Isetan Mitsukoshi Group Financial Results Fiscal Year Ended March 31,2024 Explanation Meeting

May 14, 2024

Isetan Mitsukoshi Holdings Ltd.

I: Fiscal Year Ended March 31, 2024 (FY2023) Full-Year Results

II: Fiscal Year Ending March 31, 2025 (FY2024) Full-Year Plan

III: Progress of the Medium-term Management Plan (FY2022-FY2024) and the Plan for FY2024

IV: Basic Outline of the Next Medium-term Management Plan (FY2025-FY2030)

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1. FY2023 Full Year Results Summary

Operating income of 54.3 billion yen, exceeding the initial long-term plan (50 billion yen) of the current medium-term management plan, was achieved due to progress in the revitalization phase.

Record-high operating income and recurring income

- **The significant increase in both sales and income was due to strong gross sales (112% YoY) and SG&A cost control through "scientific analysis of department stores" (103% YoY), which contributed to the steady growth.**

- **Store sales were strong, with both Shinjuku (375.8 billion yen) and Ginza (104.7 billion yen) achieving record highs.**
  Isetan Mitsukoshi's sales totaled over 700 billion yen

2. Cumulative consolidated results for FY2023

- **Strong gross sales:** "High sensitivity, fine quality strategy" and "CRM strategy connecting with individual customers" were successful, resulting in a significant increase in sales.
- **Selling, general and administrative (SG&A) expenses remaining under control:** We promoted steady cost control through "scientific analysis of department stores"
- **Both operating income and recurring income reached record highs. Net income also increased substantially.**

(0.1 billions of yen)	FY2023 results	Year on year	Yearly difference	Difference from IR in February	FY2023 4Q (Jan-Mar)	Yearly difference
Gross sales	**12,246**	112.5%	+1,361	+196	**3,144**	+455
Net sales	**5,364**	110.1%	+490	+94	**1,346**	+144
Gross profit	**3,189**	111.3%	+323	+39	**804**	+98
SG&A expenses	**2,645**	103.0%	+76	(4)	**670**	+14
Operating income	**543**	183.6%	+247	+43	**134**	+83
Recurring income	**598**	199.5%	+298	+58	**149**	+105
Net income	**555**	171.7%	+232	+155	**244**	+116

3. Accumulated results of our major department stores in Japan in FY2023 (by store and company)

- Isetan Shinjuku Main Store sales **reached a record high** (an average of 254.2 billion yen over the 10 years prior to COVID-19)
- Mitsukoshi Nihombashi Main Store and Ginza Store led the overall sales with sales of 150 billion yen and over 100 billion yen, respectively
- Major regional stores also achieved significant revenue growth.

(0.1 billions of yen)	Gross sales	Year on year	Yearly difference
Isetan Shinjuku Main Store	3,758	114.7%	+482
Mitsukoshi Nihombashi Main Store	1,528	110.4%	+144
Mitsukoshi Ginza store	1,047	135.6%	+274
Isetan Tachikawa store	322	106.5%	+19
Isetan Urawa store	388	103.8%	+14
Total Isetan Mitsukoshi	7,047	115.3%	+936

(0.1 billions of yen)	Gross sales	Year on year	Yearly difference
Sapporo Marui Mitsukoshi	605	110.3%	+56
Sendai Mitsukoshi	276	102.2%	+5
Nagoya Mitsukoshi	616	106.9%	+40
Niigata Isetan Mitsukoshi	359	100.9%	+3
Iwataya Mitsukoshi	1,245	113.6%	+148
Total of 5 major regional stores	3,103	108.9%	+254

4. Increase/decrease in consolidated SG&A expenses

- **Cost structure reform:** Reduction of 6.4 billion yen (160% of initial plan) compared to initial plan of -4.0 billion yen Company-wide penetration of cost structure reforms to control each expense category
- **Impact from price changes:** Personnel expenses were higher, but utilities expenses were lower than planned.

			Breakdown of year-on-year increase/decrease				
			Current year increase/decrease				
(0.1 billions of yen)	FY2023 results	YoY difference	Cost structure reform	Sales-linked	Impact from price changes	Newly consolidated	Other
Personnel expenses	948	+18	(30)		+35	+12	+1
Advertising expenses	95	+8	(3)	+11			
Lease payments	327	+6	(7)	+6		+5	+2
Business consignment expenses	298	+8	(7)		+9	+2	+5
Depreciation and amortization	227	(6)				+2	(8)
Utilities expenses	93	(6)	(4)		(5)	+1	
Other	654	+47	(13)	+51		+9	
Total	2,645	+76	(64)	+69	+39	+32	0

5. Results by segment (full-year results)

- Department store business: In addition to Isetan Mitsukoshi's substantial increase in sales and profit, the improvement in profits at regional stores also contributed to the success. **Operating income of 45.1 billion yen (221% of the previous year's figure)** was a great achievement
- Credit & finance business: Operating income of 4.0 billion yen, exceeding the plan as of February due to **SG&A cost control**
- Real estate business: Construction and design sales were in line with plans.

(0.1 billions of yen)	Gross sales	Year on year	Net sales	Operating income	Yearly difference	Difference from IR in February
Department store business	11,373	111.8%	4,483	451	+247	+41
Credit & finance business/ Customer organization management business	354	105.6%	327	40	+2	+2
Real estate business	267	130.6%	267	30	(9)	+0
Other businesses*	251	149.2%	285	21	+7	(0)
Total	12,246	112.5%	5,364	543	+247	+43

* Operating income in the "other businesses" segment includes adjustment (40 million yen)

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1. Summary of FY2024 full-year plan

Continue revitalization and evolution of each business and launch new initiatives to switch from the "store" business to the individual customer business.

Aim for record-high operating income of 64 billion yen and recurring income of 69 billion yen

- **SG&A expenses are planned to be reduced by 6.1 billion yen through further penetration of cost structure reforms based on "scientific analysis of department stores"**

- **Department store business surpassed the 50 billion yen mark and came to 51.5 billion yen (+6.3 billion yen YoY)**
  Credit & finance and real estate businesses are also expected to see significant increases in their profits.

- **Shinjuku Store (411 billion yen) plans to exceed 400 billion yen in store sales for the first time**
  Ginza Store (114.0 billion yen) also aims to set a new record

2. Consolidated plan (full FY2024)

- Gross sales: **Further progress will be made in each strategy,** especially in department stores. **Strong inbound sales** are also expected.
- SG&A: Promote steady cost control at the company-wide level through **"scientific analysis of department stores"**
- Operating income, recurring income: **Record highs**
  * **Net income** reflects a reduction of 9.6 billion yen in income taxes-deferred in the previous year. Plan to increase profit in real terms

(0.1 billions of yen)	Full year	Yearly difference	Year on year
Gross sales	12,800	+553	104.5%
Net sales	5,480	+115	102.2%
Gross profit	3,340	+150	104.7%
SG&A expenses	2,700	+54	102.1%
Operating income	640	+96	117.7%
Recurring income	690	+91	115.2%
Net income	530	(25)	95.4%

3. Plan for major department stores in Japan for FY2024 (by store and company)

- **Isetan Shinjuku Main Store plans to break its current sales record, exceeding 400 billion yen**
- **Mitsukoshi Ginza Store also aims for record sales of 114 billion yen. Mitsukoshi Nihombashi Main Store also aims to continue to increase revenues to 158 billion yen**
- **Regional stores, especially Iwataya Mitsukoshi, plan to significantly increase sales**

(0.1 billions of yen)	Gross sales	Year on year	Yearly difference
Isetan Shinjuku Main Store	4,110	109.3%	+351
Mitsukoshi Nihombashi Main Store	1,580	103.4%	+51
Mitsukoshi Ginza store	1,140	108.8%	+92
Isetan Tachikawa store	335	103.8%	+12
Isetan Urawa store	380	97.7%	(8)
Total Isetan Mitsukoshi	7,545	107.1%	+497

(0.1 billions of yen)	Gross sales	Year on year	Yearly difference
Sapporo Marui Mitsukoshi	610	100.7%	+4
Sendai Mitsukoshi	280	101.3%	+3
Nagoya Mitsukoshi	620	100.6%	+3
Niigata Isetan Mitsukoshi	375	104.3%	+15
Iwataya Mitsukoshi	1,300	104.4%	+54
Total of 5 major regional stores	3,185	102.6%	+81

4. Sales plan for existing department stores in Japan (full FY2024)

- Isetan Mitsukoshi plans a YoY 7% increase in full-year sales (including a 45% increase in sales to inbounds)
- Regional operating companies plan a YoY 2% increase in full-year sales (including a 40% increase in sales to inbounds)
- Annual inbound sales of department stores in Japan are planned at 156.3 billion yen, based on recent performance.

(0.1 billions of yen)	First half		Second half		Full year	
	Plan	Year on year	Plan	Year on year	Plan	Year on year
Total Isetan Mitsukoshi	3,555	111%	3,989	104%	7,545	107%
(of which) inbound sales	630	179%	630	121%	1,260	145%
Total regional operating companies	1,738	105%	1,958	100%	3,697	102%
(of which) inbound sales	149	208%	153	106%	303	140%
Total domestic department stores	5,294	109%	5,947	103%	11,242	105%
(of which) inbound sales	779	184%	783	118%	1,563	144%

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

5. Changes in consolidated SG&A expenses (full FY2024)

- Cost structure reform: We plan to reduce expenses by 6.1 billion yen, continuing from the previous fiscal year's plan to reduce expenses by more than 6 billion yen.
- Strategic expenditures: Reflect factors such as an increase in personnel due to business expansion.
- Impact from price changes: Increases are expected in personnel expenses (including base pay) and utilities costs.

			Breakdown of year-on-year increase/decrease				
			Current year increase/decrease				
(0.1 billions of yen)	FY2024 Plan	YoY difference	Cost structure reform	Sales-linked	Strategic expenditures	Impact from price changes	Other
Personnel expenses	954	+5	(29)		+14	+21	
Advertising expenses	104	+8	(0)	+8			
Lease payments	317	(10)	(20)	+10			
Business consignment expenses	299	+0	(4)		+4		
Depreciation and amortization	234	+6			+6		
Utilities expenses	106	+12	(3)			+15	
Other	686	+31	(5)	+29		+6	+2
Total	2,700	+54	(61)	+47	+24	+42	+2

6. Segment plan (full FY2024)

- Department store business: In addition to Isetan Mitsukoshi's sales and profit growth, regional companies also continue to plan profit growth
- Credit & finance business: Significant profit increase due to higher card transaction volume and progress in cost structure reform
- Real estate business: Increased profit, resulting from steady construction and design sales and increased rental income, is planned.

(0.1 billions of yen)	Gross sales	Year on year	Net sales	Operating income	Yearly difference
Department store business	11,820	103.9%	4,500	515	+63
Credit & finance business/ Customer organization management business	370	104.4%	340	55	+14
Real estate business	330	123.2%	330	37	+6
Other businesses*	280	111.5%	310	33	+11
Total	12,800	104.5%	5,480	640	+96

*The "Other businesses" segment factors in adjustments

7. Return to shareholders in FY2024

- **Revised year-end dividend forecast for FY2023 and also revised per-share dividend forecast for FY2023 to 34 yen (an increase of 20 yen from the previous fiscal year)**
- **The annual dividend forecast for FY2024 is set at 44 yen, with an eye on a total return ratio of 50%. Simultaneously, share buyback of ¥15.0 billion is planned**
  → **Total return ratio at the time of the initial plan is 59.5%**
  * Trial calculation based on the number of shares at the beginning of the period (375 million shares issued excluding treasury stock)
- **Consider additional shareholder returns from time to time by monitoring progress of profit and investment plans, as well as stock price levels, beyond the initial plan.**

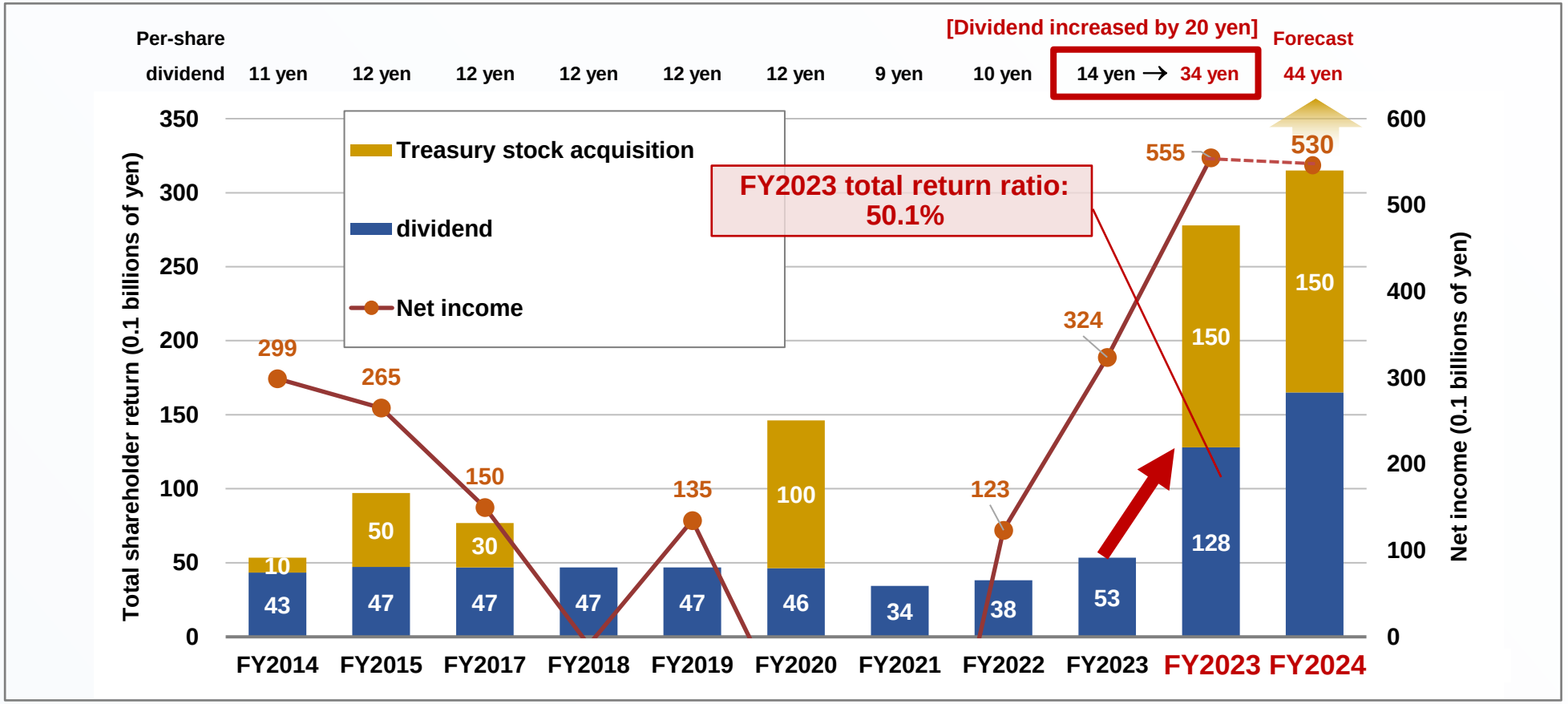


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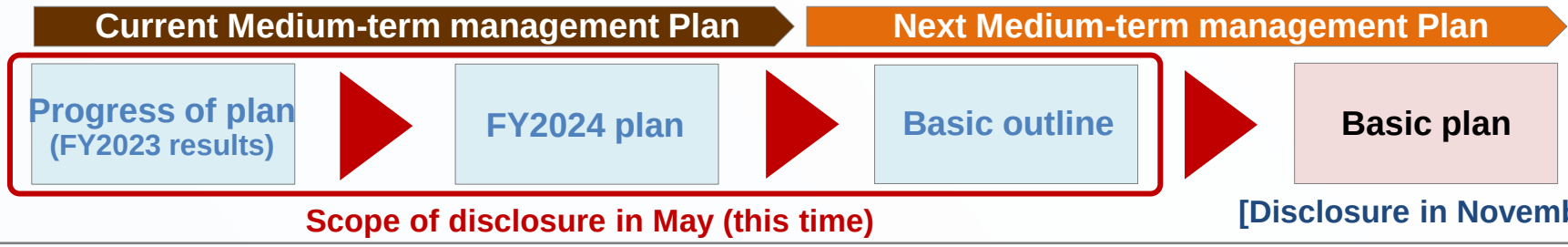
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Disclosure Flow and Digest of Disclosures

1. Disclosure flow



2. Digest of disclosures

III: Progress of the current Medium-term Management Plan and plans for FY2024

1. Progress of the current Medium-term management Plan

- Through further progress in the strategy, "Revitalization and Evolution" was accelerated and the initial long-term operating income target of 50 billion yen was achieved ahead of schedule

2. FY2024 plan

- Steady progress in each of the Key Strategies for revitalization and evolution
- In light of the final year of the current Medium-term management Plan, the "9 Key Strategies" will be continued. Strengthen efforts in four Key Strategies

IV: "Basic Outline" of the next Medium-term Management Plan (main specific plans will be disclosed in November)

- Establish a six-year Medium-term Management Plan for the next fiscal year, taking into consideration the construction start and completion dates of the urban community development.
- This is an important preparatory period for us to shift towards an individual customer business, and the way we spend these six years will be critical to our growth in the years to come.
  ➡ Aim to achieve target operating income of 80 billion yen in FY2027 and 100 billion yen in FY2030
- Transform the business model from the "store" business to the individual customer business to realize our vision.
- Expand business profit through [vertical] business strategy to evolve the unique points of each business
- Create intra-Group coordination-based profits through [horizontal] intra-Group coordination activities to provide customer value by combining unique points
- In Phase I (FY2025-FY2027), before the start of "real estate development investment," we will increase the emphasis on shareholder returns and continue to improve capital efficiency.
- Work to optimize our investment in human capital and cultivate human resources specialized in that business who can create value unique to our company by combining the [horizontal] and [vertical].
- Promote strategies for each business linked to priority initiatives (materiality)

1. Profit plan

(1) Initial plan (disclosed in November 2021): Targeted an operating income of 35 billion yen in FY2024, and an operating income of 50 billion yen in the long-term (10-year span).
(2) Previous plan (disclosed in May 2023): Revised upward to "40 billion yen" in operating income for FY2024.
(3) Current plan (Disclosed in May 2024): The long-term operating income target was achieved in FY2023 ahead of schedule, and an operating income of 64 billion yen is planned for FY2024.

Unit: 0.1 billions of yen / Disclosure period		FY2023	FY2024	Long term (10-year span)
(1) Initial plan (Disclosed in November 2021)	Gross sales	—	11,100	—
	Operating income	—	350	500
	ROE	—	5.3%	—
(2) Previous plan (Disclosed in May 2023)	Gross sales	11,400	11,800	—
	Operating income	350	400	—
	ROE	5.0%	5.7%	—
(3) Current plan (Disclosed in May 2024)	Gross sales	12,246	12,800	
	Operating income	543	640	
	ROE	9.8%	8.8%	

Achieved ahead of schedule

Substantial upward revision

* Including special factors in FY2023

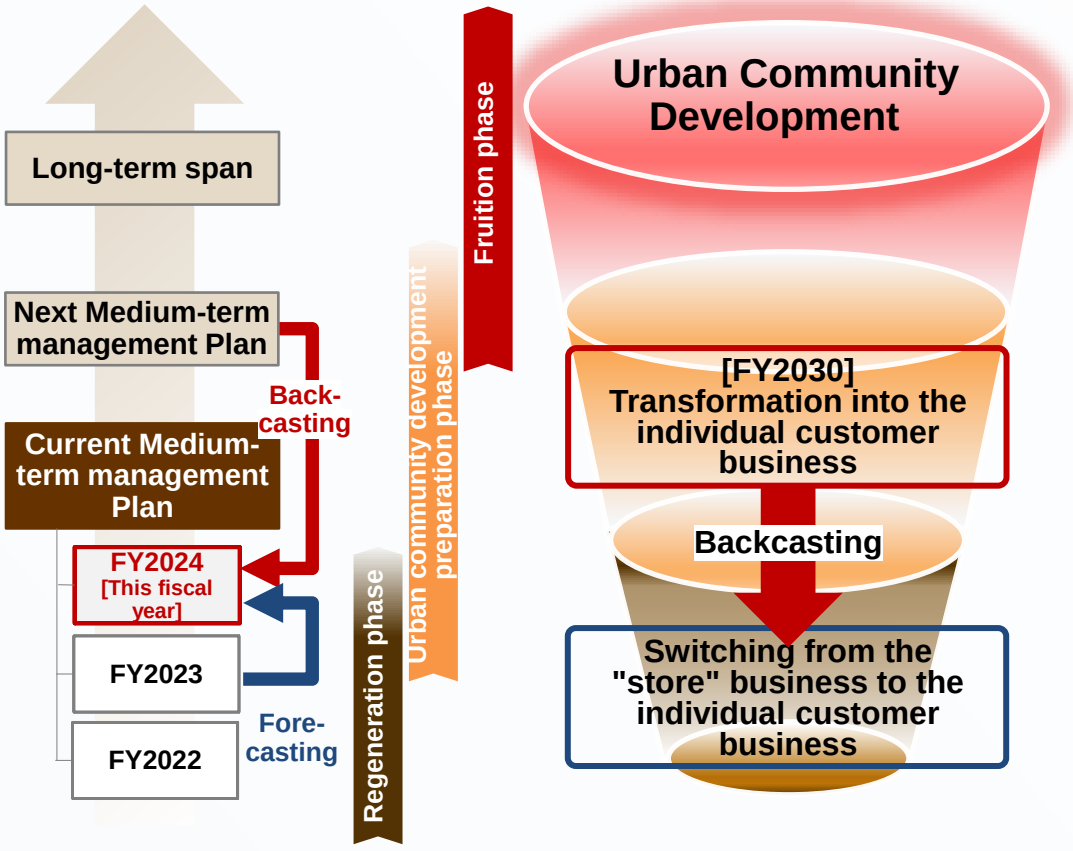
2. Strategic steps

[FY2023] ▪ Significant progress in the revitalization phase, with consolidated operating income reaching a record high

[FY2024] ▪ Developed a plan from two perspectives to switch from the "store" business to the individual customer business.

▪ Forecasting perspective: Continue revitalization and evolution of each business in the final year of the current Medium-term management Plan

▪ Backcasting perspective: Start to work on initiatives for the next Medium-term Management Plan ahead of schedule



[Progress in FY 2023 (2nd year)]

- Each development plan initiative has been made more concrete.
- Strengthened group collaboration to increase external earnings of affiliated companies in Japan
- Consolidated operating income increased significantly due to progress in Key Strategies.
- In addition to Isetan Mitsukoshi, profits also increased at regional department stores and affiliates in Japan due to ongoing business restructuring
- In addition, the number of identified customers and identified customer sales grew significantly year-on-year

3. Management objectives: Financial KPIs

[FY2024 plan]

- **Gross sales: 1,280.0 billion yen (+55.3 billion yen YoY) (1)**
- **SG&A expenses: Will be controlled within the growth rate (102% in the previous fiscal year) of gross sales (105% YoY) (2)**
- **Operating income: An operating income of 64.0 billion yen, an increase of 9.6 billion yen YoY and a record-high for the second consecutive year, is planned (3)**
- **Net income: 53.0 billion yen is planned in line with the upward revision of operating income (4)**
- **ROE: 8.8%, a significant upward revision from the figure disclosed in May of FY2023 (5.7%), is planned (5)**

	FY2023 results		FY2024 plan	
	Actual results	Difference from FY2022	Planned value	Difference from FY2023
Gross sales	1,224.6 billion yen	+136.1 billion yen	(1) 1,280 billion yen	+55.3 billion yen
SG&A expenses	264.5 billion yen	+7.6 billion yen	(2) 270 billion yen	+5.4 billion yen
Operating income	54.3 billion yen	+24.7 billion yen	(3) 64 billion yen	+9.6 billion yen
Net income	55.5 billion yen	+23.2 billion yen	(4) 53 billion yen	-2.5 billion yen
ROE	9.8%	+3.6%	(5) 8.8%	-1.0%

* Including special factors in FY2023

3. Management objectives: Customer KPIs

[FY2023] ・Continued YoY growth of identified customer sales is planned due to double-digit YoY growth in digital ID-only member sales.

[FY2024] ・We plan to achieve YoY growth in all KPIs by strengthening marketing to individual customers

	FY2023 results		FY2024 plan	
	Actual results	Compared to FY2022	Planned value	Compared to FY2023
Identified customer sales	596.7 billion yen	108%	615 billion yen	103%
MI Card Member sales	463 billion yen	103%	470 billion yen	102%
Sales to MI Card Members who purchase over 1 million yen per year	246.4 billion yen	106%	251 billion yen	102%
Digital ID-only member sales	133.7 billion yen	129%	145 billion yen	108%

4. Information by company

[FY2023]

(1) [Isetan Mitsukoshi] In addition to the strong performance of Isetan Shinjuku Main Store and Mitsukoshi Nihombashi Main Store, Mitsukoshi Ginza Store reached 100 billion yen in sales.

(2) [Regional operating companies] Sales recovery progressed mainly in major regional cities, and operating income increased significantly due to the effect of SG&A cost control.

(3) [Domestic affiliates] Substantial growth in operating income due to efforts to further strengthen in-house production and external sales and to control SG&A expenses

[FY2024]

- **Further increases in sales and profit are planned for Isetan Mitsukoshi, regional operating companies and domestic affiliates**

(1) Isetan Mitsukoshi

* Excluding real estate rental income

	Gross sales		
	Actual/plan	Year on year	Yearly difference
FY2023 results	704.7 billion yen	115%	+93.6 billion yen
FY2024 plan	754.5 billion yen	107%	+49.7 billion yen

	Operating income		
	Actual/plan	Year on year	Yearly difference
FY2023 results	37.2 billion yen	205%	+19.1 billion yen
FY2024 plan	42 billion yen	113%	+4.8 billion yen

(2) Regional operating companies

	Gross sales		
	Actual/plan	Year on year	Yearly difference
FY2023 results	370.5 billion yen	107%	+25.2 billion yen
FY2024 plan	379.4 billion yen	102%	+8.9 billion yen

	Operating income		
	Actual/plan	Year on year	Yearly difference
FY2023 results	6.6 billion yen	666%	+5.6 billion yen
FY2024 plan	8.8 billion yen	134%	+2.2 billion yen

(3) Domestic affiliates

* Excluding finance, real estate and logistics

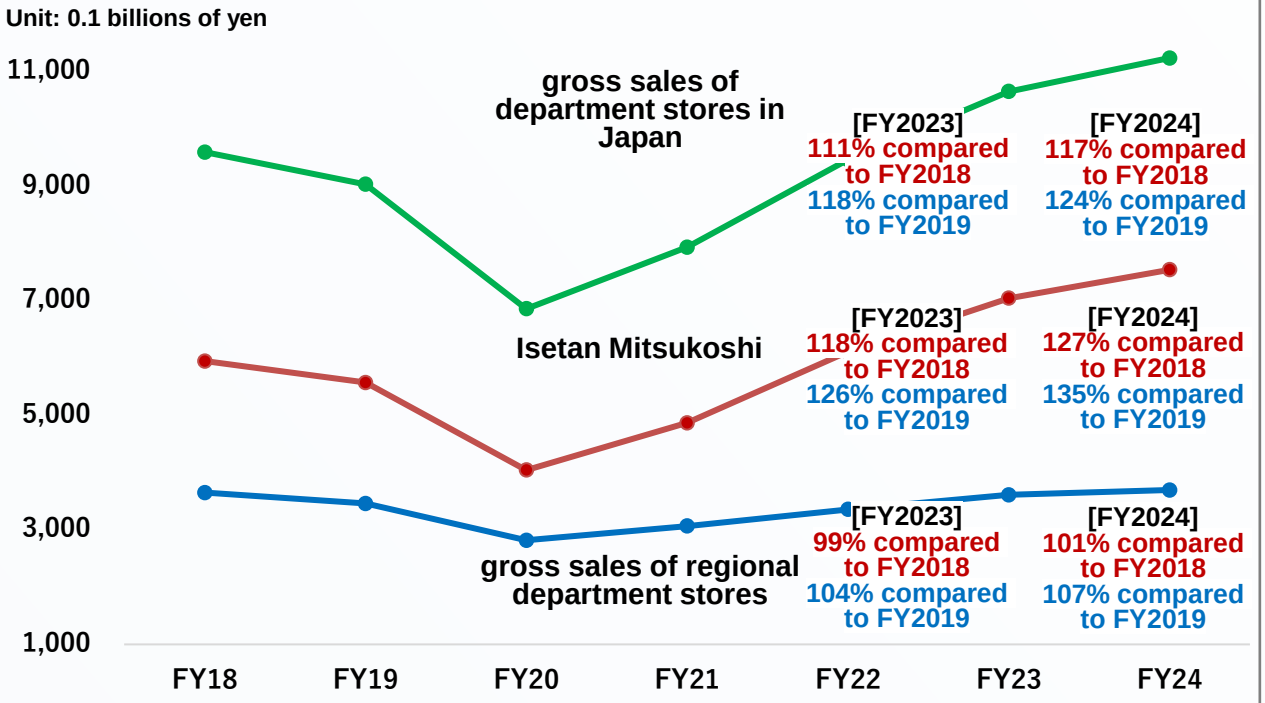
	Gross sales		
	Actual/plan	Year on year	Yearly difference
FY2023 results	74.8 billion yen	125%	+15.2 billion yen
FY2024 plan	83.2 billion yen	111%	+8.4 billion yen

	Operating income		
	Actual/plan	Year on year	Yearly difference
FY2023 results	2.6 billion yen	182%	+1.2 billion yen
FY2024 plan	3.8 billion yen	145%	+1.2 billion yen

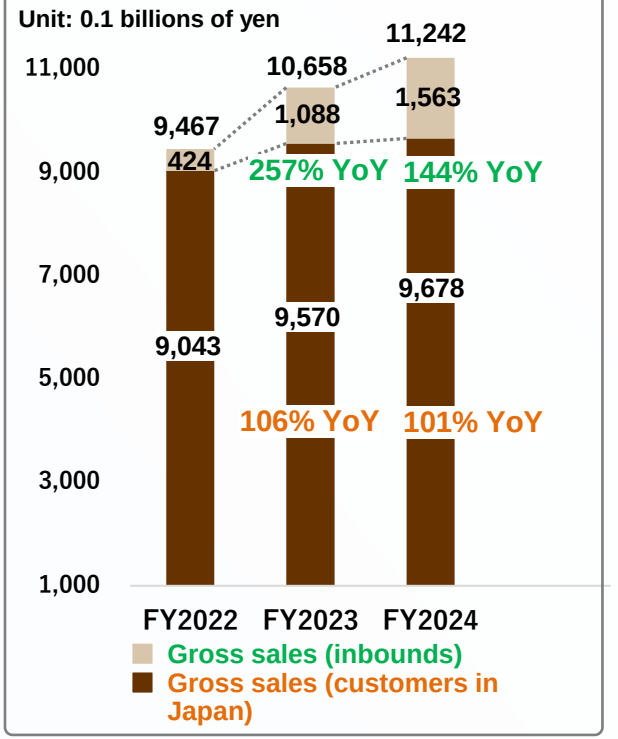
[TOPICS] Department store sales in Japan

- Isetan Mitsukoshi has continued to drive domestic department store sales, while regional department stores also saw further sales recovery
- Further progress in marketing to individual customers has also led to growth in customer sales in Japan, excluding sales to inbounds.

[Sales of Isetan Mitsukoshi and regional department stores]



[Sales to customers in Japan and inbounds]



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

[TOPICS] Sales to inbounds

- inbound sales exceeded 100 billion yen, far surpassing the pre-COVID-19 level (145% compared to FY2018) and reaching a record high
- Customers visiting Japan from mainland China fell below the pre-COVID-19 level, but sales expanded mainly due to tourists from other Asian regions.

FY2023 results

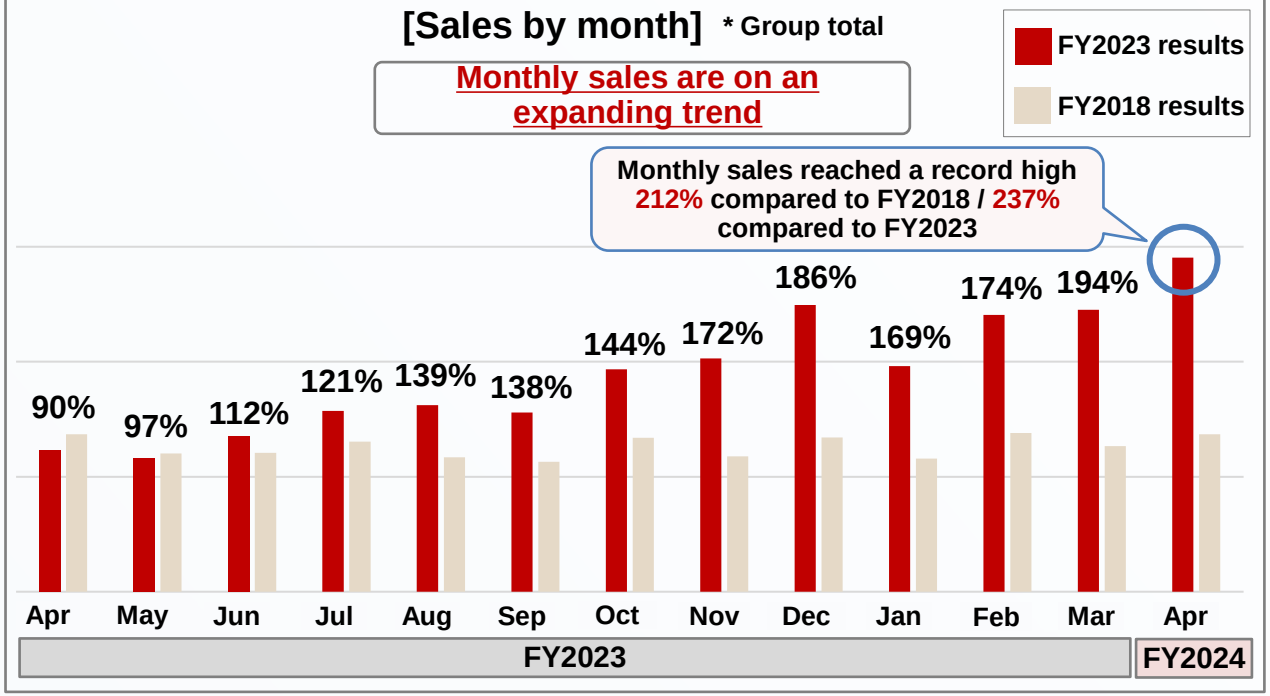
			Compared to FY2018
Sales to inbounds	gross sales of department stores in Japan	108.8 billion yen	145%
	Isetan Mitsukoshi total	87.2 billion yen	144%

FY2024 plan

			Year on year
Sales to inbounds	gross sales of department stores in Japan	156.3 billion yen	144%

[Sales by month] * Group total

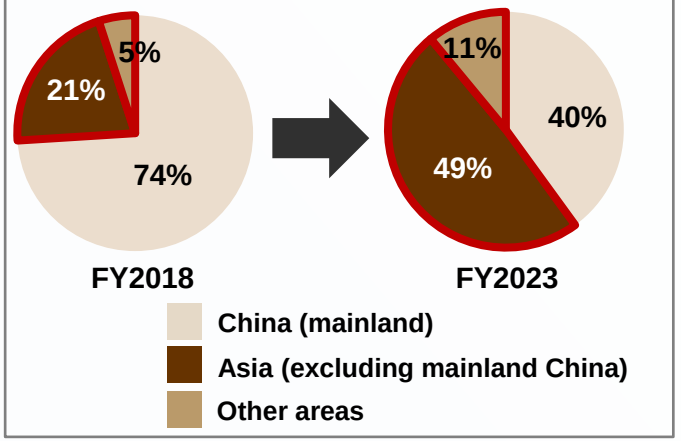
Monthly sales are on an expanding trend



[Sales share by country/region]

gross sales of 3 stores including Isetan Shinjuku Main Store, Mitsukoshi Nihombashi Main Store and Mitsukoshi Ginza Store

Asia (excluding mainland China) drove sales 21%➡49%



5. By strategy (frame)

[FY2023] • Steady progress in each of the Key Strategies for revitalization and evolution
[FY2024] • In light of the final year of the current Medium-term management Plan, the "9 Key Strategies" will be continued. Strengthen efforts in 4 Key Strategies

Regeneration phase

Digital transformation • Steady improvement in profitability due to thorough control of SG&A expenses • Aiming to achieve profitability in FY2024 for the Group's online business total	**(1) "High sensitivity, fine quality" strategy** • Regarding both main stores, promote high sensitivity, fine quality store remodeling • Total volume of out-store-sales in Japan will increase by double-digits over the previous year	**(3) "Intra-Group coordination" strategy** • Steady progress in Group's shift to in-house production • Affiliates in Japan will reach 50% share of external sales
Business structure reform from a scientific perspective • The transition into profitability has progressed due to increased gross profit and thorough control of SG&A expenses • Progress in upgrading the efficient management system through business reforms, etc.	**(2) CRM strategy connecting with individual customers** • Double-digit YoY growth in the number of identified customers • Identified customer sales grew year on year • Significant growth in sales to inbounds	**(4) "Urban community development" strategy** • Progress in defining timelines for each development plan and making the application selection process, etc. more concrete • Started to define a value created by combination, Unique value provided, etc.

Financial strategy	• Executed investments and significant shareholder returns in line with cash allocation policy
Human resources strategy	• Implemented corporate culture reform initiatives through activities to disseminate the new corporate philosophy • Formulated the Group's medium- to long-term human resources strategy
Sustainability promotion	• Established the code of conduct for business partners and promoted activities to disseminate the code • Expanded "think good" initiatives

Urban community development preparation phase

Backcasting

Fruition phase

6. Key strategy: "High sensitivity, fine quality" strategy

FY2023: Steady progress in revising the **MD balance** and **implementing** the **Out-store-sales Reform** to create high sensitivity, fine quality stores.

FY2024: Aiming to increase customer value by further expanding **high sensitivity, fine quality content** and promoting **out-store-sales collectively as ONE Group**

FY2023 initiatives

High sensitivity, fine quality store remodeling

- Further expanded high-touch MD to achieve ideal MD balance
  - ➡ FY2023 profit increase due to remodeling (total for Isetan Mitsukoshi): approx. 1.4 billion yen, 185% of the previous year's level

Total for Isetan Shinjuku Main Store

Total	157% YoY
LUX	138% YoY
Cosmetics	279% YoY

Total for Nihombashi Mitsukoshi Main Store

Total	282% YoY
LUX	2209% YoY
Jewelry & watches	209% YoY

Out-store-sales Reform

- Steady growth in total volume of out-store-sales nationwide

Total volume of individual out-store-sales	Actual results for FY2023	
	Actual results	Year on year
Group total	Approx. 223 billion yen	111%
Isetan Mitsukoshi	Approx. 123 billion yen	115%
gross sales of regional operating companies	Approx. 100 billion yen	106%

FY2024 initiatives

high sensitivity, fine quality content

- Strengthening uniqueness to attract customers from around the world

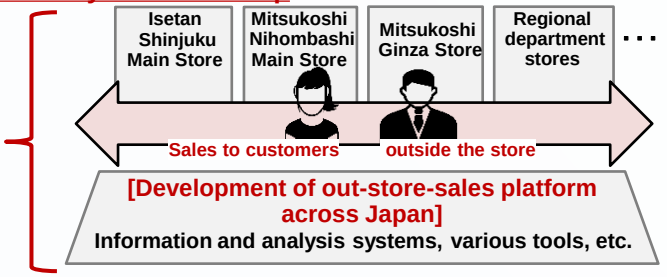
Concept type — Use our uniqueness to attract customers from around the world

Solution type — Product lineup focusing on individual customers

Promoting out-sore-sales collectively as ONE Group

- Expanding the value provided to customers through out-store-sales activities collectively as ONE Group

Maximize utilization of the Group's assets



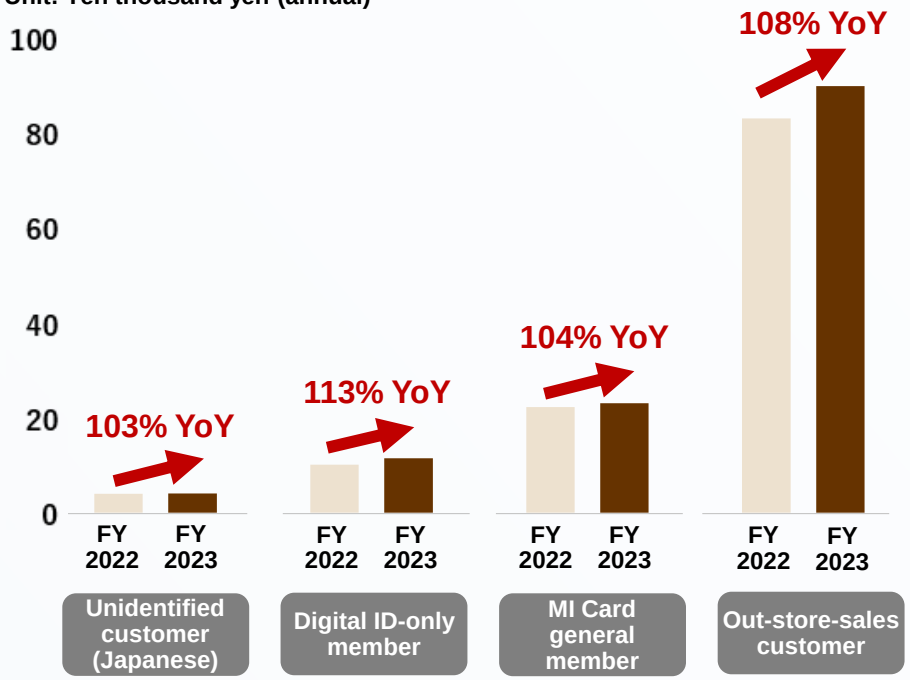
6. Key strategy: CRM strategy connecting with individual customers

FY2023: Continued increase in the average spend per identified customer due to progress in the sophistication of marketing to individual customers
FY2024: Further strengthen product lineups focusing on individual customers in order to further increase the average spend per customer and LTV of individual customers.

FY2023 actual average spend per customer

- **Further increase in the average spend per customer, mainly among MI Card Members and Digital ID Members (including App Members)**

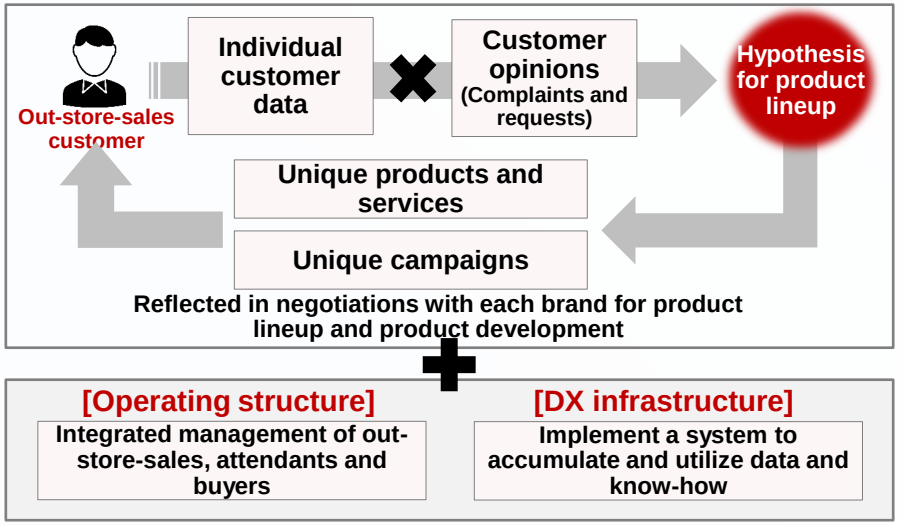
Unit: Ten thousand yen (annual)



FY2024 initiatives

- **Expand individual customer marketing efforts in collaboration with business partners to meet the needs of individual customers**

Advanced analysis based on the needs and purchasing data of top out-store-sales customers



[Operating structure]
Integrated management of out-store-sales, attendants and buyers

[DX infrastructure]
Implement a system to accumulate and utilize data and know-how

Implement a system to improve LTV of individual customers as well as the accuracy of product lineup focusing on individual customers

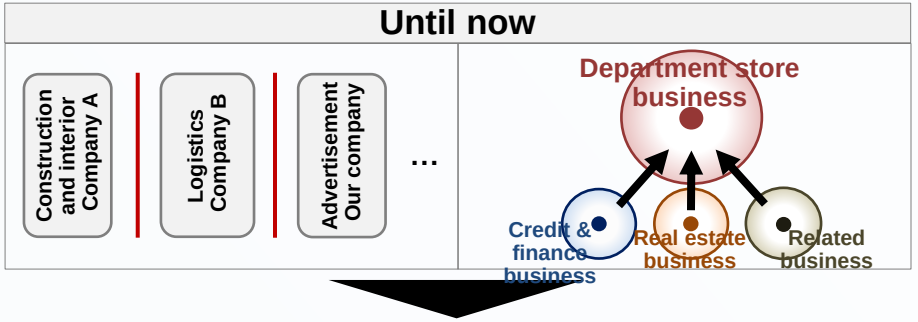
6. Key strategy: "Intra-Group coordination" strategy

FY2023: Shifted from a structure in which each business complements the department store business to one in which all businesses operate in parallel, and strengthened external sales activities

FY2024: In addition to further strengthening external sales activities, maximize business opportunities by strengthening intra-Group coordination activities through a structure in which all businesses operate in parallel.

FY2023 initiatives

- Shift from a structure in which each business complements the department store business with vertically divided initiatives to one in which all businesses operate in parallel and horizontal collaboration is strengthened



≪FY2023≫

Actual external sales	Actual results	Year on year	Sales share
gross sales of affiliates in Japan	Approx. 59 billion yen	123%	50%

*gross sales of 12 major companies excluding MICARD

FY2024 initiatives

- Maximize business opportunities based on intra-Group coordination by aligning each business
  ➡ Utilize an intra-Group coordination package to strengthen promotion

■ An example of our efforts for remodeling a men's store

	Affiliated companies / orders received
Interior construction	Isetan Mitsukoshi Property Design Ltd. Shop interior construction, etc.
Staffing service	Isetan Mitsukoshi Human Solutions Company Limited. Store cashiers, etc.
Logistics	Isetan Mitsukoshi Business Support Ltd. Dedicated stock, etc.
Security	Isetan Mitsukoshi IM Facilities Ltd. Store security, etc.
Advertisement	STUDIO ALTA Co., Ltd. Signage ad placement, etc.

7. Business strategy: Department store business in Japan

*Different from values disclosed for the segments (simple aggregate)

FY2023: Double-digit year-on-year growth in sales at stores in the Tokyo metropolitan area and major regional cities, as well as thorough control of SG&A expenses, led to a significant increase in profits.

FY2024: We plan to increase sales and profits by strengthening measures for identified customers and by reforming our business structure, including lowering the break-even point.

FY2024 plan

	Gross sales		
	Actual/plan	Year on year	Yearly difference
FY2023 results	1,075.2 billion yen	112%	+118.9 billion yen
FY2024 plan	1,133.9 billion yen	105%	+58.7 billion yen

	SG&A expenses		
	Actual/plan	Year on year	Yearly difference
FY2023 results	223.9 billion yen	101%	+2.9 billion yen
FY2024 plan	229.6 billion yen	103%	+5.7 billion yen

	Operating income		
	Actual/plan	Year on year	Yearly difference
FY2023 results	43.8 billion yen	229%	+24.7 billion yen
FY2024 plan	51 billion yen	117%	+7.2 billion yen

[TOPICS] February 2024: Tansei-kai, Ippin-kai

- **Both Tansei-kai and Ippin-kai posted record sales**
  - ➡ Overseas customers for out-store-sales were newly invited
  - * Tansei-kai/Ippin-kai: Events for the Group's major customers

February 2024 results	Year on year
Tansei-kai	123%
Ippin-kai	114%

	Number of visitors
Overseas customers for out-store-sales	Approx. 160 groups

* Inbound customers + foreign customers residing in Japan

"Intra-Group coordination" strategy

- **Expand content offerings to identified customers connected via department stores**

Creation of contents by each business

Credit & finance business | Real estate business | Related business | ・・・

Identified customers connected via department stores

Aiming to expand use throughout the Group

Sales volume across the base network	≪FY2023≫	
	Actual results	Year on year
Isetan Mitsukoshi total	Approx. 16 billion yen	112%

* Equivalent to approximately 4% of gross sales of regional department stores

7. Business strategy: Real estate business

* Real estate rental income, construction and design, and logistics/ Different from values disclosed for the segments (simple aggregate)

FY2023: Despite a temporary **decrease in profits** due to lower rental income, sales **grew by double digits** year on year due to expansion of the construction, design and logistics businesses.

FY2024: Plan to further **strengthen external sales activities** in the construction, design and logistics businesses and **increase profits** through higher rental income

FY2024 plan

	Gross sales		
	Actual/plan	Year on year	Yearly difference
FY2023 results	44 billion yen	118%	+6.8 billion yen
FY2024 plan	50.6 billion yen	115%	+6.6 billion yen

	SG&A expenses		
	Actual/plan	Year on year	Yearly difference
FY2023 results	1.3 billion yen	106%	+100 million yen
FY2024 plan	1.5 billion yen	113%	+200 million yen

	Operating income		
	Actual/plan	Year on year	Yearly difference
FY2023 results	3.3 billion yen	78%	-1 billion yen
FY2024 plan	4 billion yen	122%	+700 million yen

Isetan Mitsukoshi Property Design Ltd.

Become a company that dominates the "construction and design market" with high sensitivity, fine quality services

- Strengthen acquisition of high-value-added projects -

- **Office** — Executive floor
- **Commercial facilities** — LUX brand
- **Hotel** — 4-5 star hotels
- **Housing** — Fine quality renovation

Isetan Mitsukoshi Business Support Ltd.

Expand business beyond department stores by leveraging logistics know-how cultivated in department store logistics operations

- Externally expand services that leverage our strengths -

- **Logistics solution service** — Undertake logistics services from outside companies
- **EC business support** — Undertake EC-related operations
- ...

7. Business strategy: Credit & finance business

* Different from values disclosed for the segments (simple aggregate)

FY2023: Profit growth by strengthening cooperation with department stores in line with sales expansion at department stores.

FY2024: Further strengthen cooperation with department stores. Plan to increase revenue and profit by accelerating efforts in card and financial strategies and income and expenditure structure reforms

FY2024 plan

	Gross sales		
	Actual/plan	Year on year	Yearly difference
FY2023 results	36 billion yen	105%	+1.8 billion yen
FY2024 plan	37.6 billion yen	104%	+1.5 billion yen

	SG&A expenses		
	Actual/plan	Year on year	Yearly difference
FY2023 results	29.1 billion yen	106%	+1.6 billion yen
FY2024 plan	29.2 billion yen	101%	+200 million yen

	Operating income		
	Actual/plan	Year on year	Yearly difference
FY2023 results	4.2 billion yen	107%	+300 million yen
FY2024 plan	5.5 billion yen	131%	+1.3 billion yen

Expand development of financial products

- **Develop and provide financial services uniquely cultivated by the department store business**

[Product warranty]



- Warranty service for watches and clocks
- Integrated non-manufacturer warranty and maintenance services

* Started in FY2023 at Isetan Shinjuku Main Store.

Further expansion of target brands and stores in FY2024

Income and expenditure structure reform

- **Plan to significantly increase profit thanks to the effect of income and expenditure structure reforms implemented from FY2023 onward**

[Income growth]

- Revise commission rates
- Monetize services
- Review the systems

[Expenditure reduction]

- Reduce system operating costs
- Optimize services
- Promote DX and digitization

7. Business strategy: Related businesses in Japan

* Media business, staffing services, travel agency, etc./Different from values disclosed for the segments (simple aggregate)

FY2023: Significant increase in profit due to the strengthening of external sales activities through intra-Group coordination and the control of SG&A expenses.

FY2024: Further increase in sales and profit is planned through expansion of external sales activities (B to B and B to C) by each company.

FY2024 plan

	Gross sales		
	Actual/plan	Year on year	Yearly difference
FY2023 results	74.8 billion yen	125%	+15.2 billion yen
FY2024 plan	83.2 billion yen	111%	+8.4 billion yen

	SG&A expenses		
	Actual/plan	Year on year	Yearly difference
FY2023 results	17.1 billion yen	128%	+3.7 billion yen
FY2024 plan	19.7 billion yen	115%	+2.6 billion yen

	Operating income		
	Actual/plan	Year on year	Yearly difference
FY2023 results	2.6 billion yen	182%	+1.2 billion yen
FY2024 plan	3.8 billion yen	145%	+1.2 billion yen

MI Food Style Ltd.

Become a driving force in the "food" area of the Group

- Further acceleration of new store openings to expand trade area
- Promote development of new PB products



Queen's Isetan Nakano Store (Opened in March 2024)



Queen's Isetan Jujo Store (tentative name) (Scheduled to open in winter 2024)

Isetan Mitsukoshi Nikko Travel Ltd.

Become a company that offers high sensitivity, fine quality "experience value"

- Strengthening the Group's unique and rare proposals
- Strengthening the approach to identified customers through department store collaboration



Palace of Versailles x Alain Ducasse Private Dinner

7. Business strategy: Overseas business

FY2023: Structural reforms in accordance with the conditions of each store and business expansion centered on food and beverage

FY2024: Participate in a new real estate mixed-use development project (Bangkok, Thailand)

Structure reform

- April 2024: Tianjin Isetan and Tianjin Binhai Isetan ceased operations
- End of June, 2024: Shanghai Mei Long Zhen Isetan to close (planned)

Expansion of food and beverage business

- KLCC, Malaysia
  - ➡Opened a new restaurant zone under independent management (February 2024)
  - ➡ Plan to expand in other areas in the future



[TOPICS] Participation in a real estate mixed-use development project in Bangkok, Thailand

Phase 1 (opened in July 2023): Retail x Residence mixed-use development model in Manila, Philippines

Phase 2 (current initiative): Retail x Office mixed-use development model in Bangkok, Thailand

➡Profit image [Long-term] 10 billion yen scale (cumulative)

- Participation in one of Bangkok's largest new mixed-use development projects (ONE BANGKOK Project)
- Participation in the opening of an upscale supermarket (approx. 4,600 m^2), inspired by the "basement food markets of department stores" in Japan, and in the development and operation of an adjacent office (full-scale business development planned to start during FY2024).





Acquire know-how to create urban communities in Japan, as well as to expand business overseas

7. Business strategy: Online business

FY2023: Steady progress in improving profitability through efforts to expand sales and control SG&A expenses

FY2024: Aiming to achieve profitability in FY2024 for the Group's overall online business.

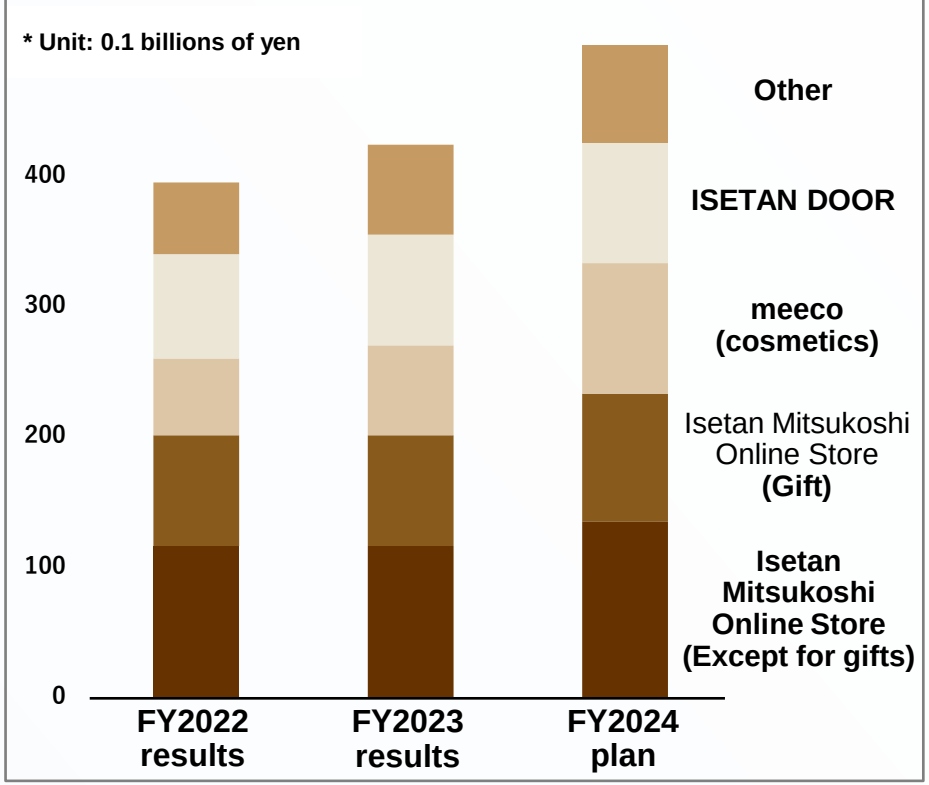
Sales expansion efforts

Limited and pre-release products [Priority sales]	Base network [Strengthening proposals across Japan]	Promotion Strengthening of appeals and events
ISETAN DOOR (Regular delivery)	Hometown tax	Meeco (Cosmetics EC)
		

SG&A cost control efforts

- Logistics cost reduction
- Automation of product listing operations
- Reduction in business consignment expenses
- Shift to in-house media marketing

In addition to sales expansion at each e-commerce site, further control of SG&A expenses will be thoroughly implemented.



8. Group platform strategy: Sustainability

FY2023: Steady progress in efforts to realize priority initiatives (materiality)
FY2024: Strengthening "think good" and supply chain management activities

Initiatives through FY2023

[Priority initiative (1)] Connecting people and communities

- Started the "think good" initiative in April 2021.
- Rolled out a cumulative total of more than 2,000 sustainable products and services over the three years through FY2023

[Priority initiatives (2)] Connecting to a sustainable society and era

- Strengthening efforts in energy conservation, energy creation and renewable energy
  - ➡ Greenhouse gas emissions: -47.6% (FY2022 results/compared to FY2013)
- Establishment and notification of "Code of Conduct for Business Partners" and enhancement of communication with business partners through dialogues
  - ➡ Notification of the Code of Conduct for Business Partners: About 12,000 companies (actual results for FY2023)
  - ➡ Dialogue with business partners: Approx. 600 companies (FY2023 results)

[Priority Initiative (3)] Improvement of Employee Satisfaction

- Ratio of female managers
  - ➡ 31.2% (as of April 1, 2024/Group total)
- Percentage of male employees taking childcare leave
  - ➡ 100% (FY2023 results/Isetan Mitsukoshi)

FY2024 initiatives

- Group governance communication added to materiality from FY2024.
- In addition, revise the goal from "improving employee satisfaction" to "maximizing people's strengths"

(1) Strengthening "think good"

- Aiming to expand the branding and awareness of "think good" throughout the Group

Until now	From now
Socially and environmentally conscious merchandising activities by department stores	Expansion to Group-wide sustainability activities

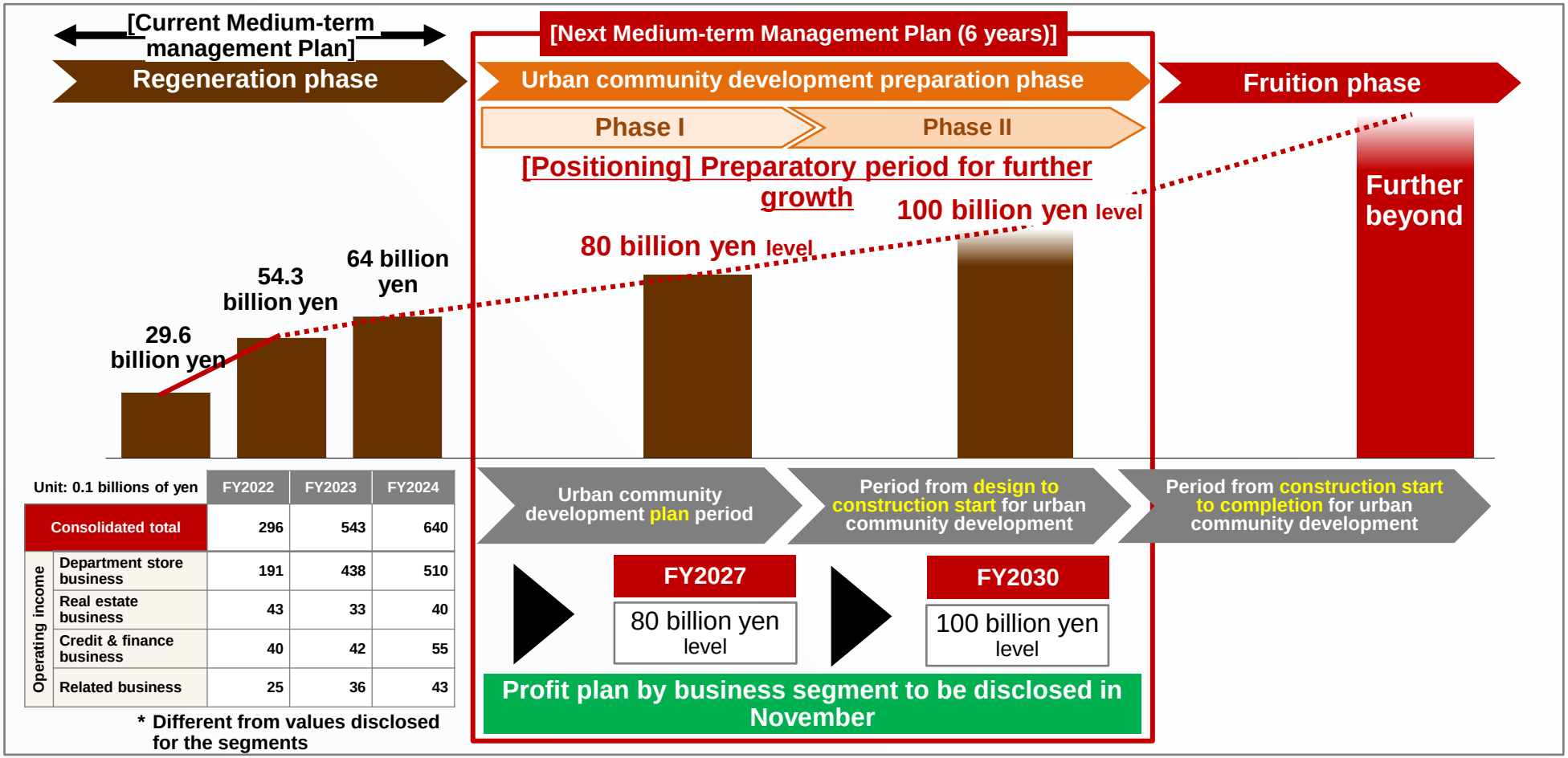
- In addition to the biannual campaign, the scale of the campaign has been expanded to a year-round effort.
- Expanding the scope to include affiliated companies and strengthening group-wide efforts

(2) Strengthen supply chain management

- Strengthening cooperation with business partners to build a sustainable supply chain
  - Expand dialogue with business partners
  - Expanded scope of employee training
  - Conduct the FY2024 version of the business partner questionnaire.

1. Positioning (profit step illustration)

- **Establish a six-year** Medium-term Management Plan for the next fiscal year, taking into consideration the construction start and completion dates of the urban community development
- This is an important **preparatory period** for the **transformation to the individual customer business**, and **the way these six years are spent** is critical for future **growth**.
  ➡ Target operating income of **80 billion yen level for FY2027** and **100 billion yen level for FY2030**



Unit: 0.1 billions of yen		FY2022	FY2023	FY2024
Consolidated total		296	543	640
Operating income	Department store business	191	438	510
	Real estate business	43	33	40
	Credit & finance business	40	42	55
	Related business	25	36	43

* Different from values disclosed for the segments

2. Environmental awareness

- Overall impression of the Japanese macroeconomy (i.e., mass economy) over the medium to long term is **expected to become increasingly severe**.
- On the other hand, there are many elements of change that have growth potential, and we aim to take advantage of these opportunities to achieve **medium- to long-term growth**

Element of change	Risk	Opportunity
Demo-graphics	**Declining population in Japan** • Decreasing after peaking in 2008 **Aging of the population** • Aging rate of the population is 29%, the highest in the world	**Expansion of urban population** • Tokyo's population is rising to peak in 2040 **Increase in world population** • Asian population also continues to grow
Economic growth	**Slowing economic growth** • Real GDP per capita growth slows **Inflation progression** • Increased costs due to price hikes and yen depreciation	**Increase in affluent people in Japan** • Increase in the number of households with net financial assets of 100 million yen or more **Inflation progression** • Increased consumption and economic activity **Increase in inbounds** • Increases in both the number of visitors to Japan and the amount spent
Retail market	**Shrinking retail market** • Declining population shrinks retail market in Japan **Decrease in the working population** • Manpower shortage becomes even more serious	**Expanding the market for selective consumption** • Growing needs for "high-sensitivity, fine-quality" goods and services **Night-time economy expansion** • This economy is still in the development stage in Japan; large cities have great potential.

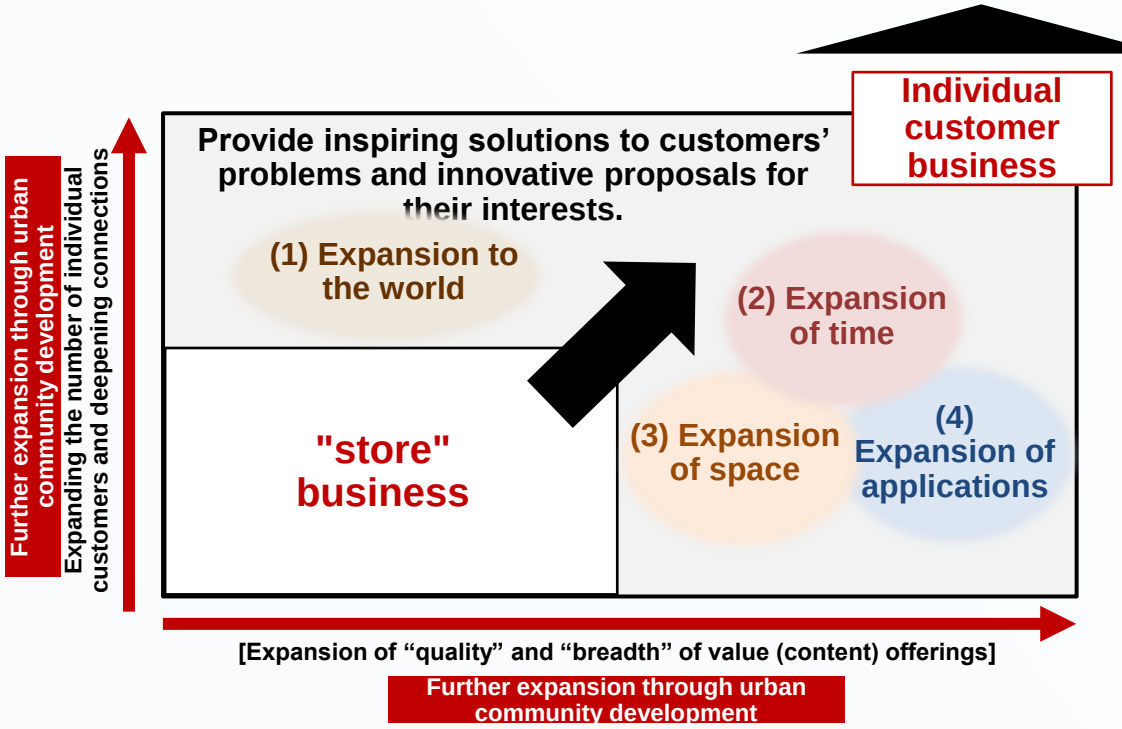
3. Toward the realization of our vision

- **Transformation of the business model from the "store" business to the individual customer business to realize our vision.**
  ➡ Accelerate transformation by means of urban community development to further evolve the individual customer business model

What we aim to be (Vision)

We are a retail group centered on extraordinary department stores working toward improving the lives of our customers.
~ With our Japanese heritage and strong global branding, we create lasting impressions through sophisticated and high-quality experiences that make us the first choice for our customers. ~

Transformation to "individual customer business model" to realize the vision



(1) Expansion to the world	Breaking down domestic/international barriers to attract customers from all over the world
(2) Expansion of hours	Monetization not only during department store hours, but 24 hours a day, 365 days a year
(3) Expansion of space	Creating spaces to attract and deeply engage customers by means of urban community development
(4) Expansion of applications	A variety of values that only Isetan Mitsukoshi can offer with "high sensitivity, fine quality"

4. What is the individual customer business?

- A business model that gathers customers from around the world, identifies and connects with them, and proposes diverse customer value to them.
- Through the vertical axis for each business and the horizontal axis for individual customers, each business will work together to provide customer value and expand intra-Group coordination-based profits.

Until now ["store" business]

A business model targeting the general public that depends entirely on the capabilities of stores

Until now

✓ Department store market: 5 trillion yen

Customers

✓ Domestic department store customers

Hours

✓ Store hours (≈ 10:00 to 20:00)

Space

✓ "Point-level" interactions in department stores

Applications

✓ Focus on merchandising in department stores

From now [Individual customer business]

A business model that gathers customers from all over the world with the power of the "store" and the "urban community" and proposes various customer values to the customers who we have identified and connected with.

From now

✓ Personal consumption in Japan (300 trillion yen + Overseas demand)

Global expansion

✓ Customers around the world

Expansion of hours

✓ 24 hours a day, 365 days a year

Expansion of space

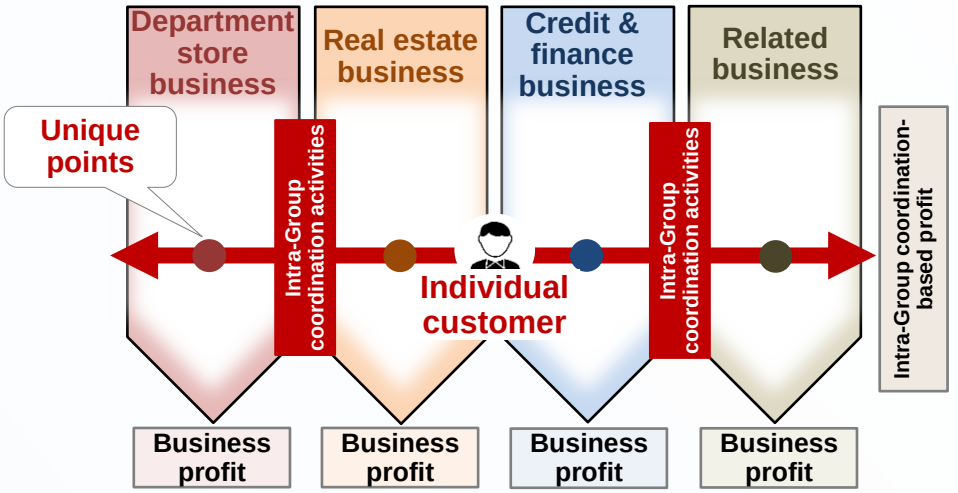
✓ "Surface-level" interactions through urban community development

Expansion of applications

✓ Providing diverse value through each business

Approach to value provision

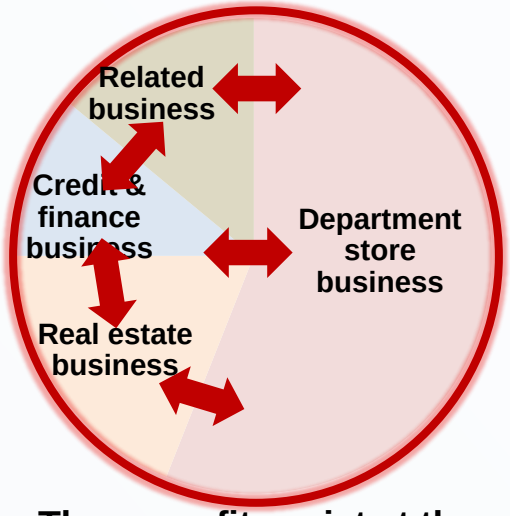
Provide diverse customer value by combining [vertical aspects] the unique points of each business with [horizontal aspects] intra-Group coordination activities.



Specific action plans for each business will be disclosed in November

5. Concept of intra-Group coordination-based profit

- Expanding **"intra-Group coordination-based profits"** generated by the mutual existence of each business through BtoB and BtoC intra-Group coordination activities.
  ➡ Aiming to further expand intra-Group coordination-based profits by means of **urban community development**

Intra-Group coordination-based profit	Patterns of generation of intra-Group coordination-based profits
Profits generated through inter-business linkages  **These profits exist at the boundary of each business**	(1) **Business opportunities created by department store operations (= internal transactions)**  (2) **Business opportunities created by connecting with individual customers (BtoC)**  (3) **Business opportunities created through collaboration with partners in the urban community (BtoB)** 

6. Business strategy direction: Department Store Business

What we aim to become in the medium term

A "special" department store that attracts customers from all over the world with its overwhelming uniqueness as the core of "Urban Community Development"

Attracting customers - Identification

- **Strengthen high sensitivity, fine quality merchandising activities to attract customers from around the world**

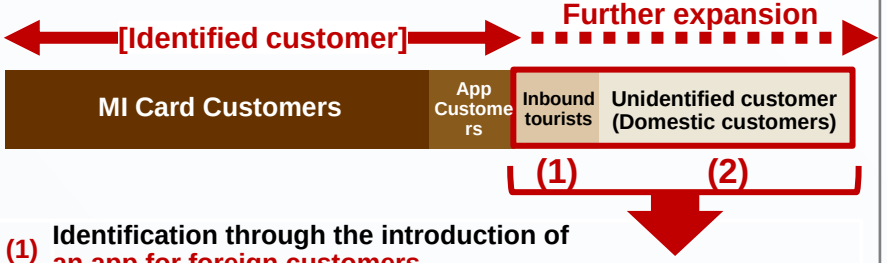
(1) Expansion of high-sensitivity, fine-quality content

- Developing a new medium category
- Creation of 2.8th industry

(2) Expansion of customer contact points

- Area contact point reform
- Digital Urban Community Development

- **Establishment of a mechanism to identify all customer**



(1) Identification through the introduction of an app for foreign customers

(2) Identification through introduction of entry cards and improved app convenience

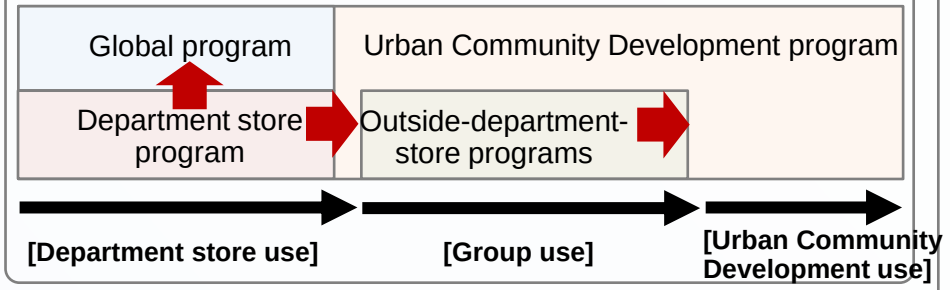
Expansion of usage - Lifelong customers

- **Strengthening of proposals and response to personalized individual customer needs**

- Networking based on intra-Group coordination
- Group's out-of-store sales
- Individual customer marketing sophistication (individual customer business DX)

- **Updating the Group customer program system**

[Image of system updating]



6. Business strategy direction: Department store Business “Isetan Mitsukoshi”

What we aim to become in the medium term

Our flagship stores will refine and evolve their uniqueness with their own concepts to become the choice of customers around the world.

Investment in remodeling of 3 flagship stores (6 years)
30 billion yen level

“Basic concepts” of flagship stores

(1) Isetan Shinjuku Main Store



The world’s best and only “innovativeness”

(2) Mitsukoshi Nihombashi Main Store



Unparalleled “traditions, culture, arts and livelihoods”

(3) Mitsukoshi Ginza Store



“New concept store” representing the internationally-renowned Ginza

Evolution of department stores

Global expansion	[Global standard] • Borderless store environment and services
Expansion of hours	[24 hours a day, 365 days a year] • Digital store • Night market
Expansion of applications	[Providing high sensitivity, fine quality, and diverse value] • Remodeling based on a new medium category • Content development (2.8th industry)
Expansion of space	[Creating a space that attracts customers] • Urban community development in each area

A main “high sensitivity, fine quality remodeling plan” for each store will be disclosed in November.

6. Business strategy direction: Department store business "Regional department stores"

What we aim to become in the medium term

The one and only company that can support the widest range of "high sensitivity, fine quality consumption" in regional cities and contribute to the local community by leveraging the Group's strengths.

Evolution of regional department store business model

- Evolution of the business model to acquire and strengthen ties with customers who are oriented toward "high sensitivity, fine quality" consumption in each area.

	Direction
Attracting customers	• Optimize MD balance based on the characteristics of each area • ➡ Promote differentiation from area competitors
Identification	• Promoting efforts to achieve 100% identification Acquire new identified customers / Increase retention rate of existing customers
Increased use Lifelong customers	• Further strengthen response to individual customer needs through intra-Group coordination MD of both main stores / MD outside department stores / Related business contents

Further development of "scientific analysis of department stores"

- Promoting three reforms from a scientific perspective to achieve stable profitability

(1) Organizational personnel reform (business reform)

- Establish efficient management system in combination with business reform
- In addition, promote personnel multitasking

(2) Income and expenditure structure reform

- Further lower the break-even point
- Simultaneously, maximize cost-effectiveness

(3) Store structure reform

- Optimize store floor space
- Optimize staff allocation and operating model

6. Business strategy direction: Overseas business

What we aim to become in the medium term

Further accelerate selection and transformation, and develop and expand a new business model leveraging the goodwill value of "retail" and enhancing value through "real estate development"

Selection (Business structure reform)

- In addition to "selection" initiatives, further structural reforms will be promoted by introducing a business reform model for domestic department stores.

[Promote "selection" according to the conditions of the area]

Structural reform	Expansion of food and beverage business
• Tianjin and Shanghai operations terminated • Singapore etc.	• Malaysia • US etc.

✚

[Deployment of the business reform model of domestic department stores to overseas stores]

Organizational personnel reform (Business reform)	Income and expenditure structure reform	Store structure reform

Transformation (new business model)

- Developing business through a combination of retail and real estate development
- Search for new mixed-use development projects for expansion

[Business development patterns]

Mixed-use real estate development

• Manila, Philippines	• Bangkok, Thailand
Retail	Retail
✖	✖
Residence	Office

▼

Explore new mixed-use development projects

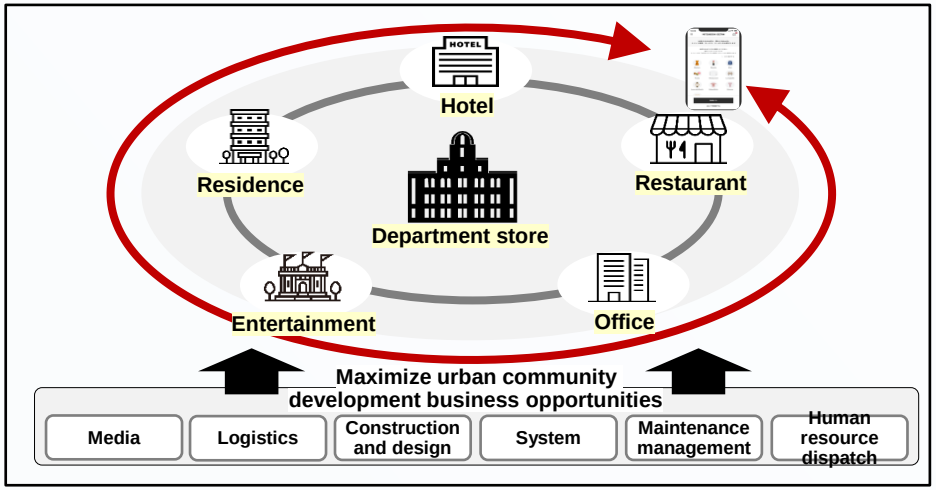
6. Business strategy direction: Real estate business

What we aim to become in the medium term

Gathering customers from all over the world and connecting their uses to execute "urban community development" that maximizes the value of the town.

Progress in preparation for urban community development

- **Full-scale development planning and customer value design for urban community development**



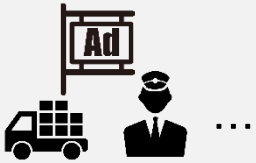
Details of urban community development efforts	
(1)	Elaboration and progression of each development plan
(2)	Preparation for introduction of content for each application
(3)	Designing for a skillful combination and unique value
(4)	CRM design for urban community development
(5)	Maximize urban community development business opportunities
(6)	Area management design

Translating urban community development efforts into concrete steps

Explore high sensitivity, fine quality content



Maximize urban community development business opportunities



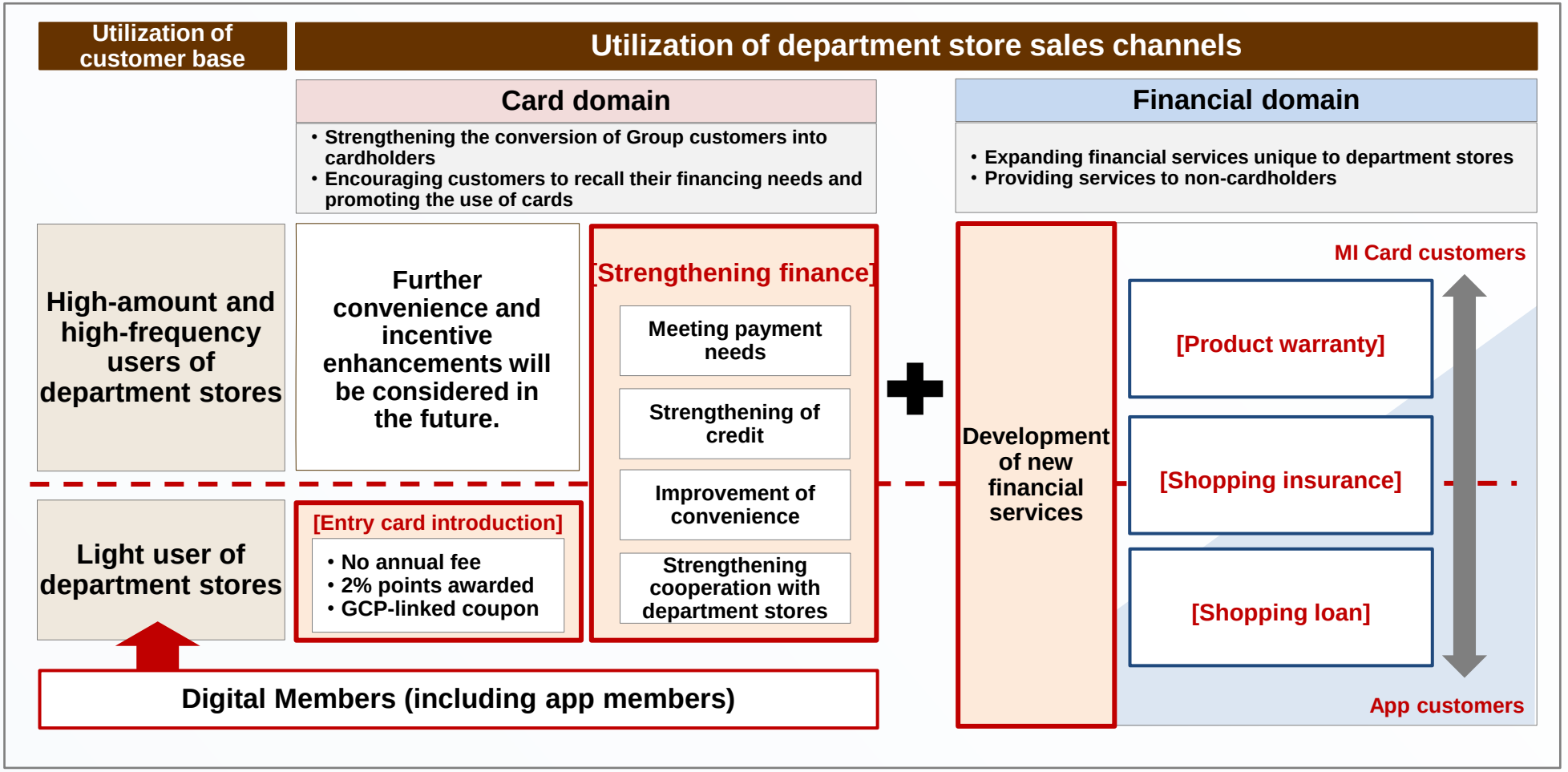
Developing human resources specialized in business development



6. Business strategy direction: Credit & finance business

What we aim to become in the medium term

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



6. Business strategy direction: Domestic related businesses

What we aim to become in the medium term

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

Business model evolution

- Expand monetization through intra-Group coordination. In addition, further expand external revenues by evolving unique points.

(1) Further promotion of in-house production by the Group through the use of unique points

(2) Expand earnings by leveraging Group assets

(3) Further expand external revenues and participate in urban community development business opportunities

[TOPICS] STUDIO ALTA's initiatives

- Promote advance initiatives at STUDIO ALTA.

Expand retail media business through collaboration with department stores as the Group's core advertising and media company



Mitsukoshi Ginza Store:
Virtual GINZA mitsukoshi

The initiatives will spread to domestic affiliated companies

7. Direction of Group platform strategy: Financial strategy "Overall Framework"

- Plan ROE and ROIC levels with cost of shareholder's equity and WACC in mind, and promote appropriate balance sheet control
- In Phase I, prior to the start of "real estate development investment," we will increase our focus on shareholder returns and continue to improve capital efficiency.
  ➡Specific cash allocations will be disclosed in November.

	FY2024 plan	Phase I FY2025-FY2027	FY2027 plan	Phase II FY2028-FY2030	FY2030
Consolidated ROE	8.8%	Before start of real estate development investment	8% to 9% level	Real estate development investment started	10% level
Consolidated operating income	64 billion yen	Phase to increase emphasis on shareholder returns	80 billion yen level	Phase to scrutinize the balance between investment and return	100 billion yen level
Consolidated ROIC	6.1%	Business investment • Growth investment to transform into the individual customer business • Increase investment efficiency for each business by implementing discipline	7% level	Business investment • Real estate development investment partially started • Investment in growth, including M&A • Increase investment efficiency for each business by implementing discipline	8% level
(Term-end) net worth	Approx. 600 billion yen	Shareholder return • Continue to optimize dividend levels • Improve capital efficiency through aggressive share buybacks		Shareholder return • Continue to strengthen shareholder returns through BS management, including asset replacement • Dividend increase in line with profit growth	Assumed to be around 700 billion yen

Six-year cash allocation will be disclosed in November

7. Direction of Group platform strategy: Financial strategy "Approach to real estate development investment for urban community development "

- For real estate development for urban community development , a long-term investment of 500 billion yen is assumed to be made.
- The Company's real estate development, which focuses on individual customer business, is characterized by generating intra-Group coordination-based profits among its various businesses, as well as rental income.
- Improve investment returns (including intra-Group coordination-based profits) through discipline for each property and project, leading to a long-term increase in ROE

Investment in "urban community development" that attracts visitors from all over the world.

- Plan to invest in the order of 500 billion yen over the long term

Key points of investment in urban community development

- Utilization of space and time
- Expanding applications
- Monetization through intra-Group coordination
- Cooperation with local communities and government

× Tokyo Metropolitan Area

× Local area

Investment return illustration

- Assume annual returns of over 20 billion yen from investments of 500 billion yen

Over 20 billion yen + **α**

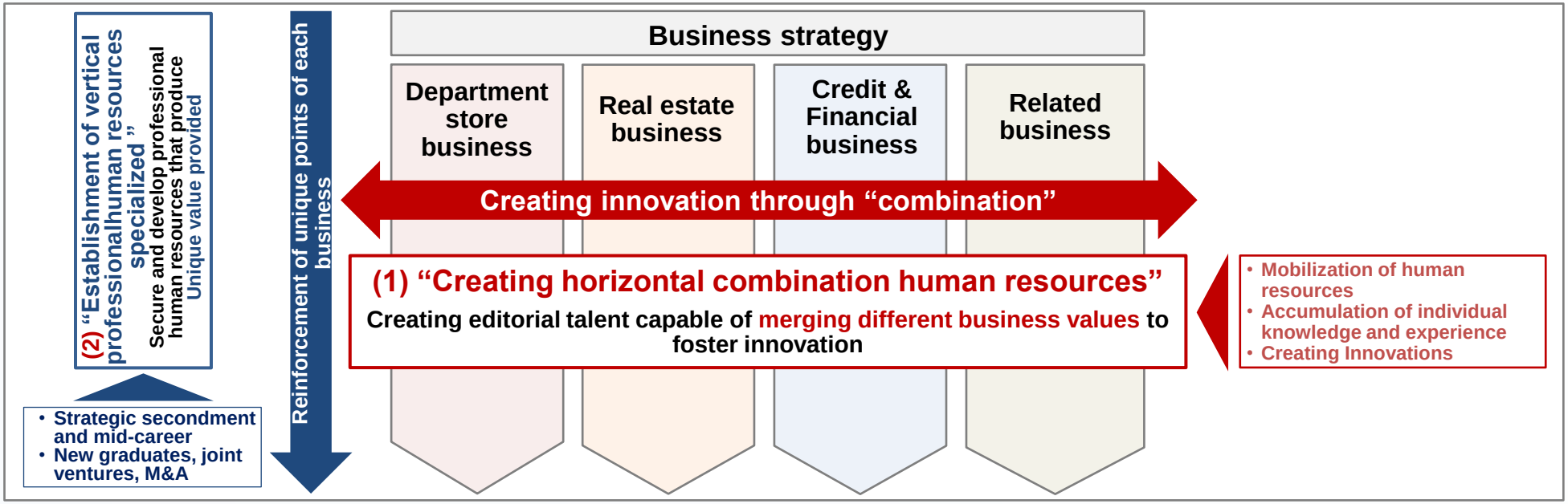
- Real estate business profit
  - Hotel and residence rents
  - Commercial leasing
- \+ Intra-Group coordination-based profit
- \+ Profit increase in department stores due to urban community development

Real estate development investment (500 billion yen level in the long term)

7. Direction of Group platform strategy: Human Resource strategy "Human Resource development"

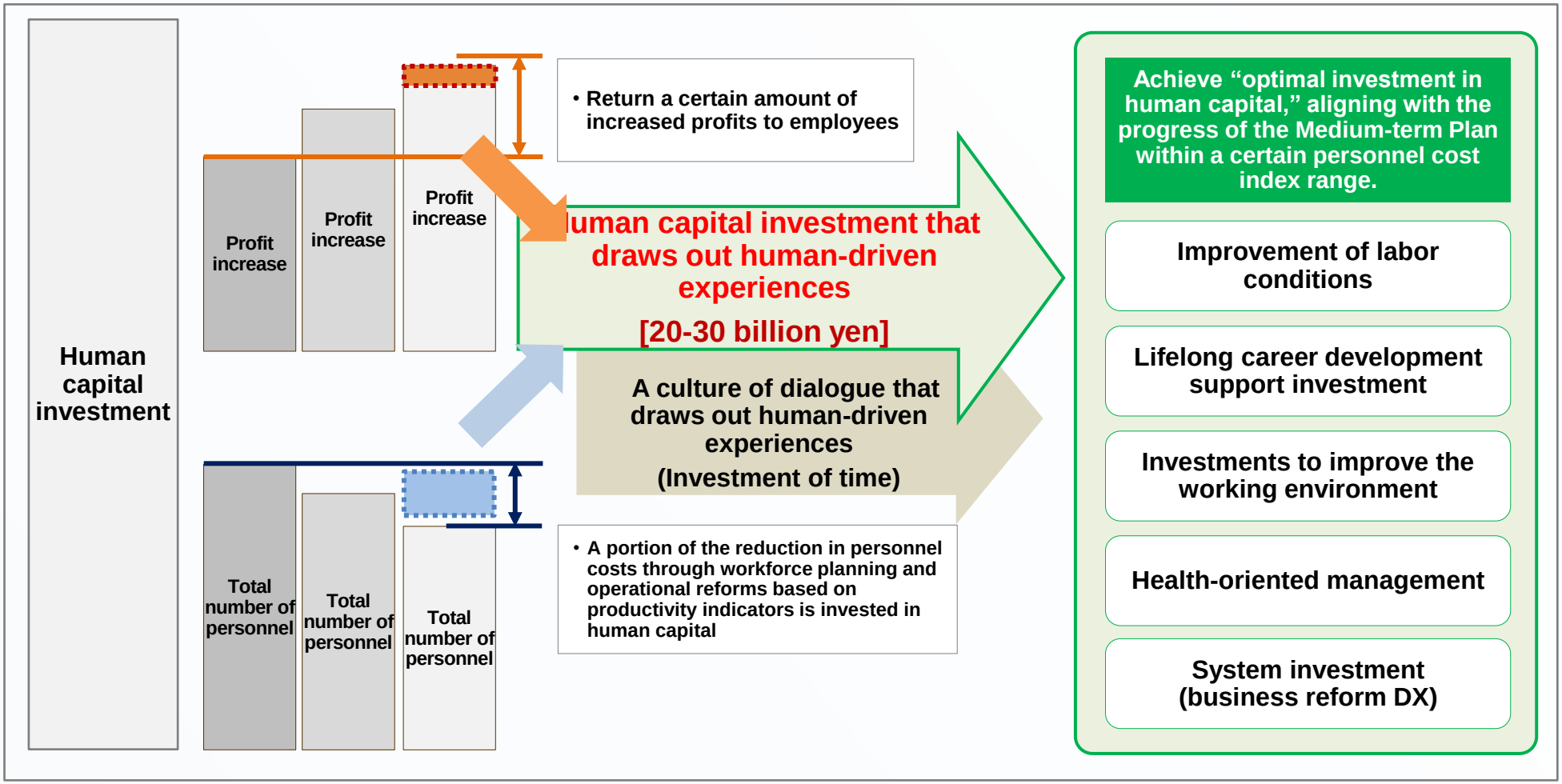
- Cultivate "(1) 'combination human resources' (editorial talent)," who are responsible for business transformation, through experience in multiple fields by promoting talent mobility
- Secure and develop "(2) 'human resources specialized in that business' who can create unique value in each business"

Current Medium-term Management Plan (FY2022-FY2024)	Next Medium-term Management Plan (FY2025-2030)
Revitalization phase	Urban community development preparation phase
Sensitivity of human resources (corporate culture reform for individual customer business)	
Science of human resources (balancing productivity growth and human capital investment)	
(1) Creation of horizontal human resources (creation of group management human resources and business transformation human resources)	
(2) Establishment of vertical human resources (securing, training, and activating business enablers)	



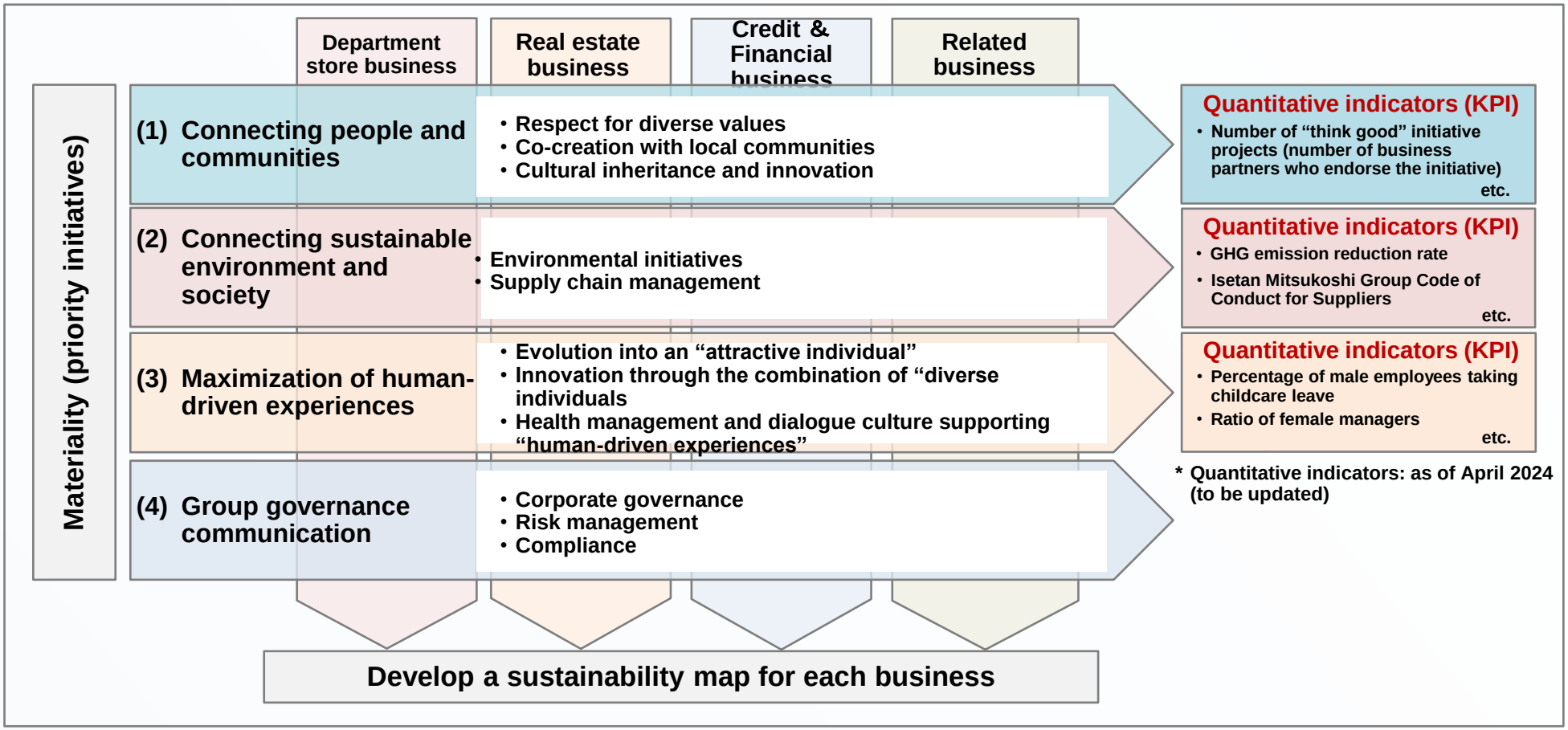
7. Direction of Group platform strategy: Human resource strategy "Human capital investment"

- **Achieve optimal human capital investment with a view to "transformation into the individual customer business"**



7. Direction of the Group's platform strategy: Sustainability

- Promote strategies for each business while linking priority initiatives (materiality)



Details will be disclosed in the "Sustainability Report" to be published at the end of November.

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.