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# **Isetan Mitsukoshi Group Financial Results Explanation Meeting for the Fiscal Year Ended March 31, 2025 (FY2024)**

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Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

**May 13, 2025 (Tuesday)**

 Isetan Mitsukoshi Holdings



**I: Fiscal Year Ended March 31, 2025  
(FY2024) Full-Year Results**

**II: Fiscal Year Ending March 31, 2026  
(FY2025) Full-Year Plan**

**III: Medium-Term Management Plan  
(Initiation and Roll-out)**

Yoshinori Makino, Director, Managing Executive Officer, CFO

I would now like to talk about our performance in fiscal year 2024, which is now over, and our plans for fiscal year 2025.

**I: Fiscal Year Ended March 31, 2025  
(FY2024) Full-Year Results**

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(FY2025) Full-Year Plan

III: Medium-Term Management Plan  
(Initiation and Roll-out)

1. Fiscal Year Ended March 31, 2025 (FY2024) Full Year Results Summary

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Operating profit reached **76.3 billion yen** a record high for the second consecutive year

Ordinary profit increased significantly by 28.2 billion yen YoY to **88.1 billion yen**

Sales at many major stores increased significantly from the previous year, with the Isetan Shinjuku Main Store surpassing the **400 billion yen mark**

Gross sales increased by 107%, while **selling, general and administrative expenses were kept to 99%**

The effects of controlling fixed costs through **income and expenditure structure reform** continue

## 2. Consolidated Results for FY2024

- While **gross sales increased significantly by 107%**, we continued to control fixed costs and kept **selling, general and administrative expenses to 99%**
- Operating profit **increased 40% YoY** to 76.3 billion yen. We achieved **record high profits** for the second consecutive year
- As a result of recording adjustments to income taxes due to the sale of shares in affiliated companies and defense-related tax increases, profit decreased by 5.1 billion yen from the February plan

(0.1 billions of yen)	FY2024 results	YoY	YoY difference	Difference from February plan	Q4 (Jan-Mar)	YoY difference
Gross sales*	13,036	106.5%	+790	(163)	3,250	+106
Net sales	5,555	103.6%	+190	(4)	1,380	+33
Gross profit	3,376	105.9%	+187	(33)	827	+22
SG&A expenses	2,613	98.8%	(32)	(76)	663	(6)
Operating profit	763	140.4%	+219	+43	163	+29
Ordinary profit	881	147.2%	+282	+111	220	+71
Profit attributable to owners of parent	528	95.0%	(27)	(51)	63	(181)

\*Total turnover, including sales of department store tenants and sales of merchandise handled outside department stores, amounted to 1,364.2 billion yen

In fiscal 2024, we made solid strategic expenditures, but were still able to achieve increased revenue and profits.

We were able to raise gross sales by 79.0 billion yen and increase gross profit by 18.7 billion yen while holding down selling, general and administrative expenses by 3.2 billion yen, resulting in an increase in operating profit of more than 21.0 billion yen.

The increase in ordinary profit was larger than usual, due in part to a slightly irregular gain in equity in earnings of affiliates.

Profit for the period was negative from the February IR value due to income tax adjustments resulting from the impact of the defense tax hike and the recording of deferred tax liabilities for sale of shares in affiliates.

Incidentally, the income tax adjustment and the goodwill impairment mentioned in the financial results presentation do not involve cash outflows, so the operating cash flow is more than 90 billion yen, a new record high.

Starting from now on, the value obtained by adding the sales of department store fixed-term lease tenants and the sales of MD other than department stores to the total sales is listed outside the table.

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

- Isetan Shinjuku Main Store, a **special department store** that Japan is proud to show the world, achieved a record high of over **400.0 billion yen**
- Revenues also increased from the previous year at the three major regional companies of Sapporo Marui Mitsukoshi, Nagoya Mitsukoshi, and Iwataya Mitsukoshi

(0.1 billions of yen)	Gross sales	YoY	YoY difference	Total turnover*	(0.1 billions of yen)	Gross sales	YoY	YoY difference	Total turnover*
Isetan Shinjuku Main Store	<b>4,212</b>	112.1%	+453	4,253	Sapporo Marui Mitsukoshi	<b>627</b>	103.6%	+21	668
Mitsukoshi Nihombashi Main Store	<b>1,616</b>	105.7%	+87	1,718	Sendai Mitsukoshi	<b>263</b>	95.4%	(12)	268
Mitsukoshi Ginza Store	<b>1,241</b>	118.5%	+193	1,330	Nagoya Mitsukoshi	<b>632</b>	102.5%	+15	874
Isetan Tachikawa Store	<b>318</b>	98.8%	(4)	321	Niigata Isetan Mitsukoshi	<b>339</b>	94.6%	(19)	343
Isetan Urawa Store	<b>362</b>	93.3%	(26)	366	Iwataya Mitsukoshi	<b>1,329</b>	106.7%	+83	1,367
Isetan Mitsukoshi Total	<b>7,752</b>	110.0%	+705	7,987	Total of 5 major regional companies	<b>3,192</b>	102.9%	+89	3,520

\*Total turnover, including sales of department store tenants and sales of merchandise handled outside department stores

Continuing on, here are the gross sales by store for FY2024.

The three core stores in the Tokyo metropolitan area, Shinjuku, Nihombashi, and Ginza, are performing extremely well, and the regional operating companies are also performing well at their stores located in major metropolitan areas.

#### 4. Changes in Consolidated SG&A Expenses

- **Cost structure reform:** Further progress with a cumulative annual reduction of 7.9 billion yen, against the upwardly revised full-year reduction plan of 7.0 billion yen announced in November
- **Strategic expenditures :** Implementation of annual fee-free cards (MICARD BASIC) and financial services to transform into an individual customer business

(0.1 billions of yen)	FY2024 results	YoY changes	Breakdown of YoY increase/decrease				
			Cost structure reform	Linked to sales	Strategic expenditures	Impact from price changes	Others
Personnel expenses	936	(12)	(38)		+6	+20	
Advertising expenses	94	(1)	(5)		+4		
Lease payments	320	(7)	(20)	+12			
Business consignment expenses	283	(14)	(4)		+1	+1	(13)
Depreciation and amortization	226	(0)			+3		(4)
Utilities expenses	92	(0)	(2)			+1	
Others	660	+5	(10)	+17		+4	(5)
<b>Total</b>	<b>2,613</b>	<b>(32)</b>	<b>(79)</b>	<b>+29</b>	<b>+14</b>	<b>+26</b>	<b>(21)</b>

This is about selling, general and administrative expenses for FY2024.

As shown in the breakdown of the year-on-year increase/decrease, we spent about 7 billion yen in total for "Linked to sales," "Strategic expenditures," and "Impact from price changes," while adding reductions from the plan through "cost structure reform," so total selling, general and administrative expenses were kept at a very low level of 261.3 billion yen.

## 5. Performance by Segment

Department store business: Implementation of our unique strategy has borne fruit, resulting in significant revenue and profit growth as the culmination of our revitalization phase

Credit & finance business: Achieved significant increase in profit by absorbing MICARD BASIC introduction costs in Q4

Real estate business: Increase in rental income from introducing large tenants to owned properties

(0.1 billions of yen)	Gross sales	YoY	Net sales	Operating profit	Operating profit margin	YoY difference
Department store business	<b>12,100</b>	106.4%	<b>4,611</b>	<b>645</b>	5.3%	<b>+194</b>
Credit & finance business/ Customer organization management business	<b>369</b>	104.3%	<b>344</b>	<b>57</b>	15.5%	<b>+16</b>
Real estate business	<b>295</b>	110.3%	<b>295</b>	<b>36</b>	12.2%	<b>+5</b>
Other businesses	<b>271</b>	108.2%	<b>304</b>	<b>23</b>	8.8%	<b>+2</b>
<b>Total</b>	<b>13,036</b>	106.5%	<b>5,555</b>	<b>763</b>	5.8%	<b>+219</b>

I would like to discuss our segment performance for FY2024.

While the structure in which the department store business is the overall driving force remains unchanged, we are pleased that MICARD Co.,Ltd., which is in the financial segment, has achieved non-consolidated operating profit in excess of 6 billion yen while making solid investments for the future.



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1. Summary of FY2025 Full-Year Plan

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**As the first year of a new medium-term management plan that will see the full-scale implementation of a transformation from a store business into an individual customer business, we will continue to focus on net sales growth centered on identified customers and cost control**

**We will refine the breadth and depth of our relationships with identified customers and aim to achieve operating profit of 78.0 billion yen, setting another record high**

**Profit is projected to be 60.0 billion yen, also a record high**

2. FY2025 Consolidated Plan

- Planning to increase revenue by promoting identification through the introduction of MICARD BASIC, leveraging the strength of our **identified customer base**
- Our plan is for operating profit of **78.0 billion yen, a record high for the third consecutive year**
- Ordinary profit is projected to decrease due to the impact of a decrease in equity method investment gain resulting from the sale of shares in affiliated companies

(0.1 billions of yen)	Full year	YoY	YoY difference
<b>Gross sales</b>	<b>13,200</b>	<b>101.3%</b>	<b>+163</b>
<b>Net sales</b>	<b>5,570</b>	<b>100.3%</b>	<b>+14</b>
<b>Gross profit</b>	<b>3,400</b>	<b>100.7%</b>	<b>+23</b>
<b>SG&amp;A expenses</b>	<b>2,620</b>	<b>100.2%</b>	<b>+6</b>
<b>Operating profit</b>	<b>780</b>	<b>102.2%</b>	<b>+16</b>
<b>Ordinary profit</b>	<b>740</b>	<b>84.0%</b>	<b>(141)</b>
<b>Profit attributable to owners of parent</b>	<b>600</b>	<b>113.6%</b>	<b>+71</b>

This is about the full-year plan for FY2025.

Gross sales are expected to reach 1.32 trillion yen, an increase of 101.3% year on year and an increase of 16.3 billion yen. Gross profit is expected to increase by 2.3 billion yen year on year, and by limiting the increase in selling, general and administrative expenses to 600 million yen, we aim for operating profit to reach 78 billion yen. Operating profit will be the highest ever for the third consecutive period.

Ordinary profit is down from the previous year, partly due to the sale of shares held by the Company in equity method and partly in reaction to irregular gains in the previous fiscal year.

We are aiming for profit of 60 billion yen, a record high level, after estimating a certain risk buffer and calculating corporate taxes based on the expectation of a certain amount of gain from the sale of shares held, as I mentioned above.

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

- The Isetan Shinjuku Main Store plans to grow further from the previous year. It will solidify its position as **one of the world's preeminent department stores**
- Isetan Mitsukoshi (department stores in the Tokyo metropolitan area) plans YoY sales growth at all stores. Total net sales of **the five major regional companies are projected to maintain the same level as the previous year**

(0.1 billions of yen)	Gross sales	YoY	YoY difference	Total turnover*	(0.1 billions of yen)	Gross sales	YoY	YoY difference	Total turnover*
Isetan Shinjuku Main Store	<b>4,290</b>	101.8%	+77	4,331	Sapporo Marui Mitsukoshi	<b>628</b>	100.1%	+0	669
Mitsukoshi Nihombashi Main Store	<b>1,620</b>	100.2%	+3	1,724	Sendai Mitsukoshi	<b>260</b>	98.7%	(3)	264
Mitsukoshi Ginza Store	<b>1,300</b>	104.7%	+58	1,393	Nagoya Mitsukoshi	<b>600</b>	94.9%	(32)	844
Isetan Tachikawa Store	<b>325</b>	102.0%	+6	327	Niigata Isetan Mitsukoshi	<b>350</b>	103.0%	+10	354
Isetan Urawa Store	<b>365</b>	100.6%	+2	368	Iwataya Mitsukoshi	<b>1,350</b>	101.6%	+20	1,385
Isetan Mitsukoshi Total	<b>7,900</b>	101.9%	+147	8,144	Total of 5 major regional companies	<b>3,188</b>	99.9%	(4)	3,518

\*Total turnover, including sales of department store tenants and sales of merchandise handled outside department stores

Gross sales by store in FY2025.

Basically, the plan is for each store to gradually increase revenues.

#### 4. Sales plan for department stores in Japan

- Domestic department stores are expected to show positive growth in both the Tokyo metropolitan stores and other regional stores through sales measures that leverage **the breadth and depth of their relationships with identified customers**
- For overseas customers, a **full-scale recovery is planned for the second half of the year (98% YoY)**, including the effects of the global app introduced in March 2025

(0.1 billions of yen)	First half			Second half			Full year		
	Plan	YoY	YoY difference	Plan	YoY	YoY difference	Plan	YoY	YoY difference
<b>Isetan Mitsukoshi Total</b>	<b>3,613</b>	99.0%	(38)	<b>4,287</b>	104.5%	+185	<b>7,900</b>	101.9%	+147
(Of which) Domestic customers	<b>3,010</b>	101.4%	+42	<b>3,575</b>	103.8%	+131	<b>6,585</b>	102.7%	+174
(Of which) Overseas customers	<b>603</b>	88.2%	(80)	<b>712</b>	108.2%	+53	<b>1,315</b>	98.0%	(27)
<b>Total regional operating companies</b>	<b>1,715</b>	96.8%	(56)	<b>2,052</b>	102.8%	+56	<b>3,767</b>	100.0%	+0
(Of which) Domestic customers	<b>1,558</b>	97.9%	(33)	<b>1,857</b>	102.3%	+41	<b>3,415</b>	100.2%	+7
(Of which) Overseas customers	<b>157</b>	87.5%	(22)	<b>195</b>	108.7%	+15	<b>352</b>	98.0%	(6)
<b>Total domestic department stores</b>	<b>5,328</b>	98.3%	(94)	<b>6,339</b>	104.0%	+242	<b>11,667</b>	101.3%	+147
(Of which) Domestic customers	<b>4,567</b>	100.2%	+8	<b>5,432</b>	103.3%	+172	<b>10,000</b>	101.8%	+181
(Of which) Overseas customers	<b>760</b>	88.0%	(103)	<b>907</b>	108.3%	+69	<b>1,667</b>	98.0%	(33)

I will discuss our plans for gross sales of domestic department store in FY2025 for domestic customer sales and overseas customer sales in the first half, second half, and full year.

Total domestic department store sales for the full year are 101.3% compared to the previous year. This includes 101.8% of domestic customers and 98% of overseas customers compared to the previous year. Breaking it down further, the first half of the year for domestic customers was 100.2% of the previous year's level, and the second half of the year was 103.3% of the previous year's level. For overseas customers, the first half of the year is set at 88% of the previous year's level. This is because duty-free sales were very high from April to July of the previous fiscal year, so that period was set at about 80% of the previous year's level, and each month thereafter is set at 108% of the previous year's level.

The April results slightly exceeded this plan for the total of domestic department stores.

In addition, Isetan Mitsukoshi total domestic customers in the first half of the year are planned to be 101.4% of the previous year's level, but the April results exceeded the previous year's level by 104.6%. Of these, sales to identified customers alone were 107% of the previous year's level, and out-of-store-sales at the Shinjuku and Nihombashi branches were also strong. We believe that the strategy we have been working on for the past several years is showing solid results.

## 5. Changes in consolidated SG&A expenses

- We will continue to exercise flexible control under the new medium-term management plan and keep total selling, general and administrative expenses to a YoY increase of 0.6 billion yen
- Cost structure reform: Further promote structural reforms in all domestic and overseas businesses, with a planned annual reduction of 4.3 billion yen

(0.1 billions of yen)	Full Year Plan	YoY changes	Breakdown of YoY increase/decrease				
			Cost structure reform	Linked to sales	Strategic expenditures	Impact from price changes	Others
Personnel expenses	935	(1)	(23)			+22	
Advertising expenses	94	(0)	(0)				
Lease payments	309	(11)	(15)	+4			
Business consignment expenses	285	+1	(1)			+2	
Depreciation and amortization	225	(1)			+3		(4)
Utilities expenses	100	+7	(1)			+9	
Others	672	+11	(1)	+12		+4	(3)
<b>Total</b>	<b>2,620</b>	<b>+6</b>	<b>(43)</b>	<b>+16</b>	<b>+3</b>	<b>+37</b>	<b>(7)</b>

This is about selling, general and administrative expenses for FY2025.

As stated in the breakdown of the year-on-year increase/decrease, the total of "Linked to sales," "Strategic expenditures," and "Impact from price changes," increased by about 5.5 billion yen over the previous year, while we expect a reduction of 4.3 billion yen due to cost structure reforms.

However, the 4.3 billion yen will include expenses related to the China base, which will cease operations in FY2024, and Shinjuku Alta, which was closed in Japan, as well as ongoing personnel efficiency improvements. We expect to achieve approximately 4 billion yen, which is almost all that can be achieved. Therefore, we believe that we must accumulate additional cost structure reforms over the planned values.

### 6. Plans by Segment

- Department store business: Advancing individual customer marketing and deepening our base network
- Credit & finance business: Promotion of domestic card usage and provision of financial services through the introduction of MICARD BASIC
- Real estate business: Strengthen external sales of our strong construction and interior business and increase rent income from the introduction of large tenants

(0.1 billions of yen)	Gross sales	YoY	Net sales	Operating profit	Operating profit margin	YoY difference
Department store business	<b>12,250</b>	101.2%	<b>4,620</b>	<b>655</b>	5.3%	+9
Credit & finance business / Customer organization management business	<b>380</b>	102.8%	<b>350</b>	<b>59</b>	15.5%	+1
Real estate business	<b>300</b>	101.6%	<b>300</b>	<b>41</b>	13.6%	+4
Other businesses*	<b>270</b>	99.4%	<b>300</b>	<b>25</b>	9.2%	+1
<b>Total</b>	<b>13,200</b>	101.3%	<b>5,570</b>	<b>780</b>	5.9%	+16

\*Operating profit in the other businesses segment includes an adjustment

This is about the segmentation for FY2025.

The overall increase was 1.6 billion yen over the previous year, but the department store business was the main contributor to this increase.

**7. Shareholder Returns (FY2024 and FY2025)**

**Raising the level of shareholder returns to reflect the achievements of the previous medium-term management plan**

In addition to an increase in the year-end dividend forecast for FY2024 and an increase in the dividend for FY2025, the Company today announced a share buyback facility of up to 30.0 billion yen (20 million shares)

	FY2024		FY2025 Forecast
	Disclosed in November 2024	Disclosed at this time	
<b>Profit</b>	<b>58 billion yen</b>	<b>52.8 billion yen</b>	<b>60 billion yen</b>
<b>Interim dividend</b>	<b>24 yen</b>	<b>24 yen</b>	<b>30 yen</b>
<b>Year-end dividend</b>	<b>24 yen</b>	<b>30 yen</b>	<b>30 yen</b>
<b>Annual dividend</b>	<b>48 yen</b>	<b>54 yen</b>	<b>60 yen</b>
<b>Dividend payout ratio</b>	<b>30.7%</b>	<b>37.6% *1</b>	<b>34.5% *3</b>
<b>Acquisition of treasury stock</b>	<b>25 billion yen</b>	<b>25 billion yen</b>	<b>30.0 billion yen (announced today) cancel all acquired shares</b>
<b>Total return ratio</b>	<b>73.8%</b>	<b>85.0% *2</b>	<b>84.5% *3</b>

\*1 The dividend payout ratio for FY2024 is approximately 30% of the profit level excluding the effect of special tax effects

\*2 The total return ratio for FY2024 is approximately 70% of the profit level excluding the effect of special tax effects

\*3 The forecast of dividend payout ratio and total return ratio for FY2025 is calculated taking into account the share buyback facility announced today

I will discuss shareholder returns for FY2024 and FY2025.

In response to the company's solid performance and ample cash flow, We disclosed an increase in dividends and a share buyback at the same time as today's financial results disclosure.

Regarding the dividend increase, the year-end dividend for FY2024 will be raised from 24 yen to 30 yen, for an annual dividend of 54 yen. Furthermore, the annual dividend forecast for FY2025 is 60 yen per share, as the Company will pay an interim dividend of 30 yen and a year-end dividend of 30 yen. In addition to this, a share buyback program of up to 30 billion yen will begin tomorrow. All of this acquisition is scheduled to be cancelled.

As noted in the column, the total return ratio and dividend payout ratio for FY2024 will be affected by some special tax effect accounting, so excluding these factors, the dividend payout ratio and total return ratio will be approximately 30% and 70%, respectively.



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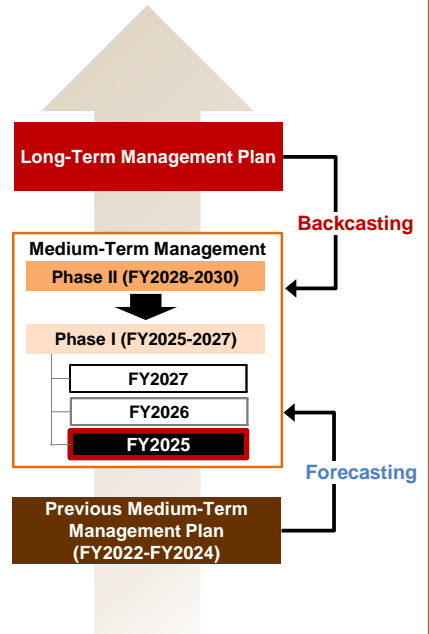
**III: Medium-Term Management Plan  
(Initiation and Roll-out)**

Toshiyuki Hosoya, Director, President and CEO

From here, Hosoya will explain the "Launch and Deployment of the Medium-Term Management Plan".



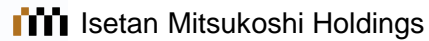
- **Recap of the Previous Medium-Term Management Plan (FY2022-2024)**
- **Medium-term Expansion Story**



To begin, he reviewed the previous medium-term management plan for 2022-2024, After that, he will explain our medium-term development story for the future.

Our strategy is to consider a longer-term strategy for the next 10 to 20 years, and then backcast it to the medium-term management plan for 2025 to 2030, dividing it into two halves, Phase 1 and Phase 2. We also understand that the previous medium-term management plan 2022-2024 is well reviewed and forecasted.

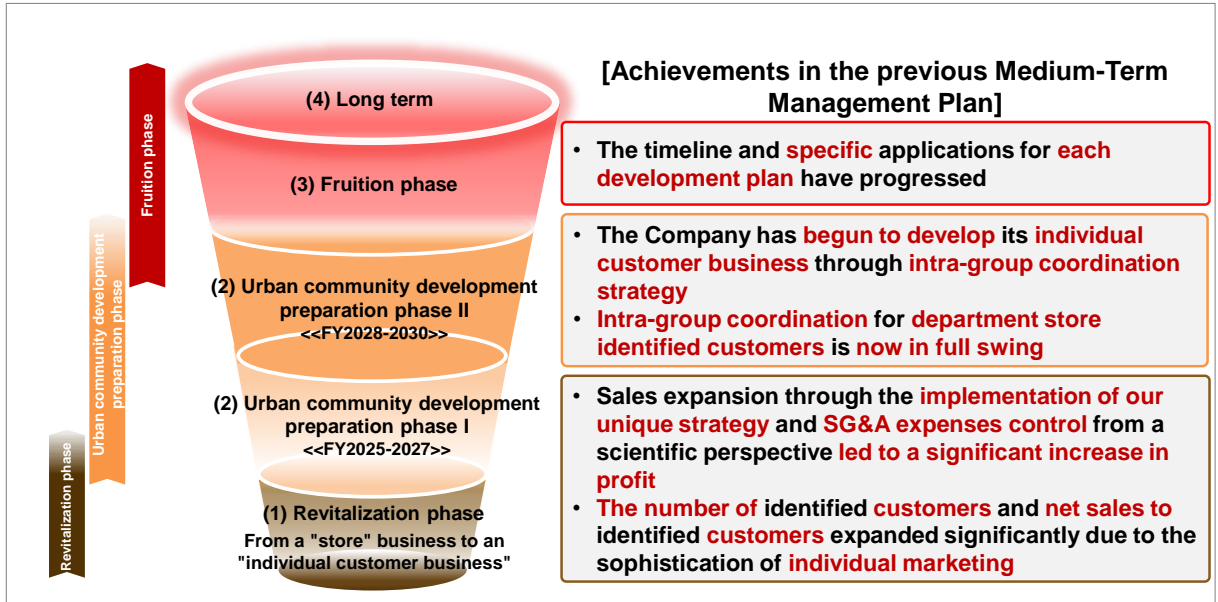
# Recap of the Previous Medium-Term Management Plan (FY2022-2024)



I will explain the review of the previous medium-term management plan.

## (1) Big picture

- The Company's unique strategy has led to **significant progress** in the revitalization phase, and **consolidated operating profit reached a new record high**
- **Strengthened initiatives** from the perspective of forecasting and backcasting to **transform** from a "store" business into an **individual customer business**



At the bottom of the glass in the diagram, we are talking about the Revitalization phase, "from the 'Store' business to the 'Individual customer business'".

Please refer to the following pages for the results of our efforts over the past three years, which will be continued in the Urban community development preparation phase, the Fruition phase and the long-term phase.

## (2) Management Objectives "Financial KPIs"

[Gross sales] **143% compared to FY2021, +391.6 billion yen to 1,303.6 billion yen**  
 [SG&A expenses] **Control within the growth rate (110% compared to FY2021) of gross sales (143% compared to FY2021)**  
 [Operating profit] **76.3 billion yen, exceeding the highest profit for the second consecutive year**  
 [Profit] **428% compared to FY2021, +40.5 billion yen to 52.8 billion yen**  
 [ROE] **8.8%, +6.4% compared to FY2021, due to a substantial increase in profit**

	FY2021	FY2022	FY2023	FY2024		
	Results	Results	Results	Results	Compared to FY2021	Difference from FY2021
<b>Gross sales</b>	912.1 billion yen	1,088.4 billion yen	1,224.6 billion yen	1,303.6 billion yen	<b>143%</b>	<b>+391.6 billion yen</b>
(Of which) Domestic customers	902.9 billion yen	1,046.0 billion yen	1,115.7 billion yen	1,133.6 billion yen	126%	+230.7 billion yen
(Of which) Overseas customers	9.1 billion yen	42.3 billion yen	108.8 billion yen	170.0 billion yen	1,868%	+160.9 billion yen
<b>SG&amp;A expenses</b>	237.7 billion yen	256.9 billion yen	264.5 billion yen	261.3 billion yen	<b>110%</b>	<b>+23.6 billion yen</b>
<b>Operating profit</b>	5.9 billion yen	29.6 billion yen	54.3 billion yen	<b>76.3 billion yen</b>	<b>1,285%</b>	<b>+70.4 billion yen</b>
<b>Profit</b>	12.3 billion yen	32.3 billion yen	55.5 billion yen	<b>52.8 billion yen</b>	<b>428%</b>	<b>+40.5 billion yen</b>
<b>ROE</b>	2.5%	6.1%	9.8% <sup>*1</sup>	<b>8.8%<sup>*2</sup></b>	-	<b>+6.4%</b>

\*1 FY2023 ROE: Actual result excluding special factors: 8.1% \*2 Difference excluding FY2023 ROE special factors: +0.7%

Management Objectives "Financial KPIs" will be explained.

The red squares in the table compare FY2024 results with those of FY2021, three years earlier. The table shows how much the numbers have grown over the three years since 2021. The difference between gross sales and FY2021 is 390 billion yen. If we break this down into domestic and overseas (commonly referred to as "inbound") figures, we see 230.7 billion yen and 160.9 billion yen, with the majority of the growth coming from domestic customers.

Gross sales grew 143% from FY2021, but selling, general and administrative expenses were kept at 110%, resulting in a large operating profit.

ROE is also shown in the bottom row, starting from 2.5% in FY2021 to 6.1% in FY2022. As noted outside the table below, 8.1% in FY2023, excluding special requirements. For FY2024, it says 8.8%, which is also about 9.5% excluding special requirements.

## (2) Management Objectives "Customer KPIs"

[Number of identified customers] Reached **7.61 million people (+3.16 million from FY2021)**

[Identified customer net sales]

Reached **639.5 billion yen (+213.6 billion yen from FY2021)**

➔All four KPIs ((1)-(4)) **grew YoY during the previous medium-term management period**

	FY2021	FY2022	FY2023	FY2024		
	Results	Results	Results	Results	Compared to FY2021	Difference from FY2021
Number of identified customers	4.45 million people	5.54 million people	6.87 million people	7.61 million people	171%	3.16 million people
(1) Identified customer net sales	425.9 billion yen	554.3 billion yen	596.7 billion yen	639.5 billion yen	150%	+213.6 billion yen
(2) MICARD members net sales	393.3 billion yen	450.7 billion yen	463.0 billion yen	471.5 billion yen	120%	+78.2 billion yen
(3) Net sales from MICARD members purchasing more than 1 million yen per year	184.9 billion yen	233.4 billion yen	246.4 billion yen	257.6 billion yen	139%	+72.7 billion yen
(4) Net sales from members with Digital ID only	32.6 billion yen	103.6 billion yen	133.7 billion yen	168.0 billion yen	515%	+135.4 billion yen

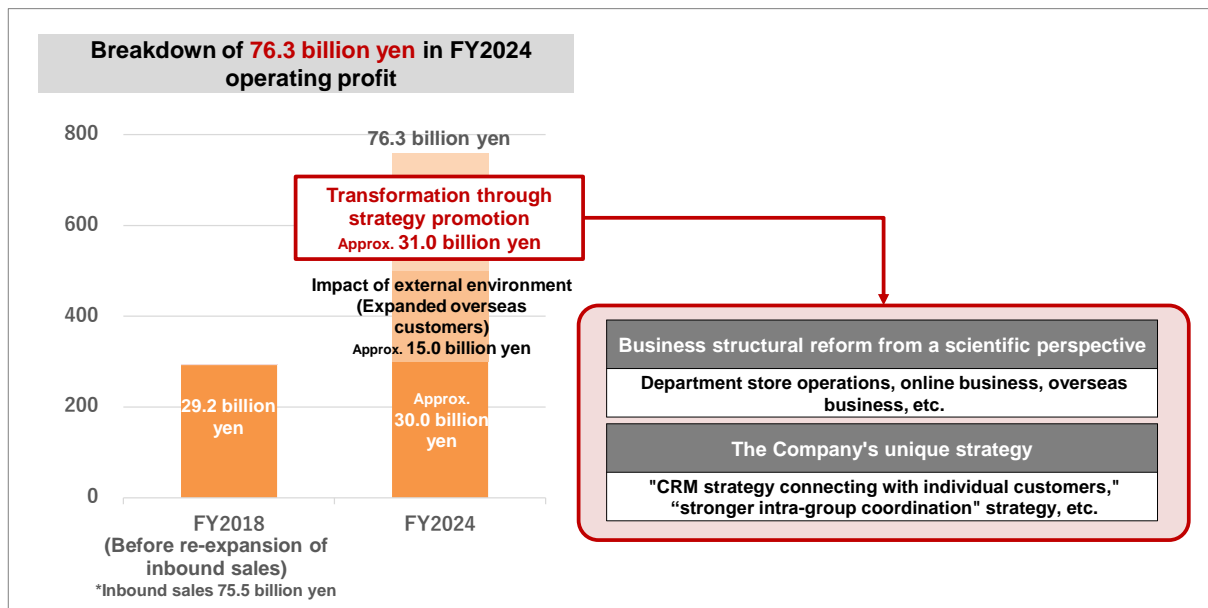
This section describes "customer KPIs" for management objectives.

Giving you KPIs on customer focus has really helped us make a big change.

It shows that from 2021 to 2024, customers were thoroughly hoarded, and as a result, those customers made many purchases (identified customer gross sales). It would be helpful to think of all of this as non-inbound domestic customer sales.

## (3) What has been transformed: "Big picture"

Three years of **structural reform** and promotion of unique strategies to **solidify a foothold for transformation into an individual customer business**



Over the next few pages, I would like to inform everyone about the transformation that has taken place.

Before the spread of the novel coronavirus, we were roughly a 30 billion yen force on an operating profit basis. Operating profit for FY2018 is 29.2 billion yen. Inbound sales at that time were about 75.5 billion yen.

The bar chart shows how this fiscal year's operating profit of 76.3 billion yen compared to this fiscal year 2018. It represents how much we would have been if we had not come up with any strategy. In addition to our normal profit of approximately 30 billion yen, the external environment saw a rapid expansion of inbound sales, which added approximately 15 billion yen to our profit, for a total of approximately 50 billion yen.

In addition to this, our unique strategy was successful, and as a result, we were able to add nearly 30 billion yen to the total. We believe that the success of this effort has been due to our structure reform based on a scientific analysis, centered on department stores, as well as our unique focus on sophisticated and high-quality and our "from mass to personal marketing".

## (3) What has been transformed: "Department store operations (1)"

Promoted income and expenditure structure reform from a scientific perspective to **revitalize department stores, including regional ones**

Established a structure in which a decline in the break-even sales and an **increase in revenue contribute to a significant increase in profits**

Domestic department stores				Regional department stores			
*Before adoption of the revenue recognition standard				*Before adoption of the revenue recognition standard			
	FY2018	FY2024	Compared to FY2018		FY2018	FY2024	Compared to FY2018
Gross sales	959.9 billion yen	1,143.3 billion yen	119%	Gross sales	365.0 billion yen	368.0 billion yen	101%
SG&A expenses	258.4 billion yen	244.9 billion yen	89%	SG&A expenses	94.5 billion yen	79.1 billion yen	84%
Break-even ratio	90%	74%	-16P	Break-even ratio	97%	86%	-11P
Operating profit	23.0 billion yen	65.5 billion yen	285%	Operating profit	2.1 billion yen	9.6 billion yen	446%
« FY2024 »				« FY2024 »			
		Results	Compared to FY2018			Results	Compared to FY2018
Individual out-of-store-sales sales volume		Approx. 240.0 billion yen	133%	Turnover of base network		Approx. 19.0 billion yen	-

\*Started in FY2022  
\*Approx. 5% of total net sales of regional department stores

### Future initiatives

**Further structural reforms are underway. At the same time, expand revenues mainly through the stronger intra-group coordination strategy**

Specific figures are provided.

The left-hand side shows department stores for the entire country, and the right-hand side is a cutout of just the regional department stores among them.

In Japan as a whole, gross sales in FY2024 were approximately 1,143 billion yen, 119% of the FY2018 level. SG&A expenses were reduced to 89% of FY 2018 levels, resulting in a very low break-even point ratio. As a result, operating profit were 2.8 times of FY 2018.

I believe that it was the reform of individual out-of-store-sales that pulled up sales.

These reforms have been successful, and individual out-of-store-sales volume handled amounted to approximately 240 billion yen, a 133% increase over fiscal 2018, well ahead of the overall 119% of fiscal 2018.

On the other hand, what was the situation like for department stores in the region? It was said that "the region was tight," but in fact it shows that were actually supporting.

Gross sales were 101% of FY 2018. At the bottom you will see a figure for the volume handled by our base network. We take local customers to both main branches and other locations, or have them make purchases digitally. Although no results are available for FY2018 because it was before the initiative, approximately 19 billion yen was accumulated in FY2024. This amount is about 5% of the regional store's net sales. Therefore, the actual strength would have been about 106% instead of 101% compared to FY 2018. We were able to reduce selling, general and administrative expenses to 84%, resulting in an operating profit 4.4 times higher than in FY 2018. At the time of our best performance in the past, we had barely made a profit of about 5 billion yen at a regional department store, and we are now in a profitable position of about twice that amount.

**(3) What has been transformed: "Department store operations (2)"**

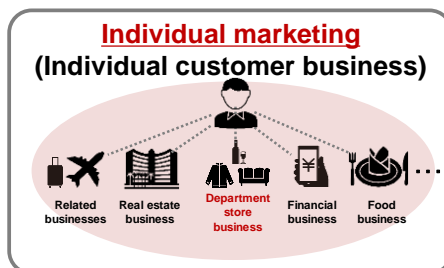
**A major transformation from the "mass" to "personal" marketing**

From a store business that waits for the "mass (unspecified majority)" to an **individual customer business that caters to the "individual (identified customer)"**



**[FY2018 results]**

Number of identified customers	3.32 million people
Identified customer net sales	478.8 billion yen
Domestic customer net sales	884.7 billion yen



**[FY2024 results]**

Number of identified customers	7.61 million people
Identified customer net sales	639.5 billion yen
Domestic customer net sales	973.4 billion yen

**Future initiatives**

**Full-scale roll-out of individual customer business process activities. Expansion of use by identified customers through frameworks and content enrichment**

Next is the concept of the structure itself.

We have made a major shift "from mass to personal marketing".

The business model of department stores was that if you advertised thoroughly and drew customers into the store, it was "just a coincidence" that they would buy something at the store. We believe this is basically the same whether it is a department store, station building, or shopping center.

We have made a major shift in that.

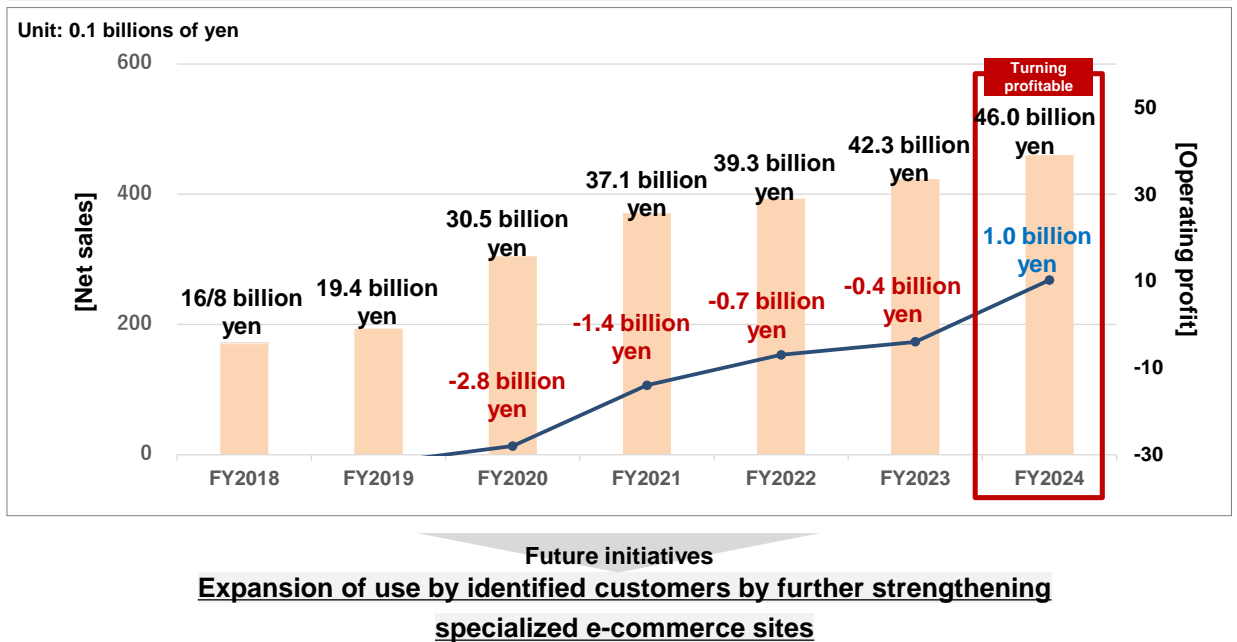
Attracting customers is the same as before, but after the customers are attracted, they must be identified and become individual customers. This will create a lot of thinking to individual customers, increase hit rates, and encourage them to purchase more.

We have told them that this state of affairs is a switch from the Store business to the Individual customer business.

As a result, we are now able to generate very large identified individual customer gross sales when comparing FY 2018 to FY 2024. Isetan Shinjuku main store and Mitsukoshi Nihombashi main store now account for more than 70% of the ratio of identified customers of total sales, respectively.

## (3) What has been transformed: "Online business"

In addition to sales expansion, income and expenditure structure reform has enabled a **shift to a structure capable of generating stable earnings**



Especially in online businesses, we are seeing changes in the numbers due to major shift.

Online sales in FY2020 were about 30 billion yen, and operating profit at that time was a loss of 2.8 billion yen. The idea was to acquire new customers thoroughly online, and to thoroughly expand new products and SKUs into the overall online business, and the deficit was growing rapidly. At that time, it is said that the break-even point sales have to exceed 70 billion yen to be profitable.

We have drastically changed this direction, and now offer special products requested by our customers online as well. It has truly been a transformation from mass to personal marketing thinking. While focusing on the number of SKUs, we are not looking to expand the number of new customers, but rather to see how many customers we can attract to our department stores to purchase online as well. As a result of these efforts, we were able to transform ourselves into a position to generate a solid profit of 1 billion yen on net sales of 46 billion yen in FY2024.

## (3) What has been transformed: "Overseas business"

**Restructuring of business areas** through progress in structural reforms and search for new business models



**Shift from the "selection and transformation" phase to a "development and deepening" phase**

I will talk about the transformation of our overseas business.

Last year and the year before, we closed our stores, mainly in China. Unlike Japan, it is not easy to shift from mass to individual marketing, which is why we closed it. The decision to terminate operations was based on the idea that "we cannot acquire the personal information of Chinese customers while at the same time analyzing those customers in a robust manner".

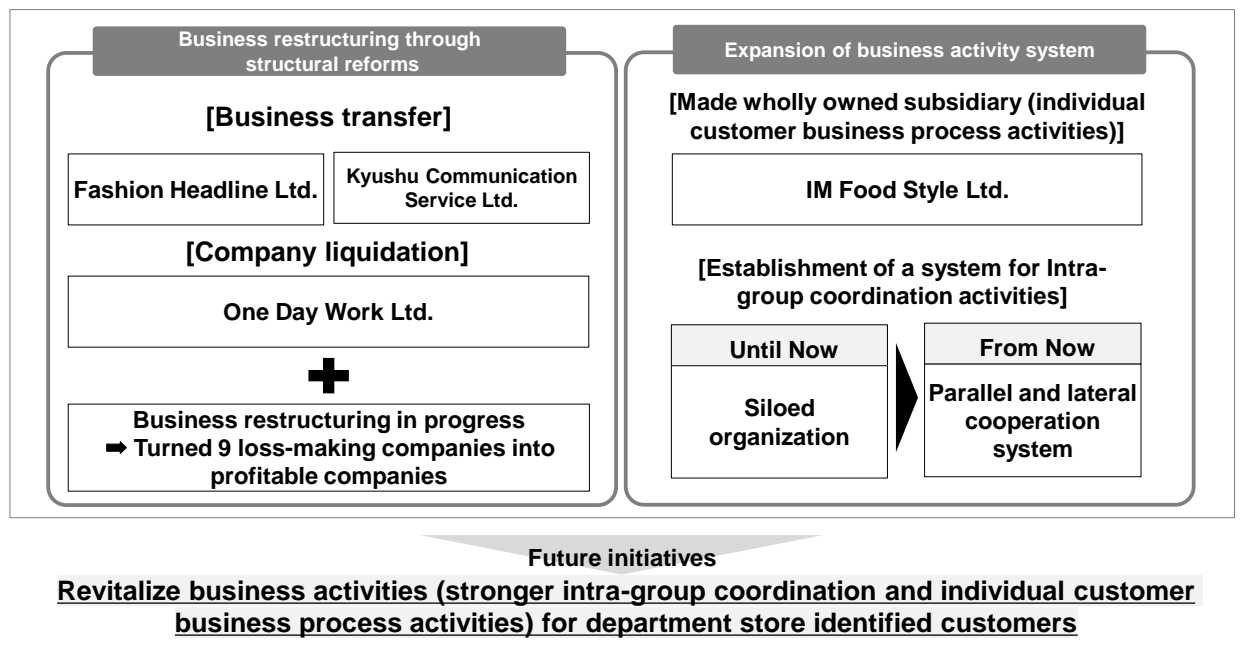
On the other hand, the Singapore subsidiary, which is listed as a parent-subsubsidiary, was made a wholly owned subsidiary of the Company in order to create a state in which it can be thoroughly reformed.

In addition to structural reforms in our overseas operations, we are also exploring new business models.

We have expanded into the Philippines and Thailand with a business model that leverages its brand value while combining a variety of content using the data assets it has accumulated over the years. This has also worked very well.

**(3) What has been transformed: "Domestic Related business"**

Steady progress in **business restructuring** through structural reforms.  
Also **expanded the business activity system**



We will inform you about the revitalization of our domestic related businesses.

As part of structural reforms, we have implemented selection and concentration, and have transferred businesses and liquidated companies. In addition, if there is an opportunity for a loss-making domestic business, we will turn it around anyway, and over the past three years, nine companies have turned from the red to the black.

In the future, we would like to create a stronger domestic affiliated company by eliminating the stove-piped structure and thoroughly expanding the connections with the customers we have attracted.

# Medium-term Expansion Story



From here, we will discuss the mid-term deployment story.

## (1) Financial KPIs (1) "Consolidated"

Continued to **set new record highs**. ROE: Plan to achieve **9-10%** with an awareness of the cost of shareholders' equity

- Operating profit for FY2025: 78.0 billion yen (102% of the previous year)
- Operating profit for FY2027: 85.0 billion yen (109% of FY2025)

	FY2025 plan		FY2027 plan	
	Planned value	Difference from FY2024	Planned value	Difference from FY2025
Gross sales	1,320 billion yen	+16.3 billion yen	1,400 billion yen	+80.0 billion yen
SG&A expenses	262.0 billion yen	+0.6 billion yen	275.0 billion yen	+13.0 billion yen
Operating profit	78 billion yen	+1.6 billion yen	85 billion yen	+7.0 billion yen
Profit	60 billion yen	+7.1 billion yen	62 billion yen	+2.0 billion yen
ROE	9.8%	+1.0%	9.8%	±0%

First, let's look at the consolidated financial KPIs.

I would like to make a commitment to you by showing you the gross sales, SG&A, operating profit, profit, and ROE for FY2025 and FY2027.

While keeping in mind the concept of increasing sales and profits, we would like to create a situation in which we can aim for a 10% ROE over the next three years.

## (1) Financial KPIs (2) "Profit and ROIC by business"

**Disciplined investment and return progress monitored by ROIC by business, pursuing capital efficiency**

Continuing to create synergies through each business's investment discipline and intra-group coordination to achieve the FY2027 plan

Unit: 0.1 billions of yen		Previous Medium-Term Management Plan		Current Medium-Term Management Plan		Recognized in Phase I WACC	FY2025-2027 Growth Investment Plan
		FY2023 Results	FY2024 Results	FY2025 Plan	FY2027 Plan		
Department store business	Operating profit	440	638	646	660	5-6%	43.0 billion yen level
	ROIC	6.9%	9.9%	10.0%	10.3%		
Financial business	Operating profit	44	60	62	80	2-3%	5.0 billion yen level
	ROIC	2.5%	3.3%	3.3%	4.0%		
Real Estate business	Operating profit	33	39	44	55	3-4%	18.0 billion yen level
	ROIC	5.9%	6.6%	6.3%	6.3%		
Related businesses	Operating profit	26	26	28	55		5.0 billion yen level
	ROIC	8.9%	7.8%	7.3%	12.8%		
Consolidated	Operating profit	543	763	780	850		80.0 billion yen level
	ROIC	5.3%	7.6%	7.7%	7.8%		

\* Business classification differs from segment  
 \* Department store business: Including domestic department store business, overseas business, MI TOMONOKAI, and consolidation adjustments

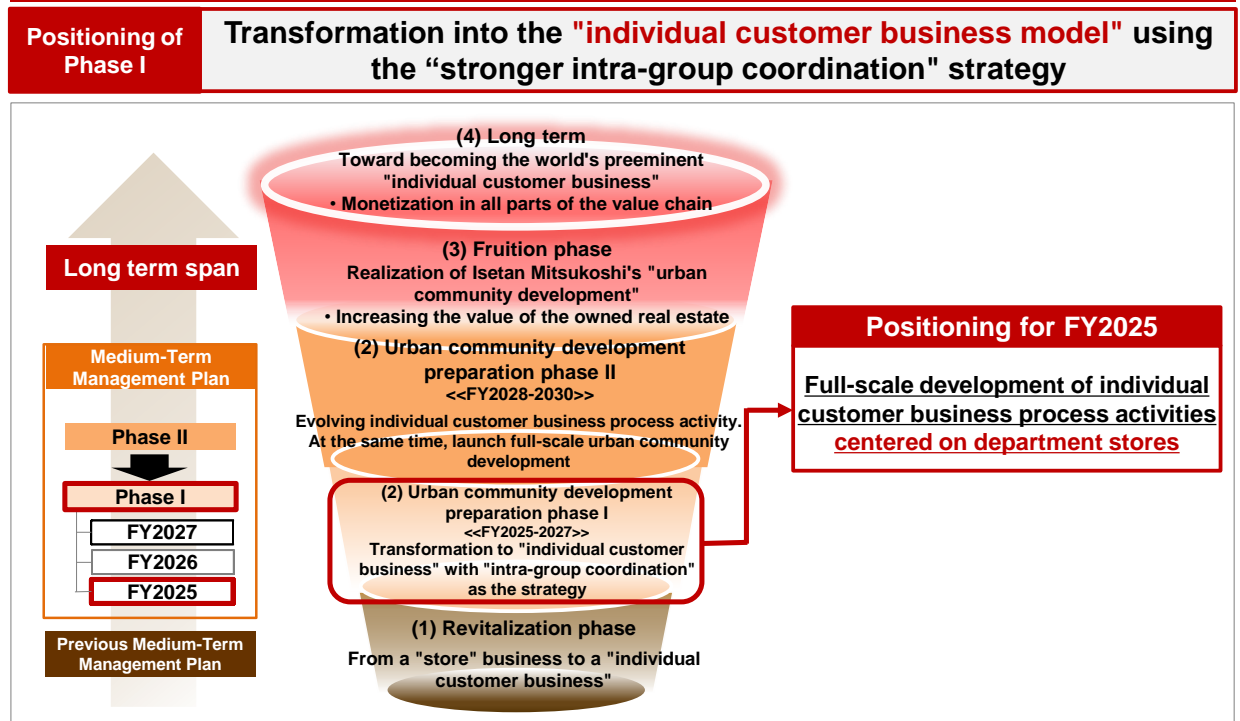
\*Consolidated investment plan: Includes DX investment at the 9.0 billion yen level

Profit and ROIC by business segment.

The idea is to create a solid business structure with ROIC, investment, or WACC in mind, rather than simply chasing operating profit by business segment.

While we were able to produce solid numbers in FY2024 through the efforts of the previous three years, we would like to work toward even higher goals.

### (2) Positioning of Phase I (FY2025-2027) and FY2025



I would like to explain our positioning FY2025.

The previous three years were the Revitalization phase at the bottom of the cup.

From this Revitalization phase, the next step is to move to the Urban community development preparation phase.

The concept of the Urban community development preparation phase is how to increase the value of Isetan Mitsukoshi's real estate for the future Fruition phase.

In a previous financial results presentation, I said that "we would invest about 500 billion yen to increase the value of real estate, create new content, and generate higher profits by combining that content with department stores".

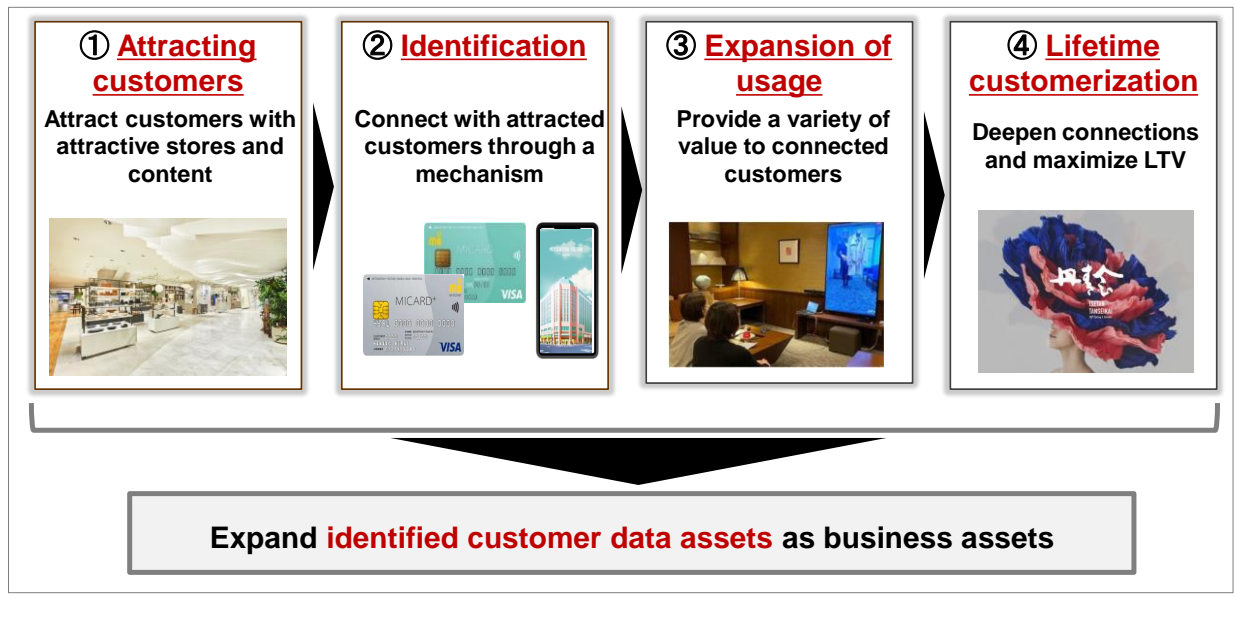
We hope you understand that we are preparing for this.

In addition to refining our department stores, we will also add a "intra-group coordination" concept to our affiliates and subsidiaries throughout the group.

Therefore, we have positioned 2025 as the year in which we will "thoroughly refine the Individual customer business process with the department store at its core, and the Individual customer business process for future urbanization".

### (3) Individual customer business process activity "Big picture"

Establish individual customer business process activities and **accumulate identified customer data assets**



Here is an explanation of what the Individual customer business process is.

First, we will attract customers.

How can we create something that does not exist in the world, centered on department stores?

Or how can we make our customers around the world want to come to our department stores?

We will attract customers with this in mind.

Once they come to our department stores and make a purchase, we will identify it anyway.

Once identified, the customer's purchase data or profile is thoroughly analyzed.

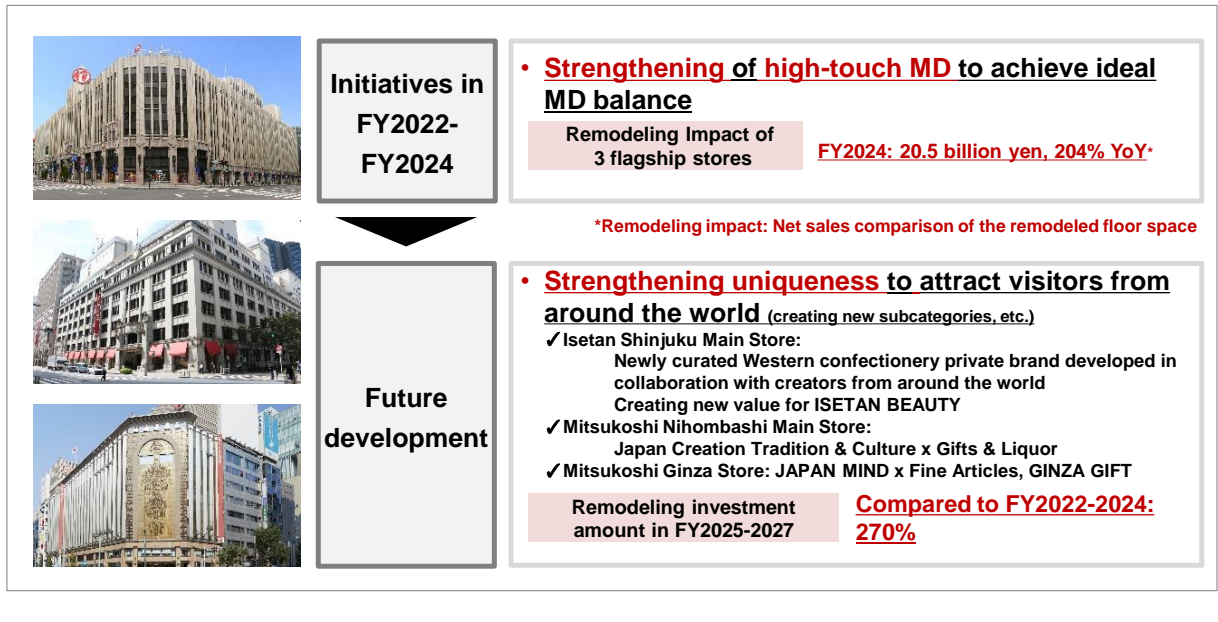
Using the power of people, science, and AI, we hope to provide customers with what they need and expand their use of the service by providing it. We will expand the use of the service by collecting all of the services that are in the department stores, those that are not in the department stores, or those that are offered by the group companies.

Beyond the expansion of usage, our goal is to continue to successfully solve the needs of these customers and make them fans of our company for life.

The destination is to extend the data assets of identified customers. Our goal is to connect with 100 million customers around the world, but the long-term perspective is to collect data on 100 million customers and how we will generate future profits with that customer data.

### (3) Individual customer business process activity "Attracting customers"

**Attracting more visitors from all over the world with the attraction of the store**  
Continue to strengthen store remodeling to create more sophisticated and high-quality stores



We will discuss specific Individual customer business processes. First, attracting customers.

Photos of the three stores are included.

From FY2022 to FY2024, we thoroughly remodeled from a scientific perspective, focusing on these three stores.

We have expanded our merchandising, which requires high-touch service, and have done so with a firm focus on efficiency.

As a result, area net sales of the remodel we worked on nearly doubled.

Future developments will move from a scientific perspective to a sensory perspective.

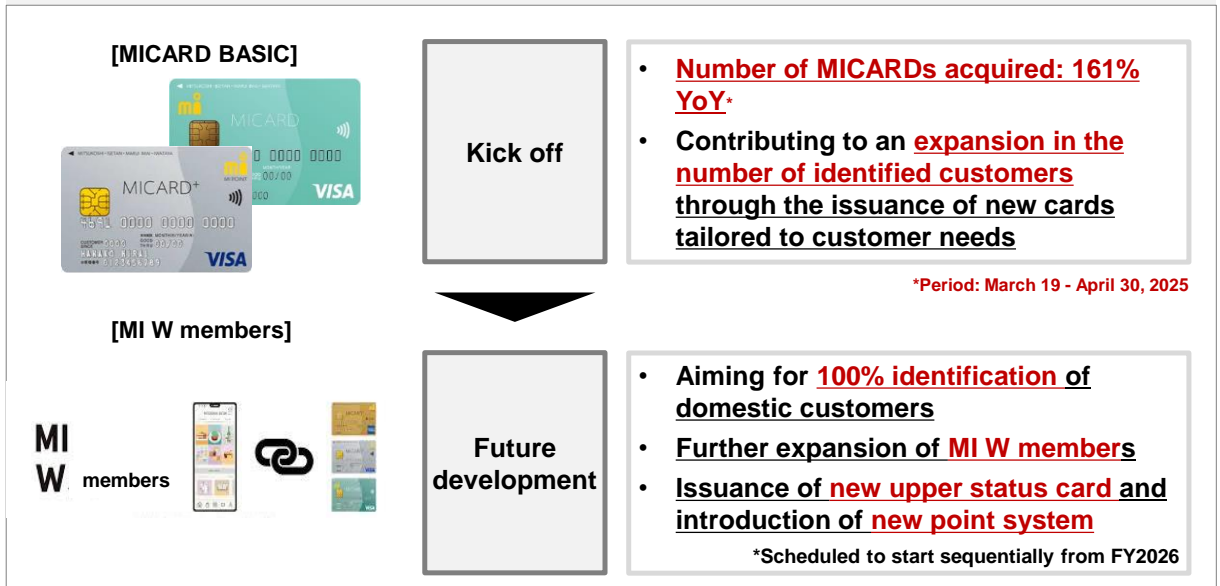
We want to demonstrate our uniqueness to our customers around the world.

The creation of a new middle category and a new PB are also being considered and are being keenly discussed by our elite team. We would like to make an announcement when it materializes in the future.

### (3) Individual customer business process activity "Identification (1)"

#### Expansion of "Domestic customers" to be connected

Introduction of MICARD BASIC. Simultaneously further expand MI W members (MITSUKOSHI ISETAN App + MICARD)



We will explain how to identify them after attracting customers.

On March 19, 2025, MICARD BASIC was launched.

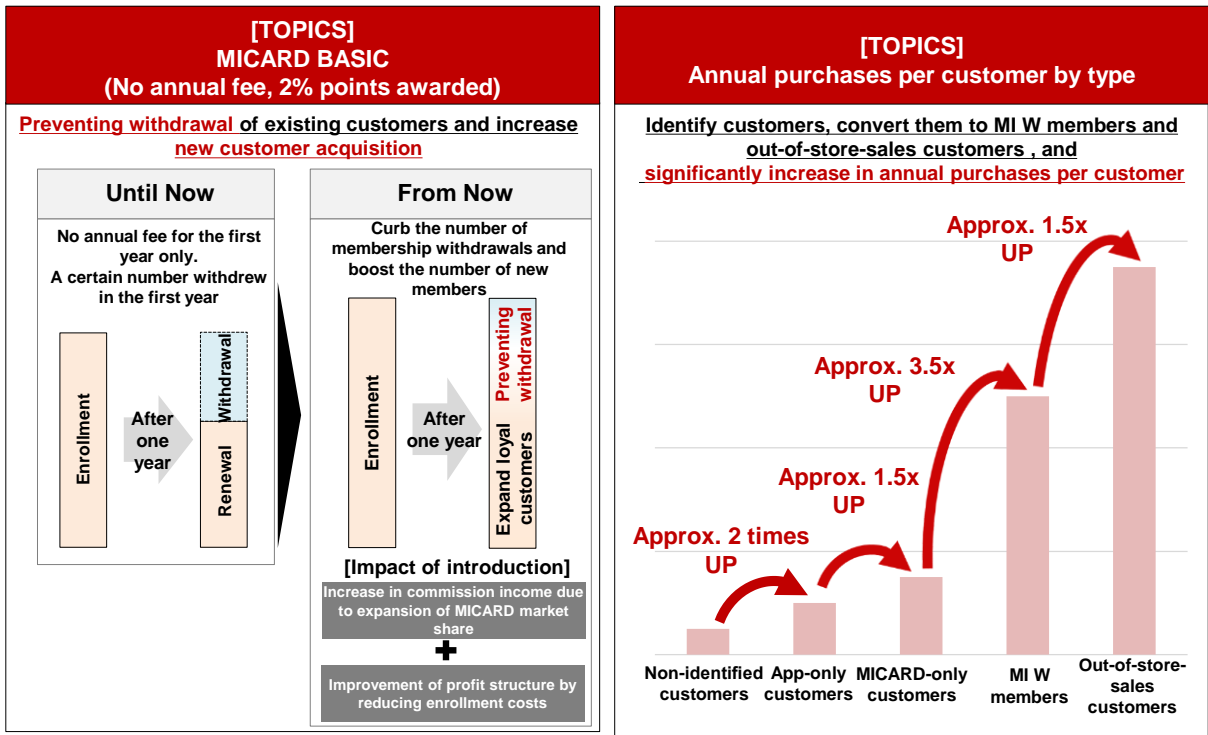
MICARD up to now had no annual fee from the first year onwards, but from the second year onward, an annual fee of 2,200 yen is charged.

The MICARD BASIC is a card with always free annual fee, although the way it earns points differs from the existing MICARD.

The number of MICARD acquisitions in the first month after the issuance of MICARD BASIC was 161% compared to the previous year. We consider this a very good trend.

Going forward, we will enter a phase in which we will be looking for ways to expand the number of customers who have both MICARDs and MITSUKOSHI ISETAN App. Our strategy is to thoroughly expand the MICARD W membership, as we call it.

(3) Individual customer business process activity "Identification (1)"



We will explain the benefits of having a strong connection with our customers.

Until now, about 40% of people who signed up for MICARD have withdrawn in the second year, when the annual fee is incurred. I was very concerned that they might possibly dislike Isetan Mitsukoshi after leaving the association.

However, I still think we have made a big difference by lowering the bar for admission this year and issuing a card with no annual fee. Since some members joined last year, we do not expect any change in the number of withdrawals this year, but we are confident that we will be able to deter withdrawals in the next fiscal year and beyond.

There were about 70,000 customers who canceled their MICARD membership in one year.

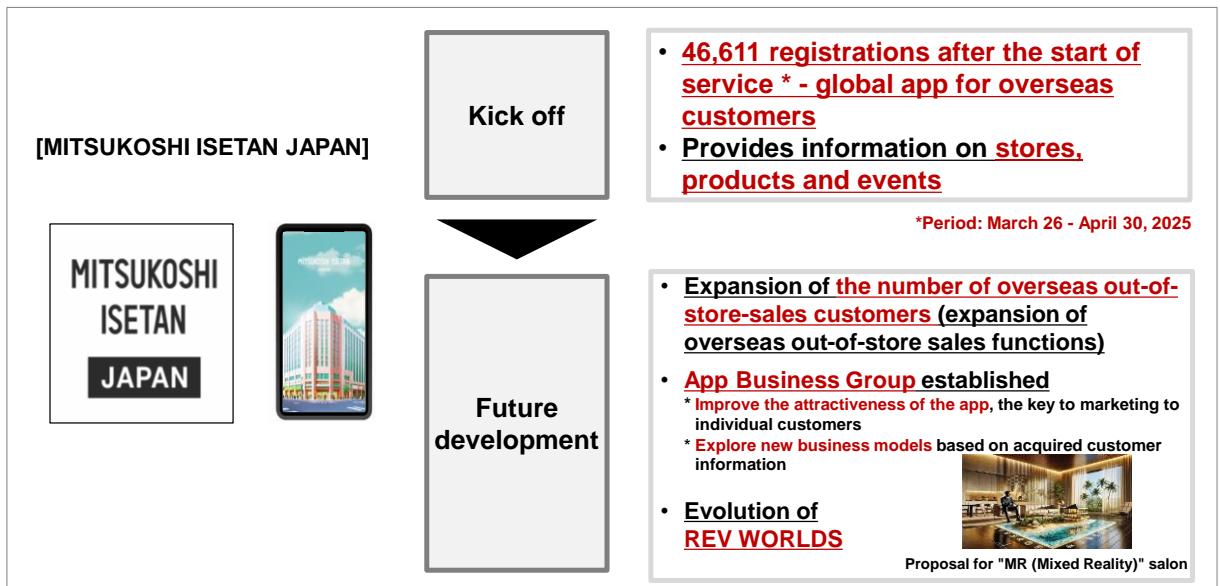
Subtracting the fees for the amount of purchases made by these customers during the year and the fees issued, MICARD incurred a loss of 12,000 yen each. For 70,000 people, the loss was substantial. We believe that just preventing this would be a considerable plus for MICARD Co.,Ltd.

The graph on the right side shows how sales are generated by the different ways of connecting. Assuming the not identified customer as 1, the annual purchase amount of a customer who uses only the MITSUKOSHI ISETAN App increases twice as much as that of a not identified customer. Because a lot of information is delivered, the amount of purchase by not identified customers can be greatly exceeded. Furthermore, customers who use only the MICARD, which will enable them to receive points, will receive 1.5 times more than customers who use only the MITSUKOSHI ISETAN App. The MICARD W member customers we are aiming for are those who use MICARD and earn points, and also receive information via the MITSUKOSHI ISETAN App. Compared to customers who only use MICARD, the annual purchase amount is 3.5 times higher, and compared to not identified customers, it is 10 times higher. Of course, our out-of-store-sales customers make even higher annual purchases.

### (3) Individual customer business process activity "Identification (2)"

#### Expansion of "overseas customers" to be connected

Identified customer target is expanded to the world. Started the identification of overseas customers



We believe that it is not good to limit identification only to Japanese customers.

The concept of "from the Store business to the Individual customer business" is the idea of how to conduct various activities for individual customers, but the current customers in the world, or inbound customers as they are commonly called, are "just a coincidence" even if sales increase. To actively change this "just a coincidence" change, we will change the way we connect.

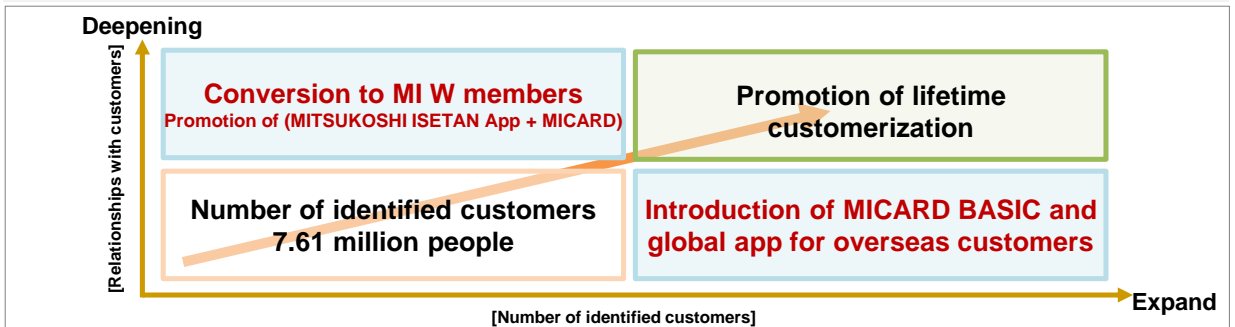
We have started with the thought that we would like to make the same kind of efforts for our overseas customers that we have made for our domestic customers.

"MITSUKOSHI ISETAN JAPAN" app for overseas customers was launched on March 26, 2025. We hope to create such a situation in the future by providing information on interesting and unique Japanese initiatives that will make people want to visit Isetan Mitsukoshi again, even after they have returned to their home countries.

We have also enhanced our overseas out-of-store-sales, and we have also established a new App Business Group that will operate apps from April 2025. We will consider mechanisms to encourage continued use of the app after returning to their home country and to encourage annual visits to the store. As an added weapon in our arsenal, we have added the virtual space team of REV WORLDS to our Apps Business Group.

**(3) Individual customer business process activities "Expansion of use"  
(advancement of individual marketing)**

Identification of domestic and overseas customers without distinction, and deepening of connections with them.  
Acceleration of lifetime customerization.  
Strengthen communication activities based on customer information to further expand usage



Domestic customers			Overseas customers																		
<p>[Promotion of conversion to MI W members] Annual purchases per customer increased due to strengthened communication activities</p> <p>■ FY2024 results</p> <table border="1"> <tr> <td>Annual purchases</td> <td>MICARD-only customers</td> <td>160,000 yen</td> <td rowspan="2">} →</td> <td rowspan="2"><b>3.5x</b></td> </tr> <tr> <td></td> <td>MI W members</td> <td>580,000 yen</td> </tr> </table>			Annual purchases	MICARD-only customers	160,000 yen	} →	<b>3.5x</b>		MI W members	580,000 yen	<p>[Strengthening of individual communications based on purchase information] Enhance communication activities similar to those for domestic customers</p> <p>■ Assumptions for individual communication</p> <table border="1"> <tr> <td>Annual purchases</td> <td>Before individual communication (FY2025 plan)</td> <td>100,000 yen</td> <td rowspan="2">} →</td> <td rowspan="2"><b>350,000 yen</b></td> </tr> <tr> <td></td> <td>After individual communication (Assumed)</td> <td></td> </tr> </table>			Annual purchases	Before individual communication (FY2025 plan)	100,000 yen	} →	<b>350,000 yen</b>		After individual communication (Assumed)	
Annual purchases	MICARD-only customers	160,000 yen	} →	<b>3.5x</b>																	
	MI W members	580,000 yen																			
Annual purchases	Before individual communication (FY2025 plan)	100,000 yen	} →	<b>350,000 yen</b>																	
	After individual communication (Assumed)																				

This represents our ambitions for what we hope to achieve beyond expanding use of our services. In order to further enhance the relationship with our customers, we want to provide information anyway to our 7.61 million identified customers, and we also want to give them points, so we will make them MI W members.

To increase the number of customers, we introduced a basic card for Japanese customers and an app for overseas customers to further increase customer choice. By managing them and continuing our efforts, we hope to create lifelong customer.

The annual purchase amount for MICARD-only customers was ¥160,000. MI W member customers' annual purchase amount was 580,000 yen, 3.5 times that of MICARD-only customers. Overseas customers do not have any apps or anything right now, so each purchase is about 100,000 yen. By encouraging overseas customers to use the app and providing them with detailed information, we hope to increase annual purchases for overseas customers by 3.5 times, just like domestic customers.

### (3) Individual customer business process activity "Expansion of use" (Customer KPIs)

#### Proposals based on customer understanding and expansion of value provided

Individual marketing using apps, evolution of the base network, and revitalization of stronger intra-group coordination

	FY2025 plan		FY2027 plan	
	Planned value	Compared to FY2024	Planned value	Compared to FY2025
(1) Identified customer net sales	645.0 billion yen	101%	687.0 billion yen	106%
(2) Net sales from customers purchasing more than 3 million yen per year across the Group	212.0 billion yen	101%	227.0 billion yen	107%

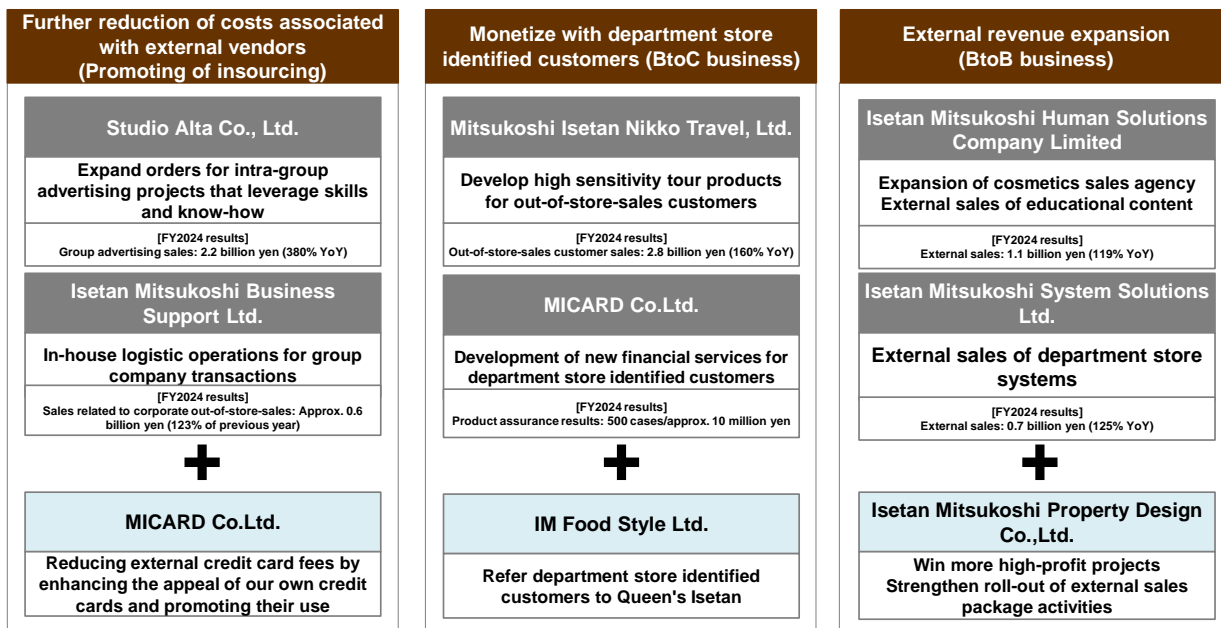
Customer KPIs are explained below.

In order to increase sales of identified customers, and in addition, to show you that we are going deeper with them, starting this fiscal year we would like to quantify net sales revenue from customers who purchase more than 3 million yen per year within the group.

Until now, we had set the target at 1 million yen, but since it is easy to reach that number, we decided to set a higher hurdle, learn more about our customers, and provide them with new information, so we have decided to set the target at 3 million yen starting this fiscal year.

### (3) Individual customer business process activity "Expansion of use" (Revitalization of stronger intra-group coordination activities)

In addition to promoting **insourcing**, we will evolve our **earnings** model by expanding our **BtoC** and **BtoB** businesses



This section explains how to expand the use of the Individual customer business process.

Three pillars are set up. We started three years ago, but now that we have quantified it more, we will show it here again.

The first pillar is to thoroughly reduce external outflow costs. To explain Studio Alta, we started with the idea of outsourcing all of our department store advertising activities. Until now, there was an advertising department within the department stores, which thought up the ideas and ordered outside them, but since last year, the planning has been transferred to Studio Alta, and Studio Alta is now responsible for the group as a whole. I started thinking about the whole thing, not just one department store.

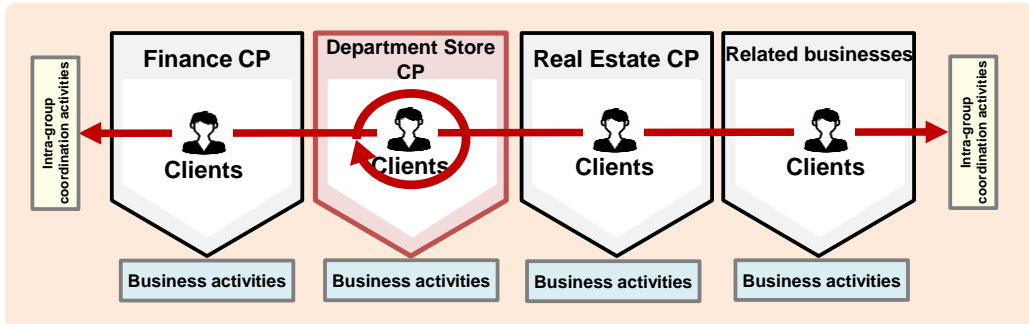
In the middle is the idea of how to spread the attracted customers in the department stores to the entire group.

This expertise in reducing external outflow costs and the expansion of external revenues was born when we thought about spreading the attracted customers at department stores to the entire group. Our group's staffing and systems companies are beginning to approach the outside world as well. The situation is that it is gradually becoming profitable.

(3) Individual customer business process activity "Expansion of use"  
 (Revitalization of stronger intra-group coordination activities)

**[TOPICS] Revenue management through intra-group coordination**

Stimulating behavioral change by measuring the contribution to Group revenue of each business through intra-group coordination revenue management



FY2024 deemed profit Sendai Mitsukoshi Ltd.		
Deemed profit	Operating profit	Intra-group coordination profits
0.11 billion yen	= -0.05 billion yen	+ 0.16 billion yen

[Image revenue management through intra-group coordination]

	[A] Own Store (Operating profit)	[B] Intra-group coordination (Intra-group coordination profit)		[A+B] Total
		B to C	B to B	
Isetan Mitsukoshi Total	[Vertical] Measurement			Deemed profit
Sapporo				
Nagoya				
Fukuoka				
:				

[Horizontal] Measurement Group Contribution Revenue

These are illustrated a little.

There is a department store customer in the center. We are engaged in various activities centering on the customers of these department stores, and we would like to spread these activities to the entire group, and we would like to spread the customers of each business to the entire group.

We have quantified these figures and plotted the actual numbers for the last year as a intra-group coordination revenue management chart in the lower right-hand corner. The vertical axis represents customers of each department store business, and the horizontal axis represents group companies. The table below shows how much the attracted customers at the department stores contributed to the Group's corporate earnings.

By taking this measurement, we will be able to address the issue of how to properly spread the attracted customers to the group companies, and also to reform the awareness of the group companies to cooperate well with all the department store companies. I believe that this will lead to a change in the behavior of each and every one of us.

With this idea in mind, we used Sendai Mitsukoshi as an example and listed it on the left side.

Unfortunately, in FY2024, Sendai Mitsukoshi had an operating profit loss of approximately 50 million yen as a business. However, the profits collected by Sendai Mitsukoshi related to the customer-driven operation of Sendai Mitsukoshi had a 160 million yen spillover effect on the entire group. In other words, it can be said that Sendai Mitsukoshi has earned a profit of 110 million yen.

We expect broader intra-group coordination activities and behavioral changes to occur in order to return the business profit to profitability.

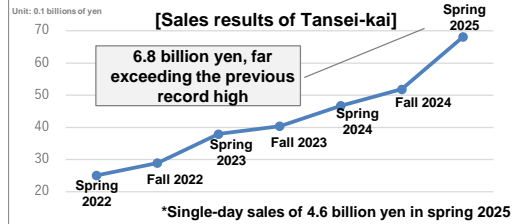
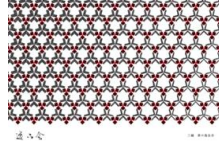
**(3) Individual customer business process activity "Lifetime customerization"**

**Further deepening relationships with connected customers**

Deepening of customer contact points, expansion of products purchased, and expansion of value provided beyond products

**Further progress in the invitation program**

- Tansei-kai and Ippin-kai are **setting new record high net sales**
- In addition to programs developed by both main stores, **each store will expand and develop its own unique programs**



**Initiatives to strengthen "MD outside department stores"**

MD sales outside department stores (Isetan Mitsukoshi) FY2024 Approx. 9.0 billion yen

- Japan Clients**
- Expanding initiatives in **merchandise with high cultural value, such as violins**
  - Expansion of **experiential events** such as circuit test driving experience sessions



- Overseas Clients**
- Started development of **merchandise for overseas customers**
  - **Proposal of goods, experiences, and services unique to Japan**



This is a life-long customer conversion.

We are working on many things to have a deeper relationship with the customers we have connected with.

"Tanseikai" and "Ippinkai" are the events which are offered to customers by both main stores and we have promoted the plan more than ever, and the line graph shows that as a result of further progress in planning, the numbers have been rising steadily since 2022. In spring 2022, the Isetan Shinjuku Main Store will close for one day as part of a special event. Starting with roughly 2.5 billion yen, the figure has now reached 7 billion yen in just three years.

In addition, we have heard from many of our customers that they would like to have a variety of relationships outside of the department stores. To this end, we are thoroughly considering MD outside of department stores, which of course does not lead to much profit, but it is a very positive factor for the relationship with customers. Incidentally, Isetan Mitsukoshi alone handles more than 9 billion yen in MD sales outside of department stores annually. We are thinking that if we could do this for our overseas customers, we would be able to deepen our connection even more.

### (4) Touching people's hearts with human-driven experiences: "Relationship with customers"

#### Deep connections with customers who value and trust our "brand legacy (goodwill)"

##### The "power of people" is the core of the Company

##### Relationship with customers

- FY2024
  - Annual number of visitors to all stores: 150 million
  - Number of identified customers (cumulative): 7.61 million
  - Number of MI app members (cumulative): 3.60 million
  - Number of MI W members (cumulative): 820,000
- Spring 2025 "Tansei-kai and Ippin-kai Achievements"
  - ➔ Net sales: 11.8 billion yen
  - ➔ Number of visitors: 18,000 groups

##### Competitive advantages in the individual customer business

- **Customer base through expansion of identified customers and lifetime customerization**
- **Unmatched quality and quantity of customer data assets**
- **Monetization in all parts of the value chain**



I would now like to discuss three of our strengths.

The first is "relationship with customers".

The number of customer traffic all of our department stores in Japan each year is approximately 150 million.

In addition, as I mentioned earlier, the number of identified customers is 7.61 million, and the share of identified customer sales at Isetan Shinjuku and Mitsukoshi Nihonbashi exceeds 70%. As for MI W members, however, there are only 820,000. We believe there is room for further expansion in this area.

### (4) Touching people's hearts with human-driven experiences: "Relationship of trust with business partners"

#### 350 years of history and management's desire to weave a relationship of trust with our business partners

The "power of people" is the core of the Company

Relationship of trust with **our business partners**

- Number of companies attending business explanatory meetings: 591
- Evergreen (Award for Excellence in Customer Service)  
\* Cumulative total number of award winners: 810
- Senior management's ties to the world's brands

Competitive advantages in the individual customer business

- **Development and roll-out of differentiated products and events**
- **Combination of value provided that goes beyond products**
- **Proposal and hospitality capabilities through co-creation with the Company**

[Business explanatory meeting]



[Isetan Shinjuku Main Store 1F Main Building = The Stage]



FY2024 results

Number of events	50
(Of which) Number of exclusive events	21
(Of which) Number of advance sales events	20

The second strength is "relationships with our business partners".

Once a year, I invite our business partners to the Mitsukoshi Theater in Nihombashi for a business briefing where I explain our policies. To date, 591 companies have participated. Of course, they can also participate online, and we will show them a video later, so our clients, who account for about 80% of our gross sales, have participated.

In addition, we have been presenting the Evergreen Award for Excellence in Customer Service for more than 10 years now, and a cumulative total of 810 people, mostly from our clients, have received this award.

Furthermore, top executives of luxury brands from around the world have visited our Shinjuku and Nihombashi main stores to meet with me. I also actively talk with them and show them around the Isetan Shinjuku store, and I wonder if the relationships I have with these people have influenced the realization of special projects in the space called "The Stage" at Isetan Shinjuku store.

After all, we believe that all of these are treasures that we possess.

### (4) Touching people's hearts with human-driven experiences: "Employees' execution capabilities"

"Talent" who continue to grow throughout their careers, understanding and committing to our strategy  
 Planning approximately 30.0 billion yen in human capital investment to achieve both employee growth and human resource strategy

#### The "power of people" is the core of the Company

#### Employees' execution capabilities

- Engagement Survey Scores (Evaluation)
  - \* Linkage between corporate philosophy and operations: 3.88 (A)
  - \* Empathy with management strategy: 3.92 (A)
  - \* Pride in the Group: 4.06 (A)
- Headcount allocation according to strategic fit
  - \*Out-of-store-sales: Approx. 1,260 people
  - \*Buyers : Approx. 300 people
  - ➔ Number of app contents distributed in FY2024: approx. 25,000

#### Competitive advantages in the individual customer business

- Depth of customer connections and relationships
- Proposals based on a combination of inspiration and science
- Creation of proposals that exceed the expectations of customers

[Out-of-store-sales x Product development by buyers]



[Information distribution via apps]



[Internal e-learning menu]



I would also like to talk a little bit about our third strength, our "employee's execution ability" attitude.


I believe that our employee engagement survey scores have risen tremendously over the past three years, thanks to the fact that all of our employees have become more aware of our management strategy.

We also thoroughly appoint staff in conformity with the strategy. For example, we have about 1,260 out-of-store-sales staff, and since I mentioned earlier that our out-of-store-sales transaction volume is about 240 billion yen, each of our out-of-store-sales staff sells 200 million yen.

There are also 300 buyers who support these out-of-store-sales activities, and now their job is not simply to purchase goods for the storefront. For example, most of the content distributed by the app is created by the buyers. They also develop about 25,000 pieces of content per year, which we believe is something that other companies cannot easily imitate.

(5) Sustainability

**Strengthen efforts in four key initiatives (materiality)**  
 Rolling out more "think good" initiatives by leveraging Isetan Mitsukoshi's strengths

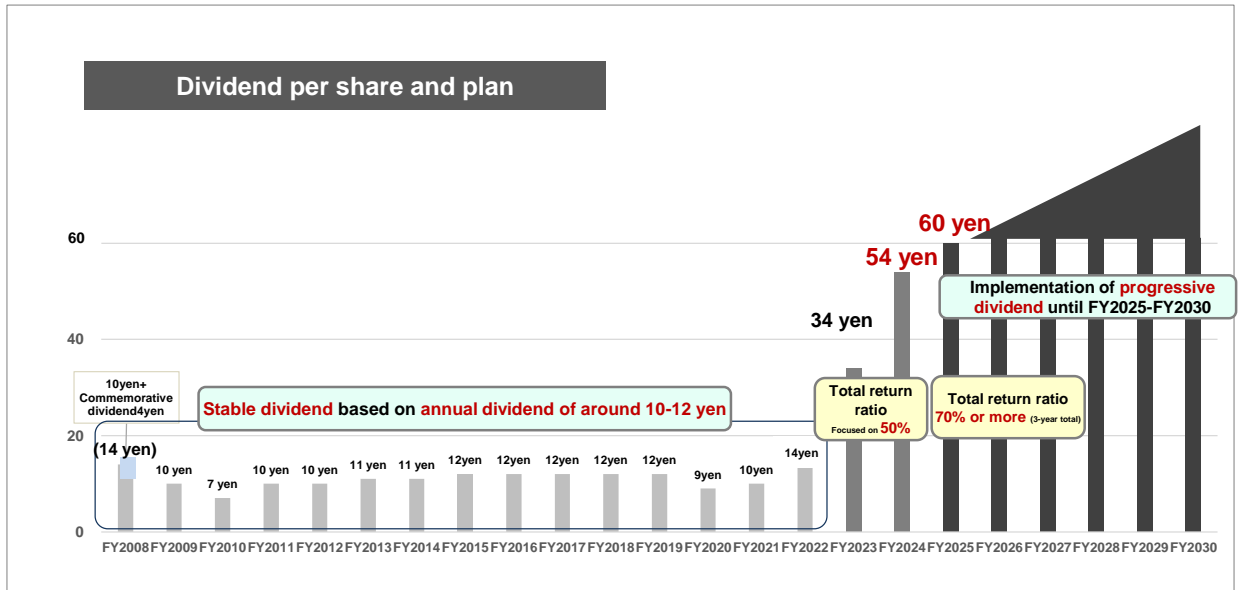
<b>Key initiatives (materiality)</b>	(1) Connecting people and local communities	<b>Business and sales activities</b> • Evolution of the "think good" initiative * Includes regional economic revitalization activities etc.	<b>Social contribution and support activities</b> • Charity • Environmental beautification activities etc.	<b>[TOPICS]</b>  <u>Large-scale upcycling projects</u> <b>Implemented "Peace de Mirai"</b>    *Held March 2022, October 2023, April 2025 (Isetan Shinjuku Main Store, Nihombashi Mitsukoshi Main Store, Iwataya Main Store, etc.)  More than 150 brands cumulatively and more than 50 students participated to date
	(2) Connecting a sustainable environment and society	<b>Responsible business activities</b> • Installation of renewable energy in stores • Implementation of supply chain management etc.		
	(3) Maximizing the power of people	<b>Human resources strategy activities</b> • Reform corporate culture and invest in human capital etc.		
	(4) Group governance and communication	<b>Group governance and communication activities</b> • Stimulate discussion to balance diversity and appropriate size of the Board of Directors etc.		

Regarding the sustainability mentioned in this slide, we would like to publish a sustainability report in November 2025 and hold a briefing session, at which time I would like to talk about sustainability in detail.

### (6) Shareholder Return "Dividend Plan"

**Progressive dividend policy** that demonstrates confidence in profit growth driven by evolution of individual customer business

Phase I (FY2025-FY2027): **Total return ratio of 70%** (total for the period) and implementing **progressive dividends** until FY2030



Finally, I would like to talk about shareholder returns.

Our company was merged with Mitsukoshi and Isetan in 2008. Since then, the dividend amount had been stagnant at around 10 yen for a long time, due in part to the fact that the company did not generate much profit, which is a fancy way of saying stable dividends.

However, over the past few years, the dividend amounts have increased significantly to ¥34, ¥54, and ¥60 per year. I believe this is thanks to the fact that we have changed into a business entity that can generate solid profits as a result of our major change in direction.

To demonstrate our confidence in this, we have stated our progressive dividend policy for fiscal 2025 and beyond, as well as a total return ratio of 70% or higher.



**Some of the information in this material may contain forward-looking statements. These statements are forecasts based on reasonable judgments made in accordance with information available to the Company at the time of disclosure and include 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.**