanged.

Costs linked to sales are expected to increase. At the beginning of the fiscal year, water and utility costs, which are included in the price increase category, were set slightly higher by taking risks into account.

We lowered the plan slightly as of August, but now we are reducing it to a more realistic plan. I think there is still room to narrow it down a bit.

We have retained our selling, general and administrative expenses plan of 266 billion yen for the full year, based on the remaining capacity to reduce water and utility costs and the steady progress of the cost structure reform.

Plan by Segment (Full year FY 2023)

- Department store business : Operating income was revised up by 12 billion yen from the August disclosure forecast by continuing to promote various strategies promoted in the Medium-term Plan and steadily controlling expenses
- Credit and finance businesses : Operating income decreased from the initial plan due to system investment, etc., despite the promotion of cost structure reform
- Real estate business : Construction and interiors sales were strong, but the decline in rental income had a negative impact, resulting in a decline in profit from the initial plan

(0.1 billions of yen)	Gross sales	YoY	Net sales	Operating income	YoY difference	Difference with August plan
Department store business	11,150	109.6%	4,400	390	+185	+120
Credit & finance business/ Customer organization management business	360	107.3%	330	38	+0	(2)
Real estate business	290	141.3%	290	30	(10)	(15)
Other businesses *	200	118.9%	230	22	+8	(3)
Total	12,000	110.2%	5,250	480	+183	+100

* Other businesses include adjustments.

Next, the full-year plan by segment.

The main reason for the upward revision of 10 billion yen from the August disclosure is the strong performance of the department store business.

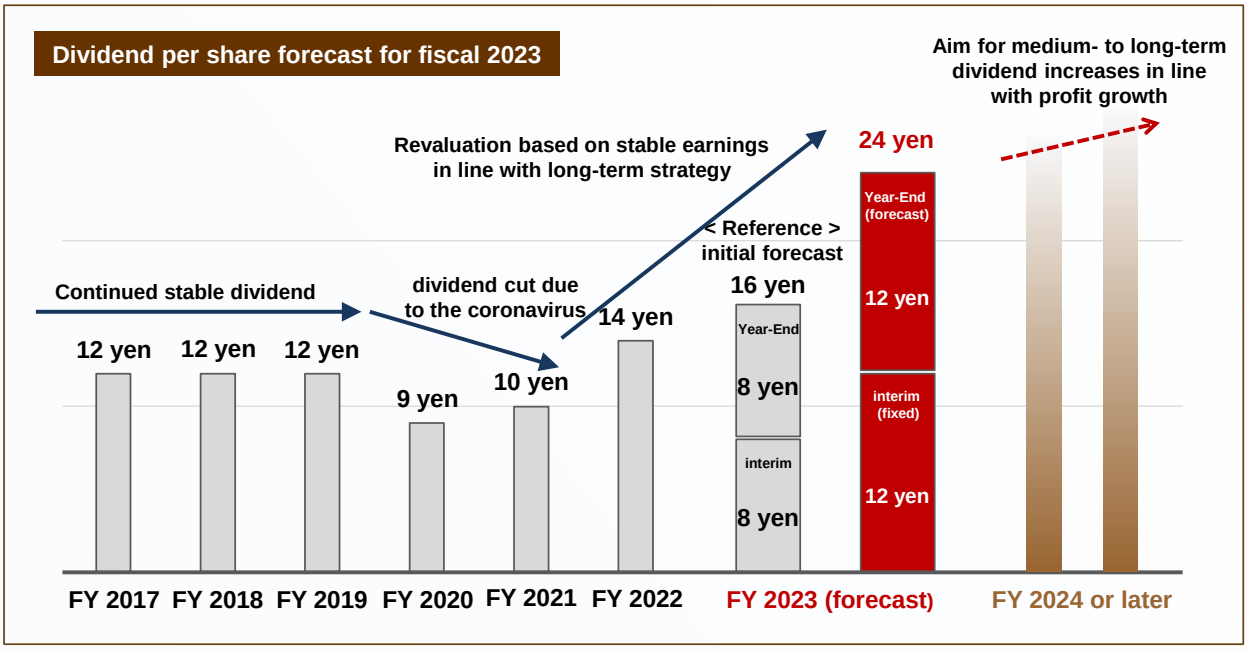
In the credit and finance business, due to system-related investments, etc. in the current fiscal year, we are planning a year-on-year change of 0, down 200 million yen from the August disclosure.

In the real estate business, we had not revised our plan in August because we had not been able to fill the successor tenants of the former BICQLO,
but we have revised our plan conservatively in the second quarter.

We plan to achieve full-year operating income of 48 billion yen, as a total of segments explained above.

Shareholder Returns (FY 2023 Dividend Forecast)

- The annual dividend for fiscal 23 was raised to 24 yen per share (12 yen (fixed) in the interim/12 yen (forecast) at the end of the fiscal year) based on the recovery of profits in the Revitalization Phase (Dividend increased by 10 yen from the previous year and 8 yen from the initial forecast)



Next, I would like to discuss the dividend forecast.

Prior to the COVID-19 pandemic, net income fluctuated greatly, and we continued to pay stable dividends, and then we asked for a dividend cut during the COVID-19 pandemic.

In May of this year, we announced a dividend increase within the framework of a total return ratio of 50%, but following the upward revision in our business results, we would like to raise our dividend first, so we disclose our plan to increase the dividend by 12 yen for the interim and 24 yen for the full year.

However, we are not satisfied with the current level of shareholder returns.
As shown in the graph on the right, we aim to increase dividends over the medium to long term in line with profit growth.

That's all for my explanation part.

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

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

III: Progress of Medium-term Management Plan

[Toshiyuki Hosoya, Director, President and CEO]
I will now explain the progress of the medium-term plan.

- **Strategic Step Sense and Position of Two-Year Plan**
- **Changes in profit plan**
- **Strategy and Results**
- **Progress by Business**
  Domestic Department Store Business/Domestic Affiliated Business/Overseas Business/Online Business
- **Progress by Key Strategy**
  “High sensitivity, fine quality ” Strategy /“ Connecting to Individual Customers ” CRM Strategy/Urbanization Management Systems/Human Resource Platform/Sustainability

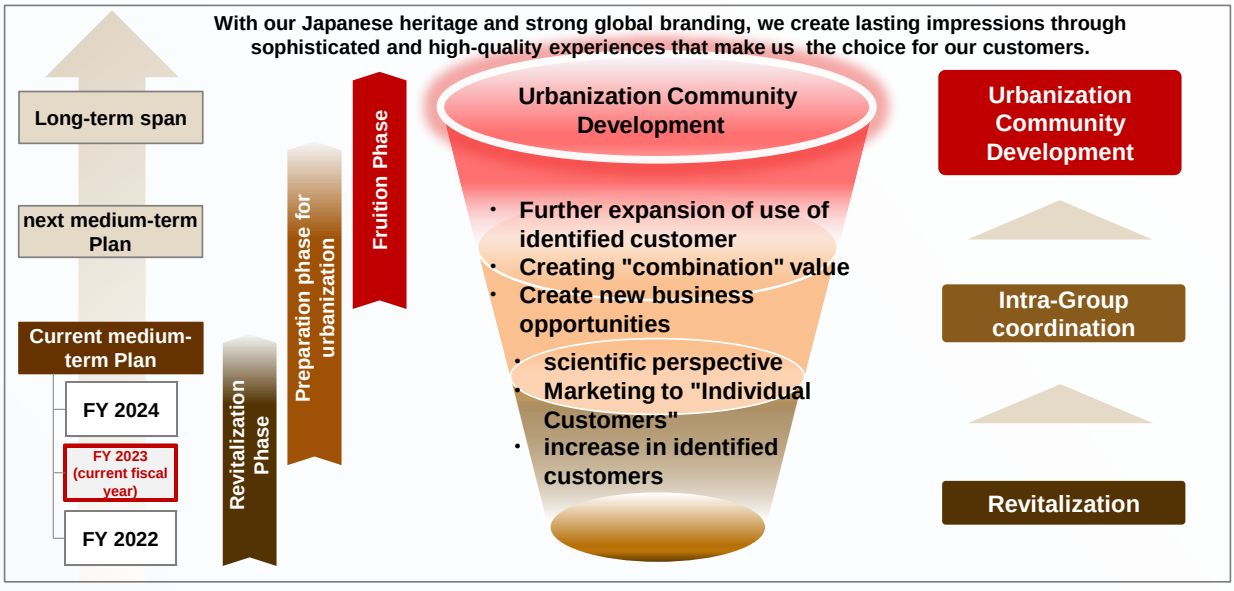
I would like to talk about these five points.

Progress of Medium-term Management Plan

1. Strategic Step Sense and Positioning of the Two-Year Plan (FY 2023 and FY 2024)
(Repost from May 2023 disclosure)

Positioning of the Two-Year Plan

- Accelerating the revitalization phase and formulating an execution plan for the deployment ("preparation" for urbanization) and Fruition Phase
- Strengthen our financial policy initiatives to establish the financial structure we should have
- Instill a new corporate philosophy and gather engagement from all employees



First of all, strategic steps as a whole.

As I have explained several times, our company has evolved into a company that thinks about things over the medium to long term.
The first phase is the 3-year "Revitalize" phase, in which department stores are revitalized.

Next, the "Stronger Intra-Group Coordination" strategy is to make the collected customers profitable for the entire Group.
Finally, "Urban Community Development“which is a long-term strategy over 10 years.
The strategy is to make better use of department stores and to attract people from all over the world to become customers.

This time, we are talking about the middle of fiscal 2023, the second year of the "Revitalize" phase.

Progress of Medium-term Management Plan

2. Changes in profit plan

[❶ Initial Plan (disclosed in November 2021)]
[❷ Latest Plan (disclosed in May 2023)]
[❸ Current Plan (disclosed in November 2023)]

Plan for FY 2024 operating income of 35 billion yen
Upward revision to FY 2024 operating income of 40 billion yen
Plan for FY 2023 operating income "48 billion yen" and expect to achieve FY 2024 target operating income ahead of schedule

Unit: 0.1 billions of yen/Time of disclosure		FY 2022	FY 2023	FY 2024
❶ Initial plan (disclosed in November 2021)	Gross sales	—	—	11,100
	Operating income	—	—	350
	ROE	—	—	5.3%
❷ Latest plan (disclosed in May 2023)	Gross sales	10,884	11,400	11,800
	Operating income	296 * Results	350	400
	ROE	6.1%	5.0%	5.7%
❸ Current plan (disclosed in November 23)	Gross sales	10,884	12,000	
	Operating income	296 * Results	480	Upward revision in the future
	ROE	6.1%	6.6%	

accelerate
upward revision
accelerate

This is the transition of the profit plan that we were trying to do in three years.

We started with an operating income plan of 35 billion yen in fiscal 2024, the final year of our medium-term plan, which began in 2022, and an operating income plan exceeding 34.6 billion yen, the highest since the merger of Mitsukoshi and Isetan.

Last year, we did well little by little, so we revised upward, and we said "We will deliver operating income of 35 billion yen" in the second year of our medium-term management plan.

I would like you to understand that we have confidence that our business is doing even better after six months this year to the point where we are already able to generate operating income of 48 billion yen in the second year of our medium-term management plan.

3. Strategies and Results "Difference from Trend"

・Maximize opportunities by leveraging our company's unique strategies and strengths in addition to improving the external environment. Achieved above-trend results

environmental impact	Our Company's Strategy and Strengths	Achievements of our Company	Trend Indicator
Domestic market recovery (re-opening) * Continuous rise in prices	・Building high sensitivity, fine quality stores ・Promotion of out-of-store sales reform ・Identification and Individual Marketing	Domestic department store net sales 108% compared to FY 2018	Tokyo area department store net sales (Disclosure by the Japan Department Store Association) 99% compared to FY 2018
		・Gross volume of out-of-store sales (Isetan Mitsukoshi) 140% compared to FY 2018	growth rate of domestic wealthy financial assets (Households of 100 million yen or more) 122% from 2021 to 2017
		Shinjuku Main Store single day net sales update September Tansei-kai (first day net sales) 2.9 billion yen Approximately 6,000 sets of customers	Shinjuku Main Store Clearance Sale Highest net sales 2.8 billion yen (January 2008) Approximately 230,000 customers
Inbound recovery	・Expansion of high sensitivity, fine quality MD ・Reinforcement of individual responses by overseas out-of-store sales ・Comfortable hospitality and service	tax-free net sales 115% compared to FY 2018	July to September 2023: Total expenditures by foreign visitors to Japan 101% compared to FY 2018
		Unit Price for Foreign Customers (Isetan Mitsukoshi) 167% compared to FY 2018	July - September 2023: Shopping expenditure per foreign visitor 111% compared to FY 2018
		Number of foreign out -of-store-sales customers to Japan Year-on-Year Change + Approx. 1,000	Number of foreign visitors to Japan in the first half of FY 2023 79% compared to FY 2018

First of all, I recognize that there is a tailwind in the department store industry.

In the upper left corner, it says "environmental impact," and I think there are three main factors.

First of all, I think there are a reopening from COVID-19.
Second, there has been a continuous rise in prices, so I feel that customers have stopped refraining from buying.
Third, inbound traffic has completely recovered in terms of numbers, but Chinese customers have not yet returned.

The next column describes how our company's strategy responded and contributed to performance.
Our company refers to it as a “high sensitivity, fine quality” strategy, which means that we are going to take our customers’ “discerning consumption" thoroughly.

In addition, we have added the aspect of picking up fine quality customers with high sensitivity as the core of our strategy. Specifically, that leads to out-store-sales strategy.
In addition, we identify all customers, not just out-store-sales customers, and analyze those customers thoroughly, which will lead us to think about what they need.

“Results of our company” column shows sales of domestic department stores in our company are 108% compared to fiscal 2018.
The trend of department stores in the Tokyo area as a whole is still below the 2018 level, so I think the difference is due to our company's strategy gradually bearing fruit.

3. Strategies and Results "Key Drivers of Upward Revisions"

[Strategy]	[Major Initiatives]	[Major Results (First Half of FY 2023)]
"High sensitivity, fine quality" Strategy < < Domestic Department Store Business > >	・High sensitivity, fine quality store remodels promoted at both main stores ・Expansion of Isetan Mitsukoshi "Out-of-store sales Reform" into regional department stores ・Strengthening Personal Response to Foreign Customers	[Both Main Stores] P18 ・Isetan Shinjuku Main Store net sales reach record high [(Individual) Out -of-store-sales] P24 ・Out -or-store-sales gross sales volume (Isetan Mitsukoshi) continued to grow to 112% year-on-year [Inbound] P19 ・Monthly sales hit record high
Business reform from a scientific perspective	・Lowering the break-even point by controlling income and expenditure ・Review of business structure and optimization of SG & A expenses ratio	P20 [Regional Business Companies] ・Net sales grew 108% year on year, though SG & A expenses were reduced to 93% year on year. ・Operating income turned profitable (YoY change + 2.6 billion yen)
"Intra-Group coordination" Strategy	・Enhancing insourcing and external sales by the Intra-Group coordination	[Major Domestic Related-Businesses] P21 ・Share of external net sales was 50% (up 6% over the previous year) ・Queen's Isetan Shinkoiwa Store (Opened October 2023)

I will explain the specific strategy in the form of main initiatives and results.

If you look at the left side, they are arranged in order of strategy.
The "high sensitivity, fine quality" strategy I mentioned earlier, is especially for domestic department stores.

Next, our company refers to the "scientific analysis of department stores," and it says that we will incorporate the "science perspective" into all our business activities.
This idea is being promoted faster.

Finally, the "Intra-Group Coordination" strategy aims to thoroughly spread customers gathered at "high sensitivity, fine quality" stores to the entire group.

Progress of Medium-term Management Plan

3. Strategies and Results "Key Drivers of Upward Revisions"

[Strategy]	[Major Initiatives]	[Major Results (First Half of FY 2023)]
Selection and Conversion < Overseas Business >	[Selection] ・Implementation of structural reforms and expansion of food and beverage business	[Structural Reform] P22 ・Formulation of specific plans for "selection" [Food and Drink Business] ・Expansion of restaurant business in the U.S. and Malaysia
	[Conversion] ・Shifting the Business Model to a Value-Up Model for Urbanization	[Value Up Model] ・Philippine Manila Complex Development (Opened July 2023) ・Search for new projects in the ASEAN Area
Digital reform	・Expense control with a close eye on business balance (profit oriented) ・Enhancing high sensitivity, fine quality, specialized e-commerce sites to meet customer needs	[Online Business] P23 ・Net sales of specialized e-commerce sites increased by double digits year-on-year ・Achieve profitability in FY 2024 through online business
CRM strategy to connect with individual customers	・Perform individual marketing to all identified customers ・Facilitate CRM plan focused on identification and use promotion ・Strengthen sales policies in line with customer interests	・Number of identified customers increased to approximately 7 million P25~27 ・In total, the number of app members has increased to about 2.6 million. ・Continued growth in "amount of purchase per customer" of identified customers
"Urbanization" Strategy	・Controlling real estate development timeline and financial planning ・Consider line organization of real estate business area	P28~30
Management system	・Preparation for BS and ROIC Management by Business Area	P31

17

Next, we will talk about the strategy of overseas business.

The good and bad aspects of overseas business have become clear.
So we're going to make choices and focus.

Next, regarding digital reform, our company has its own system company, so we think we can make it well, especially in terms of the relationship with customers, which contributes to more identification, and the "scientific analysis of department stores," which contributes to working styles.

Also, I believe that "connecting with individual customers" is the most powerful strategy of our company, and it is about identifying all customers and shifting the marketing method from mass to individual.
We conduct thorough analysis of customers identified individually and communicate in both directions. As a result, sales per customer will increase further.
This means that we will change from the traditional "building business" to "human business."

In addition, we will take a longer-term view of our "Urban Community Development" strategy to make better use of department stores.
Department stores have real estate in many places. However, we have been able to utilize the real estate only for the department store business, so we will aim to

utilize it well in the future.
As for the time, the department store is only open from 10:00 to 20:00, so we will make the night time profitable.

Also, almost all customers know the name of the goodwill Mitsukoshi and Isetan. I would like to make this point more profitable. We will provide new value to all our customers by linking the value of goodwill in department stores with the city.

Finally, I would like to explain the management system with some details.

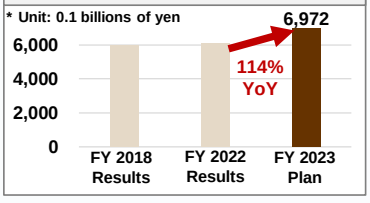
4. Domestic Department Store Business "Isetan Mitsukoshi" by business

[Results] ・Net sales grew double-digit year on year as business model shift from mass to individual progressed
・In addition, due to the thorough control of expenses, the profit increased significantly
[Future] ・Refining our stores to build high sensitivity, fine quality stores and further strengthening ties with individual customers

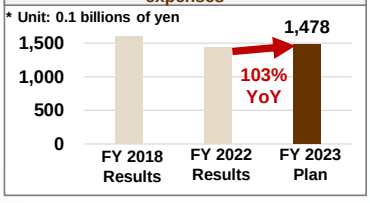
Full Year Plan for FY 2023

* Total Isetan Mitsukoshi (excluding real estate business)

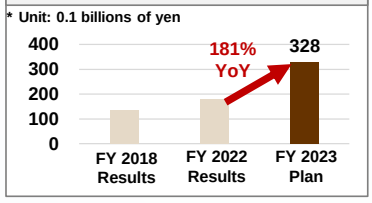
Gross sales



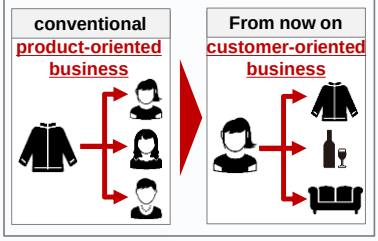
Selling, general and administrative expenses



Operating income



Business model transformation



Full Year Plan for FY 2023 at both Main Stores

Plan for significantly higher sales than last year

	Net sales	YoY
Isetan Shinjuku Main Store	372.7 billion yen	114%
Mitsukoshi Nihombashi Main Store	149.6 billion yen	108%

[TOPICS] September 2023: Tansei-kai and Ippin-kai

individual marketing
×
High sensitivity, fine quality consumption

・Both set new record sales
・Isetan Shinjuku Main Store Updated Single Day Highest Sales

Tansei-kai	YoY	Ippin-kai	YoY
Net sales	140%	Net sales	116%

It is about the domestic department store business of Isetan Mitsukoshi.

Business model transformation is shown on the bottom left.
Until now, department stores have ended with people gathered in the building.
It was about getting mass customers to buy something and go back to mass marketing. We have made a major shift in this business model.

At the start, we gather people in the building, and the moment we gather them, we identify them individually.
We will transform our model into one in which we can communicate with customers in both directions the moment we identify them individually,and propose what they need. We will use human and digital power to materialize these individualized relationships.

I think these sales results of two main stores may have been due to the successful identification of customers.

By the way, Isetan Shinjuku Main Store is planning to sell more than 370 billion yen this fiscal year.

This is the third time that the annual sales exceed 300 billion yen.
304.8 billion yen in 1991 during the bubble economy, which was the heyday of mass marketing.

327 billion yen last year, when the company successfully started to change its strategy while the number of customers still struggling to return.
This year we plan to go even further than that. I think we can still stretch it.

Progress of Medium-term Management Plan

< Response to inbound sales of the domestic department store business "Isetan Mitsukoshi" >

TOPICS

[Results]
- Due to the revision of the MD balance prior to the recovery of inbound demand, the amount of purchase per customer increased significantly
- Strengthen responses to individual needs similar to those of Japanese out -of-store-sales customers, thereby promoting the fixation of foreign customers

Full Year Plan for FY 2023

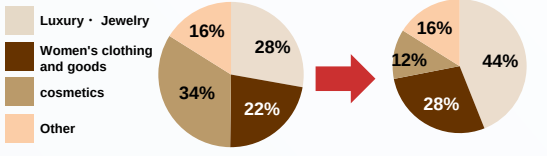
Plan to substantially exceed FY 2018 net sales

			< Compared to FY 2018 >
Inbound sales	Total domestic department stores	91.4 billion yen	122%
	Total Isetan Mitsukoshi	75.3 billion yen	124%

[Inbound Sales] Revision of MD Balance

- Modifying MD Balance by Remodeling
  ➡ Responding to Changes in Interest Levels of Foreign Customers

[MD Sales Market Share] * Total Isetan Mitsukoshi



< < Isetan Mitsukoshi > >	< FY 2023 1H Results > Compared to FY 2018
average spending per foreign customer (Inbound Customer purchase per customer)	167%

Efforts by foreign out -of-store-sales customers to Japan

- Strengthening personal responses to deepen ties

October 2022	"Overseas Out-of-store sales" newly established ・Formed a team of approximately 20 dedicated sales personnel
second half of FY 2022	Began developing contacts with wealthy overseas customers ・Promotion of new customer acquisition through external company alliances
First half of fiscal 23	Strengthening the personal service of out-of-store sales structure [Number of foreign out -of-store-sales customers to Japan] + 1,000 YoY

Let me talk about inbound.

We expect sales of 91.4 billion yen this year. We are building on the assumption that the level of inbound sales for the three months of July-September will continue for the remainder of this fiscal year.
Sales of 91.4 billion yen exceed the peak of tax-free sales in fiscal 2018 by 20%.

The main causes are shown in the pie chart on the left. Until now, the main part of tax-free sales has been cosmetics. The market share of cosmetics was very high due to the so-called "explosive buying" of customers from mainland China. Now, the balance has changed and customers are buying other luxury brands and women's and men's clothing in much the same way as highly sensitive customers in Japan. This is because I think that customers sympathize with Japanese hospitality and want to have the same experience as Japanese customers.

In addition, the accuracy of the out-store-sales scheme for foreigners, which we launched last October, has increased and we are now generating sales.
Sales per customer are now about 1.5 times higher than those of Japanese out-store-sales customers, and the number of customers is increasing rapidly.

I think we can further promote the out-store-sales scheme for foreigners.

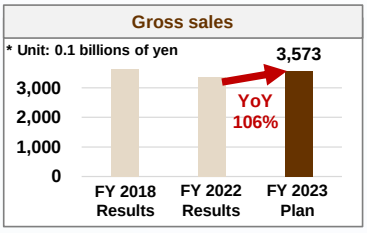
4. Domestic Department Store Business "Regional Business Companies" by Business Segment

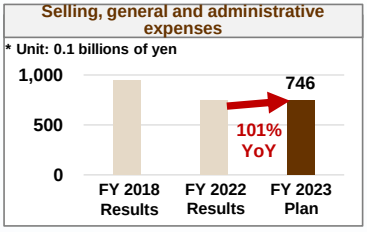
[Results] ・Following the Tokyo metropolitan area, net sales are on a clear recovery trend from regional and large cities
・In addition to the effects of structural reforms based on the "scientific analysis of department stores" ahead of sales recovery, operating income recovered

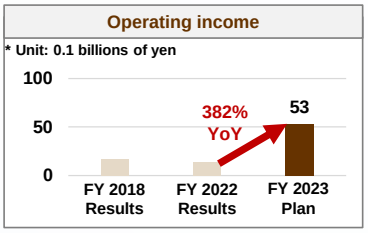
[Future] ・Operating income of regional operating companies is expected to exceed the FY 2023 plan, and the company plans to increase profit in FY 2024 as well.

Full Year Plan for FY 2023

* Total regional operating companies







[TOPICS] Iwataya Mitsukoshi

	FY 2023 1H Results		FY 2023 Plan	
	Results	YoY	Plan	YoY
Net sales	56.1 billion yen	113%	118.3 billion yen	108%
Selling, general and administrative expenses	10.3 billion yen	94%	22.2 billion yen	103%
Operating income	2.1 billion yen	+ 1.2 billion yen	3.6 billion yen	+ 900 million yen

➡ FY 23 Operating income on track for record high

[TOPICS] Nagoya Mitsukoshi

	FY 2023 1H Results		FY 2023 Plan	
	Results	YoY	Plan	YoY
Net sales	28.8 billion yen	109%	60.5 billion yen	105%
Selling, general and administrative expenses	7.6 billion yen	93%	15.4 billion yen	99%
Operating income	-100 million yen	+ 500 million yen	400 million yen	+ 700 million yen

➡ Returning to Operating income in FY 23

This page is about the regional stores.

Regional performance has also been recovering, following the Tokyo metropolitan area.

In particular, control of selling, general and administrative expenses in the middle section has been firmly established.

In January of this year, we distributed a 200 page booklet titled "Scientific analysis of department stores" to the entire Group, and I think that the results of our headquarters following it and each company looking at it and thinking about how to control selling, general and administrative expenses within the company and how to manage the merchandising mix led to this outlook for operating income.

Iwataya Mitsukoshi started its efforts a little early, so I think this is the result.

As each company follows it, we expect further increases in the future.

4. Domestic Related Business by Business

* construction and interiors, media, human resources services, logistics, etc. (Excluding finance and real estate)

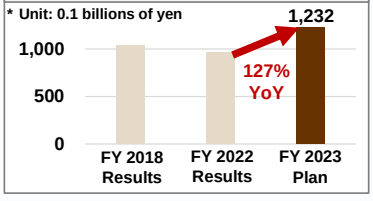
[Results]
- Reached 50% of external sales share (+ 6% year-on-year) through strengthening of external sales by the Intra-Group coordination
- In addition, due to thorough control of expenses through income and expenditure structure reform, both sales and profit increased

[Future]
- Proceeding with projects to expand infrastructure business opportunities (construction and interiors, media, human resources services, etc.) in urbanization

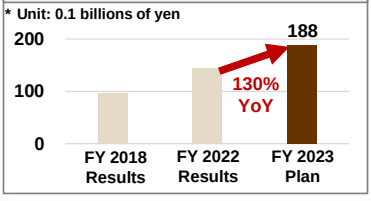
Full Year Plan for FY 2023

* Total domestic affiliates (Excluding finance and real estate)

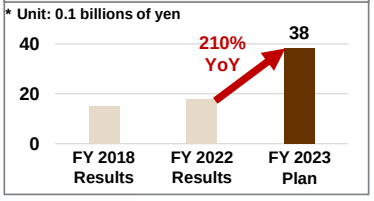
Gross sales



SG & A expenses



Operating income



Isetan Mitsukoshi Property Design

～Becoming a company that dominates the "construction and interiors market" with high sensitivity, fine quality～

Sales orders expanded mainly in commercial and hotel businesses

[The St. Regis Osaka]



[K Arena Yokohama (VIP Area)]



Studio Alta

～Becoming Group Advertising and Media Core Companies～

Promoting retail media in stores

[Ginza Mitsukoshi Virtual GINZA mitsukoshi]



IM Food Style

～to become a leading company in the "food" area of the Group～

Accelerate new store openings to expand the market area

[Queen's Isetan Shinkoiwa Store]



This is about domestic related businesses.

You can recognize this is about the "Intra-Group Coordination," which will be the core of the next three years.

Of course, the “scientific analysis of department stores” or the “revitalization of department stores” will make department stores more and more profitable, but the purpose of the "Intra-Group Coordination" is to attract customers through department stores and how to make those customers profitable for the entire group.

As the results of the Intra-Group Coordination are gradually emerging, the figures for related businesses are also on an upward trend.

Progress of Medium-term Management Plan

4. Overseas operations by business

* Reference [Japan] traditional customer base + Identification of new customers = Business Model Focused on Individual Customers (Individual Customers)

<< Conversion >> [Value up model of town] New business model by commercial operation and real estate development

<< Choice >> [Food and Drink Business] Expansion of Food and Drink Business in the U.S. and Malaysia
[Structural Reform] In addition, we implemented structural reforms to meet contract conditions and store conditions

Transformation

Philippine Manila Complex Development

- Led by Japan-related MD, it is expected to reach 2.5 million visitors per year
- Selected for the top two awards in the "Property Guru Philippines Property Awards", which recognizes outstanding real estate around the world.



* Opened in July 2023

New ASEAN Complex Development

- Search for new projects in the ASEAN area
- Increase in equity method investment income/high IRR

Select

Food and Beverage Business

❶ US (inside of Disney World)

- Sushi Restaurant "Shiki -Sai" Opened (August 2023)
  ➡ Development of future expansion plans



❷ [Malaysia]

- Gardens Store's restaurant remodeled last year to become profitable in its first year
- KLCC store remodel opening this winter



Structural Reform

- Formulation of specific plans for "selection"

This is about overseas business.

Overseas, I would like to make clear "conversion" and "choice."
I think the old model is already very difficult. I don't think the conventional business model of department stores, which is to collect merchandise in the building and profit from low rent and labor costs, will work. We aim to convert this business model.

The project we developed in Manila, Philippines, is the start of the conversion. This is a business model in which a robust department store, Mitsukoshi, is opened on the lower floor, and a firm investment is made in the condominium on the upper floor, thereby cooperation between the department store and the condominium is established. By doing so, the value of the condominium increases overwhelmingly, and the price of the condominium increases.
After real estate is built, cooperation between department stores and residences is necessary.

Also, in terms of choices, I think the food and beverage business is doing particularly well.
Specifically, restaurants and supermarkets focusing on Japanese food are doing well in the United States and Malaysia.

There are not so many Japanese restaurants overseas, so I believe that our

company is able to obtain the needs of local customers by taking the initiative in this regard.

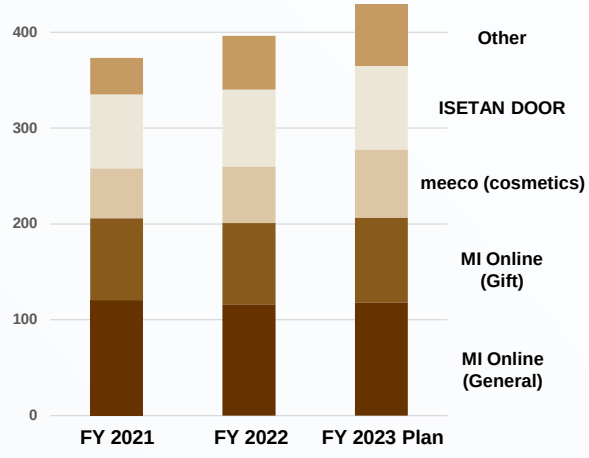
4. Online Business by Business

[Results] ・ Net sales increased by double digits year on year due to the enhancement of high sensitivity, fine quality, specialized e-commerce sites in response to customer requests
[Future] ・ Shifting from a focus on sales to a focus on profits to achieve profitability in FY 2024

online business plan

FY 2023 Plan

* Unit: 0.1 billions of yen



Results of Specialized EC Sites

FY 2023 1H Results



[Food Website]
ISETAN DOOR
[Net sales]
111% YoY



[Cosmetics Website]
meeco
[Net sales]
112% YoY



[Gift Site]
MOOD MARK
[Net sales]
146% YoY



[Tax donation program website]
Isetan Mitsukoshi hometown tax donation program
[Return gift sales]
146% YoY

This is an online business.

In the past, we started our online business with the aim of expanding sales and SKUs, but we are shifting to the same way as brick-and-mortar department stores in the direction of making sure that we capture "high sensitivity and fine quality" consumption.

As a result of this shift, we have decided to shift from sales expansion to profit orientation, and we are within striking distance of turning profitable this year or next.

Looking at the growth in sales, I think the results show that our company is offering highly sensitive and fine quality products, which department stores are good at, to the customers it collects, as shown in the four examples on the right.

5. Key Strategy: “high sensitivity, fine quality” Strategy

[Results] ・Expanding the “ONE Group foreign out-of-store sales” by Integrating Core Stores and Areas
・As a result, the selection of products from both main stores was expanded to customers nationwide. In addition, the handling of MD outside department stores expanded.
[Future] ・Enhanced cooperation with “ONE Group Foreign out-of-store sales” to achieve a total handling of over 220 billion yen (FY 2023 nationwide total)

ONE Group Foreign out-of-store sales Initiatives

< < Isetan Mitsukoshi > >

	< FY 2023 1H Results >	
	Results	YoY
Gross out-of-store sales volume	Approx. 57 billion yen	112%

[TOPICS] MD Results Outside Department Stores

Results	162% YoY
Examples of efforts	・luxury automobile sales ・Resort condo membership (introduction), etc.

[Kenig Seg]



[NOT A HOTEL (shared villa)]



Base network (order-taking, accompanying, etc.)

< < Isetan Mitsukoshi > >

	< FY 2023 1H Results >	
	Results	YoY
Base network handling volume	Approx. 6 billion yen *	135%

* Equivalent to approximately 4% of total net sales of regional operating companies

[TOPICS] Base network Mobilization of regional stores results

Name of the event	YoY
July 2023 Isetan Shinjuku Main Store Watch Collector's Week	126%
September 2023 Isetan Shinjuku Main Store Tansei-kai	160%

[Isetan Shinjuku Main Store Tansei-kai]





Now let me talk about strategy.

First of all, about "high sensitivity, fine quality" strategy. When I say "high sensitivity, fine quality," I don't mean customers, but I mean capturing "high sensitivity and fine quality" consumption thoroughly. Therefore, we collect special products and special promotions mainly in both main stores, and customers come to our store for them. Once we collect customers, we identify them.

This time, the most important topic is the out-store-sales.
As for out-store-sales, which had been operated vertically in areas related to store goodwill, we have adopted the concept of “ONE group out-store-sales” throughout the whole country. Therefore, any customers buying at any store can enjoy the same experience. We created this management accounting system last year.

In the example of the base network on the right, if out-store-sales customers of a regional store buy products from Shinjuku or Nihombashi stores digitally, or by coming to event at Shinjuku store, sales at the Shinjuku store made, but profits are added to each region. This motivated local staff members and behavioral changes occurred.
Also, on the left side, there is a result of "MD outside department stores" as a topic. Our company aims to achieve a total handling volume of 220 billion yen by out-store-sales this fiscal year. However, customers consume a lot outside of our

group.

How much our company is involved in that consumption will lead to the results of MD outside department stores.

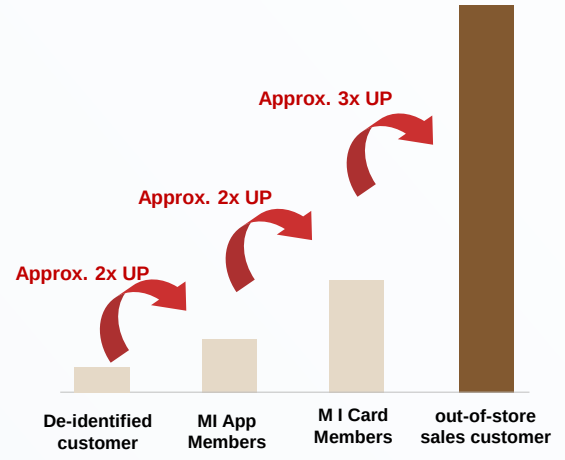
5. Key Strategy: "Connecting with Individual Customers " CRM Strategy" Department Store CRM "

[Results]
- Identified customer "per customer spending": trend of more than doubling per customer spending, as shifting from unidentified customers to app members, card members, and to out-of-store-sales customers
- Purchase share of both main stores: Identified customer purchases of both main stores continue to hold about 70% share
  * Total of Shinjuku and Nihombashi main stores

[Future]
- Search for identification of inbound (foreign customers) to identify customers around the world

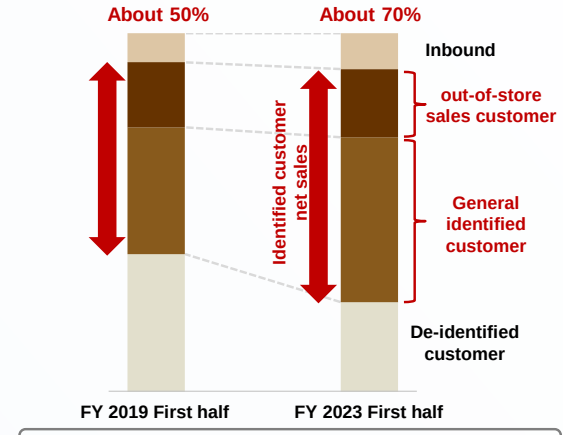
Identified customer "Per customer spending"

FY 2023 1H results



Purchasing share of both main stores

FY 2023 1H results



Advances in the use of apps to help identify unidentified customers

This is the most important of the key strategies, the "connecting with individual customers" strategy.

In the table on the left, the first is the customer who buys with cash, which is commonly called an unidentified customer. Until now, we had a naive expectation that we would be able to get a customer by giving points, whether paid in cash or by card.

As a result of shifting away from this concept and adopting the concept of identifying customers and communicating in both directions, we have achieved the sales trends described.

The sales per person doubles when an unidentified customer has MI app, doubles when they have MI card, and triples when they become an out-store-sales customer.
By quantifying the effect, we can see all employees are pressing ahead with obtaining identified customers.

By the way, if we look at the purchase share in both main stores, we can see that the number of identified customers is increasing rapidly,
that the sales share of identified customers is being maintained even though the number of inbound customers is increasing, or that the number of unidentified customers is decreasing. We are pressing ahead for the situation where 80% of

customers are identified when we walk in the store.

5. Key Strategy: “Connecting with Individual Customers” CRM Strategy “Customer KPI ”

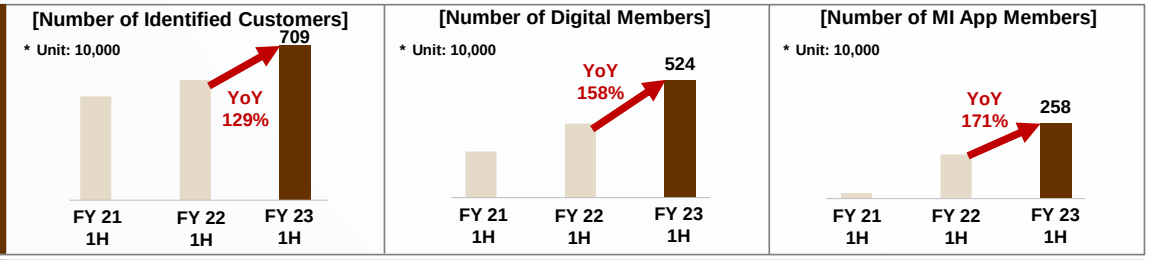
[Results] ・Continued growth in both the number of identified customers and the number of identified customers' sales over the previous year. Upward revision of full-year plan

[Future] ・Strengthen department store CRM and sales policies to attract new customers and promote usage

・Consider measures to expand the number of card members in order to increase net sales of MICard Members

FY 2023 1H Results

Expansion of the number of connected customers



Expanding the use of connected individual customers

【Domestic Department Stores Total】	First half of FY 2023	
	Results	YoY
Identified customer net sales	278.1 billion yen	108%
MICard Members net sales	217.4 billion yen	103%
Digital ID only member net sales	60.7 billion yen	135%
Net sales of MICard Members who purchased more than 1 million yen per year	86 billion yen	105%

In our CRM strategy of "connecting with individual customers," we aim to achieve customer KPIs.

Achieving customer KPIs will motivate employees, and commitment will lead directly to employees having a firm goal.

Looking specifically at the number of identified customers, I mentioned that we achieved about 5 million last year, but we have already reached over 7 million. These identified customers are supporting our company's current sales.
I think that by making new proposals to identified customers more specifically, the possibility will increase.

The story is that the sales of department stores will increase due to the identification of customers, and furthermore, depending on what proposals can be made by the entire group to identified customers, it will help the "Intra-Group Coordination."

Progress of Medium-term Management Plan

5. Key Strategy: "Connecting with Individual Customers" CRM Strategy "Cards and Financial Products "

[Results] ・Operating income in FY 2023 is expected to be at the same level as the previous year, but plans to increase in profit from FY 2024 onward

[Future] ・[Card area] Introduction of entry cards in FY2024 and beyond to expand card membership

・[Finance area] Evolving to a life design partner business.
Expanding "financial products" targeting all customers via apps

Card Area

« Introducing Entry Cards »

Entry card	MICARD Plus	MICARD Plus Gold
Introduced in fiscal 24 and later		

Financial Domain

« Development of Financial Instruments Utilizing the Intra-Group coordination »

Insurance domain | Guarantee area | Loan area | Operational area

Development of products unique to the Isetan Mitsukoshi Group utilizing department store business style and customer base

[Out-of-store sales customer] Face-to-face sales focusing on warranty and investment products
[Card/App Members] Digital sales focusing on insurance and loan products

TOPICS

・Financial Services: Assurance service utilizing department store business style is scheduled to start in FY 2023

・Card Finance: Exceeded the target by promoting the use of installment loans at department stores

This is about the credit card and finance business.

I am reflecting that I am not satisfied here.
The number of card customers is about 2.5 million, which has not changed in the past several decades.
However, thanks to customers getting our card as the main card, the number of purchases outside our group is increasing.

The challenge is how to bridge the gap between these 2.5 million people and the 7 million people I mentioned earlier.

One of the reasons why the number of card members is not increasing is that customers think that they don't need to have a card anymore because they can communicate with us once they have the MI app.

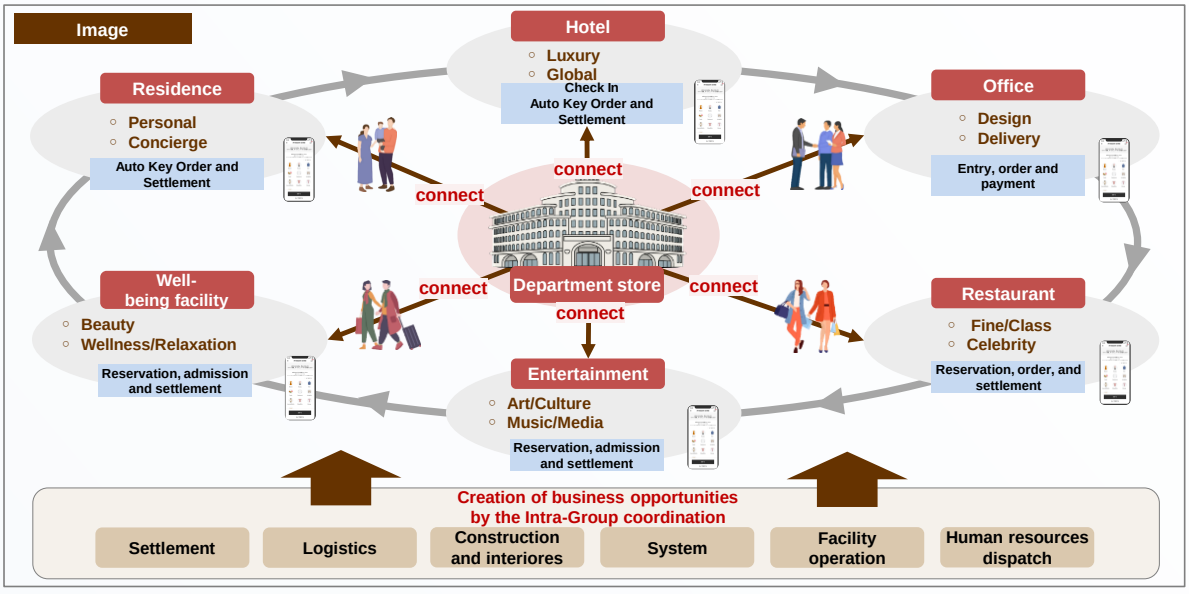
Also, as our company card business, we charge card member an annual fee, which is a bottleneck, so in the future, we would like to shift to a combination of an entry card without an annual fee and the app.
We would like to turn 7 million customers into card members.

Also, regarding the financial sector, it is written here that the department store will play a central role in providing new services so that we can make solid proposals to our 7 million credit card customers.

There is still room for improvement in the credit card and finance business.

5. Key Strategies: Urbanization Community Development "Unique Value"

- Implementation of community-based mixed-use development as a means to attract more customers
- Combining our company's unique value offerings (content, services, etc.) in a mixed-use manner to provide a unique customer experience
- In addition, through the creation of business opportunities by Intra-Group coordination, we will contribute to the community as well as contribute to earnings.



Next is the context of urban community development.

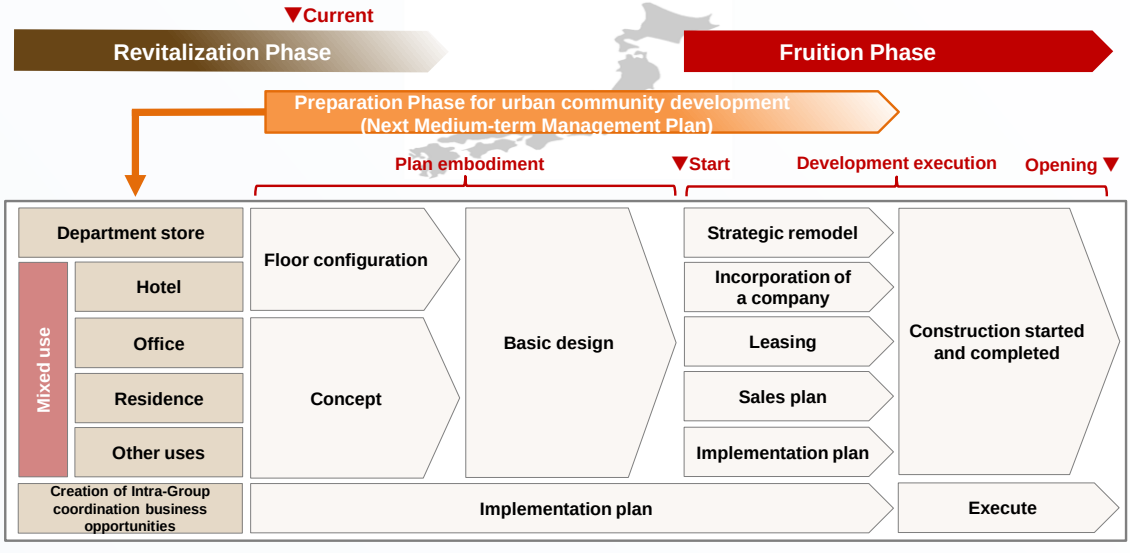
This is how we think about strategy when we look at things over a longer span of time.

Our main focus is the department store, and we plan to build a solid community by thinking daily about how to link the department store with different contents, how to make more interesting and unique links, how to make this mixed-use project work, and how to make good use of the land and real estate owned by the department store.

The schedule in the strategy story is shown on the next page.

5. Key Strategies: Urban Community Development "embodiment"

- In the preparation phase for urban community development, we promote the materialization of mixed-use businesses, mainly department stores, and the creation of Intra-Group coordination business opportunities
- Control property development timeline and financial planning for the fruition phase « Self-funded cascading development »

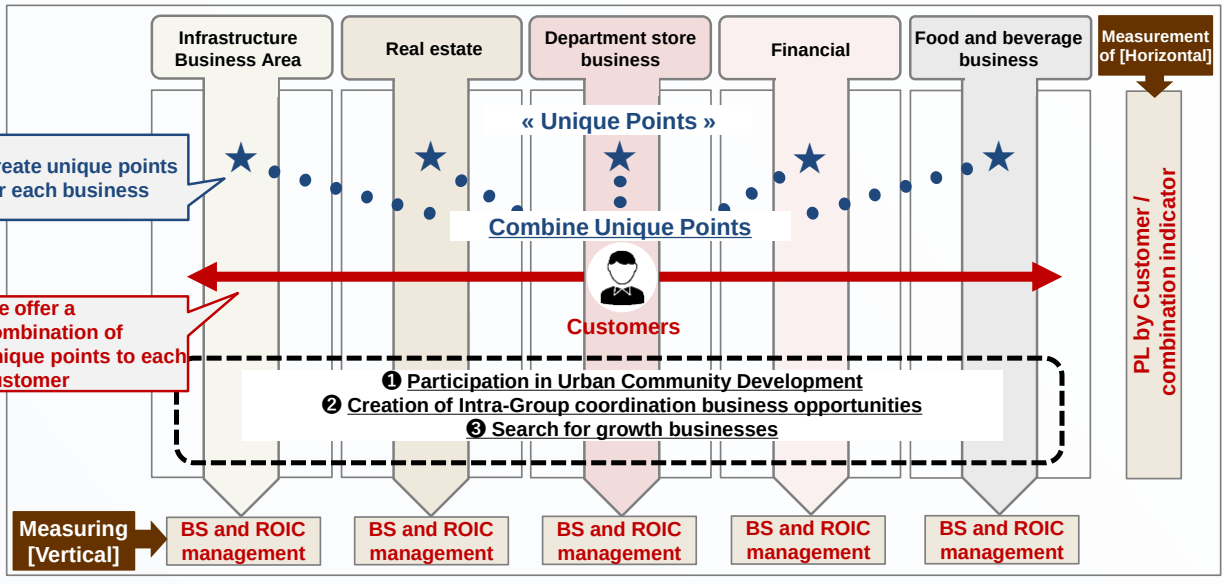


◆Progressing concepts for each area of the nationwide urban community development project

From the revitalization phase to the preparation phase to the fruition phase, the details of what we are doing now will become concrete.
As soon as it becomes concrete, we would like to disclose it firmly.

5. Key strategies: Urban Community Development "Promotion System for the Preparation Phase"

- Create unique points for each business area. Combined on Intra-Group coordination axis to provide each visiting town customer
- Promote "BS and ROIC management" in "vertical" for each business area, and promote combination of "horizontal" Intra-Group coordination
- In the real estate business area, in line with the materialization of the real estate development plan, we are considering line organization from fiscal 2024.



As we work on urban community development, we want to think about the management structure behind the scenes.

On the vertical axis, we would like to see BS and ROIC by business, mainly in the department store business, but also in the real estate business, the finance business, the infrastructure business, the food and beverage business, etc. Additionally, we would like to add the concept of horizontal axis.

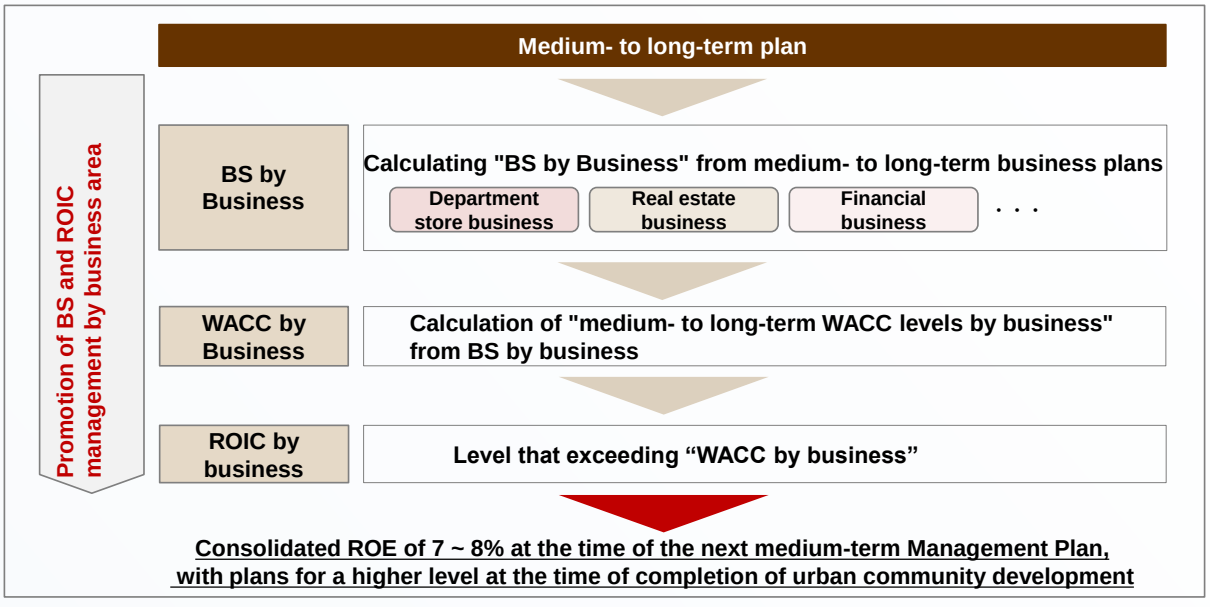
On the vertical axis alone, we look at each business by BS and ROIC, which is usually seen in the company system, etc. As a value unique to our company, we would like to see how customers buy at various businesses, with department stores at the core, and how the sum of the horizontal numbers from each business results turns into the group's overall profit.

We would like to turn the customers we collect in the department store business into profits in the real estate business, the finance business, and the food and beverage business, so that the sum of the figures will be profit not only for the department store but also for HDS as a whole.

Progress of Medium-term Management Plan

5. Key Strategy: Management System

- **Promoting "BS and ROIC management" by business area** with an eye on medium- to long-term business portfolio
- The ROIC of each business aims to exceed the WACC level and plans to widen the spread



This is a page that briefly summarizes the management structure of the previous page.

As we move into the next phase of our medium- to long-term plan in the next fiscal year, we will proceed with controlling BS and ROIC in our department store, real estate, finance and other businesses.

Of course, we will proceed with these controls with an awareness of WACC by business over the medium to long term.

Most recently, ROE has been expected to be between 7% and 8%, but we will not be satisfied with the current situation and aim for higher levels in the future.

Progress of Medium-term Management Plan

< Initiatives for Human Resource Platform (Human Capital) >

TOPICS

・Strengthen and implement human resources strategies by business domain in the framework of "planning, securing, nurturing, and revitalization"

Corporate philosophy

Medium- to long-term management plan

medium- to long-term human resources strategy

❶ Design the basic concepts of people and organizations

・Redesigning the “Human Resources Management Policy” to Maximize Human Capital
・Creating relationships between the company and its employees to be selected and chosen
・Clarify "expectations of employees" and "responsibilities of the company and superiors"

❷ Strengthen and implement “medium- to long-term human resources strategy”

Department store business	[Plan]	・ elect of the few by the Scientific analysis of department stores
Real estate business Financial business Other Business	[Securing] [Nurturing]	・Strengthening strategic secondment and mid-career employment ・Mobilization of the Group human resources ・Group-wide recruitment population formation
Group common	[Nurturing] [Revitalization]	・Promotion of "Lifetime CDP" with a trinity of employees, supervisors and the company

❸ Personnel System

・Optimization of personnel policies
・Updating the personnel system to maximize human capital
・Systematization of Group Human Resources “Discovery, Utilization, and Analysis”

This page shows that the human resource platform that supports our business will be promoted in combination with our long-term strategy.

Last year, our company redesigned its corporate philosophy.
Our mission is "Touching people’s hearts with human-driven experiences"
and we want to move the hearts of our customers with the power of people.

We will think about things over the medium to long term, think about our human resources strategy in a way that matches our medium to long term plan,
and move forward with our human resources strategy with a solid rotation of planning, securing, nurturing, and revitalization.

Progress of Medium-term Management Plan

< < Sustainability > >

TOPICS

- Promoting "think good" merchandising activities in consideration of society and the environment
- Promote collaborative efforts with suppliers to build sustainable supply chains

[Priority measures ❶] Connecting People and Local Communities

Continued ["Piece of Future" Project]

- A project that suggests a new future through fashion
- Utilizing remnant fabric(= “pieces ”) provided by brands and companies to create products with“ new value ”
- [Number of companies providing fabric] Last time 1 company → 15 companies and 1 organization, [Collaborative schools] Last time 1 school → 4 schools, [Available stores] Last time 2 stores → 5 stores

think good
三越伊勢丹の考える“サステナブル”



[Priority measures ❷] Connecting Sustainable Society and Times

New [Initiatives for Supply Chain Management]

- June 2023: The Code of Conduct for Business Partners was established.
- Notification to about 6000 business partners and e-learning education for about 9000 group employees
- Holding study sessions for employees to engage in dialogue with business partners





[Priority measures ❸] Improvement of Employee Satisfaction

女性が活躍しています！

Continued

- In August 2023, Isetan Mitsukoshi Co., Ltd. obtained the highest level 3 in the "Eruboshi Certification" approved by the Minister of Health, Labour and Welfare
- Following the second level (2 stars) of the "Eruboshi Certification" obtained in 2016

Finally, the sustainability.

This year, we will publish our third Sustainability Report in late November.
We will also hold a sustainability briefing in early December.
At that time, I will explain in detail, but sustainability management is steadily spreading throughout the entire Group.

That's all for my explanation today.
Thank you very much.

Information in this document may include forward-looking statements.
These forward-looking statements are based on our company's reasonable assumptions and beliefs in light of the information currently available to it and involve various risks and uncertainties.
Accordingly, actual results may differ from these forecasts due to factors such as changes in business operations and economic conditions.