


Integrated Report

Isetan Mitsukoshi Holdings Report

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ISETAN MITSUKOSHI HOLDINGS



Touching people's
hearts with
human-driven
experiences.

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Editorial Policy

The Isetan Mitsukoshi Group has been issuing the Integrated Report since fiscal year 2018, with the aim of having all of its stakeholders, including its shareholders and investors, understand the story of its value creation, in which the Group continues to grow sustainably by taking advantage of its universal values and strengths.

This Report has been compiled by integrating financial information and non-financial information and referring to materials including the Guidance for Collaborative Value Creation that was announced by the Ministry of Economy, Trade and Industry. We will issue this Report every year, refining it to make it a constructive tool for dialogues with all stakeholders.



Period Covered

FY2022 (April 1, 2022 to March 31, 2023) is the primary target period, but we have also included the latest information as of the date of publishing as much as possible.

Reporting Boundary

Isetan Mitsukoshi Holdings Ltd. and Group companies

Caution Concerning Forward-Looking Statements

Statements related to financial forecasts and future predictions in this Integrated Report are determined by the Company based on currently available information, and there are accompanying underlying potential risks, uncertainty, and other factors. Please be aware that there is the possibility that actual performance will differ greatly from these outlooks due to changes in various factors.



Isetan Mitsukoshi Group Corporate Philosophy

In April 2023, we established the Isetan Mitsukoshi Group Corporate Philosophy as the most fundamental concept at the heart of all the Isetan Mitsukoshi Group's corporate activities.

The Isetan Mitsukoshi Group Corporate Philosophy expresses what kind of value the Group can contribute to society, the kind of image we aim to project, and our raison d'être.

Isetan Mitsukoshi Group Corporate Philosophy

Our 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.

Our Values

We are inspired by innovation, moved by beauty, and motivated to share our experience.

We welcome everyone with warm smiles and positive attitudes to delight and impress.

We co-create with exceptional talent to realize dynamic ideas and innovations.

We inform our decisions with facts, experience, and instinct to create unique solutions.

We always act with integrity and sincerity, and fulfill our responsibilities to society.

We fearlessly challenge norms and strive to reinvent the future.

Our Mission

Touching people's hearts with human-driven experiences.



Isetan Mitsukoshi Group Corporate Philosophy video

Purpose of the Reorganization

The Isetan Mitsukoshi Group consists of four brands: Mitsukoshi, Isetan, Iwataya, and Marui Imai. Each of these brands has grown together with society over the course of a history in which it has faced repeated challenges, and has continued to provide new value through a variety of businesses, mainly in the department store sector, both in Japan and overseas.

To be a retail group centered on extraordinary department stores working toward improving the lives of our customers. This is the vision that we outlined in our Medium-Term Management Plan in 2021.

In order to achieve our vision, we reorganized our corporate philosophy system with the idea that it is necessary to clarify our *raison d'être* (mission) and the thoughts and actions we place importance on (values), as well as the recognition that everyone in the Group, both senior management and employees, must also think again about their own work purpose and the *raison d'être* of the Company.

Under the Isetan Mitsukoshi Group Corporate Philosophy, the entire Group will work together to realize our vision while promoting ongoing dialogue with stakeholders.

Fundamental Spirit

The spirit of “putting customers first, anticipating changes in society and customer needs, consistently bringing affluence to customers, and striving to reform ourselves” has been cultivated throughout our long history since the founding of our four original department store brands.

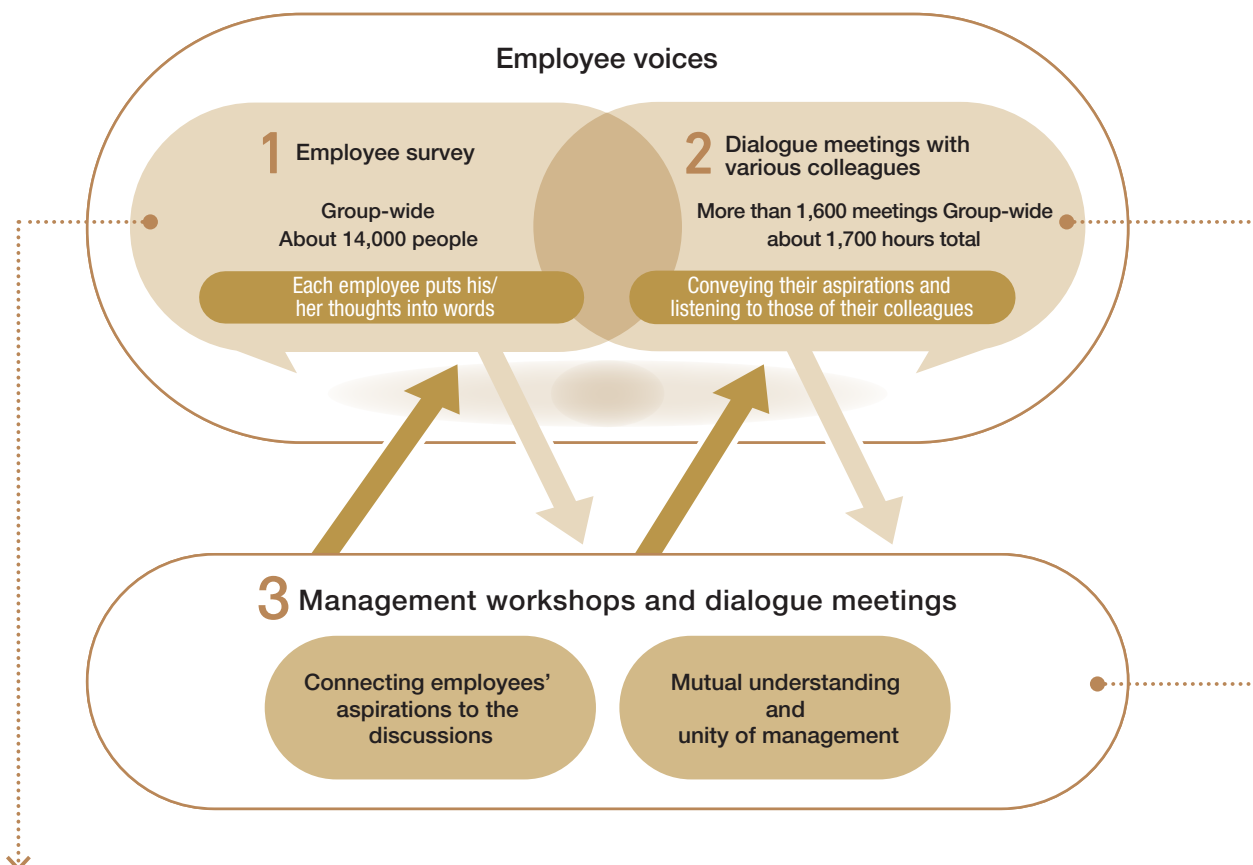
Now, in order to rediscover our origins, all Group employees have been working to reorganize our corporate philosophy system, going back to the fundamental spirit and history of each of our department store brands.

 Mitsukoshi	 Isetan	 Iwataya	 Marui Imai
Social contribution and corporate prosperity	Corporate business based on integrity and service	Faithfulness and sincere service	1 Value customers, put kindness, honesty, and trust first
Innovation beyond tradition	Contributing to social prosperity, practicing morals, and serving customers		2 Treat customers as our father and wholesalers as our mother, be friendly and courteous
Sincerity and creativity			3 Businesses are people, lead with compassion

Process of Reorganizing the Isetan Mitsukoshi Group Corporate Philosophy

As part of the process of reorganizing the Isetan Mitsukoshi Group Corporate Philosophy, 14,000 or so employees of Isetan Mitsukoshi Ltd., including those at regional branches and affiliates, completed a survey about their own sense of fulfillment, the things they value, and the significance of the Isetan Mitsukoshi Group in their workplace. In addition, they shared their thoughts at more than 1,600 dialogue meetings held Group-wide.

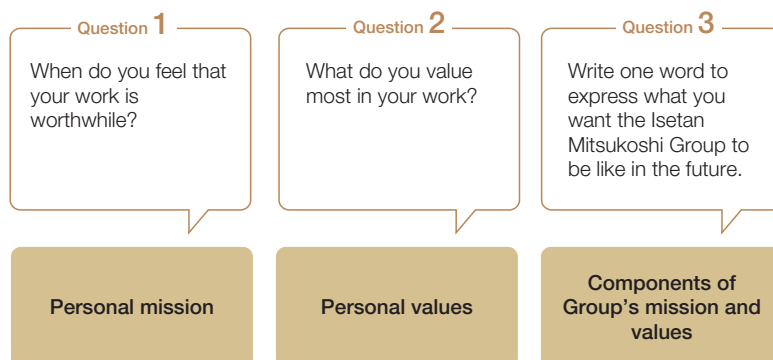
Our management team has been listening to the aspirations of assembled employees, and we have been discussing and connecting them in workshops and dialogue meetings. By repeating this process over and over again, we have found what “our aspirations” are.



1 Employee survey

We conducted an all-employee survey as an opportunity for everyone to reflect anew on themselves and the Isetan Mitsukoshi Group. They were asked questions such as why they work at the Isetan Mitsukoshi Group (personal mission), what they value in their job (personal values), and what they wanted the Isetan Mitsukoshi Group to be (Group's mission and values), so that they could create a story of their past, present and future aspirations.

We received passionate responses from about 14,000 employees at a total of 34 Group companies, including regional operating companies and affiliated companies, and including employees seconded overseas or seconded outside the Group. Analyzing the responses, it became apparent that we all hold dear similar aspirations, regardless of which company we belong to or what age group we are in.



Age group	1st	2nd	3rd	4th	5th
10 to 20s	Evolution and transformation	Customer first	Inspiring	Familiar	Culture and tradition
30s	Customer first	Evolution and transformation	Sense	Elation and excitement	Inspiring
40s	Customer first	Evolution and transformation	Inspiring	Sense	Elation and excitement
50s	Customer first	Evolution and transformation	Elation and excitement	Inspiring	Sense
60s	Customer first	Evolution and transformation	Elation and excitement	Inspiring	Hospitality and sincerity

2 Dialogue meetings with various colleagues

Dialogue meetings were held with coworkers within the Group who do not normally interact with each other in the course of their daily work. These included dialogue meetings across companies, divisions, and workplaces; dialogue meetings with employees seconded to outside companies; and dialogue meetings between senior managers and employees. In addition, dialogue meetings were also held between senior managers, building on the discussions of both sides and connecting them to the management workshops.



Dialogue meetings across companies, divisions, and workplaces



Dialogue meetings with seconded employees outside the Group



Dialogue between senior managers and employees

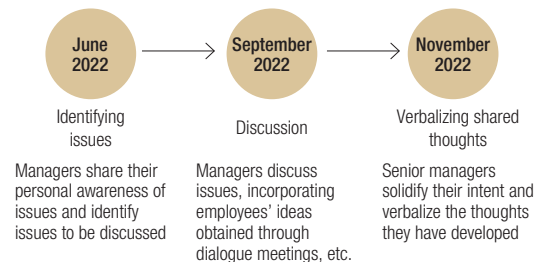


Dialogue between senior managers

3 Management workshops

As the core of the reorganization process, several all-day workshops were held with 28 members of our management team, including presidents of regional operating companies and affiliated companies. The mission set out for the management team at the workshop was to “not come up with answers right from the start, but to seek common aspirations through thorough self-insight and dialogue with employees.” In repeating this process, the participating managers understood each other and bonded. Based on the survey responses from employees and the feedback from the dialogue meetings with the employees, they were able to uncover shared aspirations for everyone in the Group to share.

Workshop flow



Calling each other by nicknames, greeting with fist bumps



Senior managers understood each other and bonded



Repeating group work and pair work, switching members each time



After the last workshop, everyone's thoughts were unified



We aim to be a retail group centered on extraordinary department stores working toward improving the lives of our customers.

Providing exciting solutions for customers' problems and innovative proposals for their interests.

Toshiyuki Hosoya

Director, President and CEO

Backdrop to the Formulation of the Medium-Term Management Plan

Creating a new business model for department stores

My name is Toshiyuki Hosoya and I am the president and CEO of the Isetan Mitsukoshi Holdings.

The department store industry has been facing a very challenging management environment since before the outbreak of the COVID-19 pandemic. Traditional department stores were the places where people went out with their family and friends and stayed for a long time to shop and eat as they walked freely around the store. Therefore, the business model was one of mass marketing, attracting large numbers of customers from a wide area.

However, as the lifestyles and values of customers have changed with the times, customers are no longer satisfied with the conventional range of merchandise. While each customer is thoroughly discerning about what they consume when it comes to products they really care about, for those items that they are not so particular about, they are more concerned with function and price, and in this sense traditional mass marketing is far from

adequate to handle their shopping needs. Furthermore, the rapid pace of digitalization means that many customers can now use their smartphones to instantly search and compare the things they want. This trend has increased the sensitivity of customers to information, so that when they come to the store, they shop only for what they need and then leave. Older business models failed to adapt to this reality, and sales in the department store industry have shrunk by more than half in about 30 years. My mission as president is to find a way to change this.

Looking at the environment surrounding the department store industry today, while the industry has recovered from the COVID-19 pandemic, the future of personal consumption is still very uncertain due to soaring raw material costs triggered by the protracted Ukraine crisis, inflation, and the weak yen. The market scale of department stores in Japan appears to be getting smaller and smaller, partly due to the acceleration of population aging and declining birthrates. However, statistics show that due to the polarization of income, both the high-

income segment and households with significant financial assets are expected to increase in the future. In addition, Japanese consumers have experienced the bursting of the bubble economy following a period of rapid economic growth, the Lehman Shock, and prolonged deflation, and their consumer behavior has matured considerably. As I just mentioned, for those items that customers really care about, we need to make proper proposals that do much more than simply appealing to customers on the basis of price. In fact, although we experienced a significant drop in sales during the COVID-19 pandemic, sales of high-value-added items for which we have a solid product lineup, such as luxury brands, jewelry, watches, and precious metals, remained strong. Even in the tough apparel segment, our unique value-added products have been very well received by customers. As this example shows, while overall consumer spending may shrink over the long term due to a declining population, we believe that there is ample room for expansion by establishing a business model that continues to provide value to each and every customer that is second to none.

Things that remain the same and things that change when moving toward a new business model

The strengths we have long cultivated through our

department store business, and the unique advantages that each of us has built up as Mitsukoshi and Isetan will give us a competitive edge. The strengths of the Isetan Mitsukoshi Group are the value of the goodwill that our customers recognize and the customer base we have treasured throughout our long history. In addition, Mitsukoshi's strength lies in its abilities to provide hospitality and customer service that meets individual customer needs completely, which are derived from its corporate culture of putting customers first. Meanwhile, Isetan's strength lies in its merchandising capabilities, enhanced by a spirit of challenge that extends to manufacturing in order to attract more customers to stores based on its corporate culture of putting customers first, which is the same as that of Mitsukoshi.

However, it has been approximately 15 years since the business integration between Mitsukoshi and Isetan, and we have yet to combine and take full advantage of the strengths of the two companies. In order to solve this problem, we decided that we needed to change into a retail group that can create new value and synergy by combining the strengths of our Group companies as well as the core department store business.

Vision of the Isetan Mitsukoshi Group

Concepts at the origin of our activities

In 2023, Mitsukoshi celebrates its 350th anniversary. Isetan, too, has a long history, having been in business for 137 years. Both companies have continued to uphold a customer-first principle since their founding, anticipating the needs of customers and making proposals in response to the social and environmental changes of the times. In announcing our medium- to long-term plan in 2021, we once again returned to this starting point and set forth our vision to be a retail group centered on extraordinary department stores working toward improving the lives of our customers by providing exciting solutions for customers' problems and innovative proposals for their interests. In order to see our vision fulfilled, we clarified our mission and values, which we reorganized and announced as the new Isetan Mitsukoshi Group Corporate Philosophy in May 2023.

This process of reorganization is very distinctive. Everyone was losing confidence in their work due to the tough situation of the COVID-19 pandemic, and although each of our brands had their own corporate philosophies after the merger, there was nothing that encompassed the Group as a whole. Therefore, we needed to organize what would be our guiding principles and what we could turn to when we were unsure. We spent the entire year discussing with all employees what each one of them finds rewarding in their work, what they value, and what we want our Group to be, and management also held discussions based on these. This process was repeated back and forth as we worked to redesign the Group corporate philosophy. In this way, we have developed an approach to moving forward as a Group toward the realization of our vision.

President's Message

Overview of the Medium-Term Management Plan

Medium- to long-term strategy in line with the vision

Our strategy, formulated in response to the Group's vision, describes the types of profit steps and business portfolio we want to achieve over both the medium term (three years) and long term (ten years).

Let's look first at the biggest goal of the Medium-Term Management Plan, namely the revitalization of our department store business. Initially, we had set our operating income target for FY2024 at 35 billion yen, the highest since the business merger. However, due to strong progress in FY2022, the first year of the Medium-Term Management Plan, we brought the plan forward one year and announced in our May 2023 announcement of financial statements that we expected 35 billion yen* in FY2023 and 40 billion yen in FY2024, far exceeding our initial plan.

We have been thoroughly analyzing all our business units using "Scientific analysis of department stores," and have linked subsequent plans for not only with respect to size of sales, but also in terms of whether they are attaining efficient and appropriate levels of profit. For example, we create regular profit/loss charts not only for stores, but for individual customers. It enables us to ascertain whether we are providing appropriate benefits in accordance with customer purchases, how and where we can spend money to please customers when they are shopping, and whether we can generate sustainable profits. We are proceeding based on concrete analysis.

We seek to thoroughly improve and revitalize our

department store business, which is our key strength, centered around three determined strategies that I will explain later. The first step is to maximize the appeal of our department stores over the next three years in the hope of attracting as many customers as possible who will become fans of our company. We are committed to meeting the needs of our customers, not only through our department stores but also through our Group companies, and we will continue to do so with sincerity. Over the long term, we will work to develop business models and generate profits in each of the Group's businesses, particularly in the real estate and financial businesses. As a result of these efforts, over a span of ten years, we are building a stable profit structure for the Group that will boast operating income of over 50 billion yen and a business portfolio in which the majority of businesses are not related to department stores.

Let me now introduce the three strategies in the Medium-Term Management Plan.

"High sensitivity, fine quality" strategy: For consumers who focus strongly on daily living and desire rich, high-quality lifestyles

In order to have as many customers as possible become fans of our company, we need to undertake a quick shift in our thinking from mass marketing, which was a one-size-fits-all approach, to personal marketing in which we respond to each customer's particular needs. One of these strategies is the "High sensitivity, fine quality" strategy.

First, I would like to discuss reform of out-of-store (individual) sales. While out-of-store sales has always been one of our major strengths, with these reforms we have created a new structure for out-of-store sales to enable us to make new proposals. In addition to the creation of a framework for encouraging cooperation between out-of-store sales staff and buyers, a framework in which sales staff work as a team rather than individually, and a framework in which sales staff collaborate with in-store attendants, we also created a framework that utilizes digital AI.

Our framework for encouraging cooperation between out-of-store sales staff and buyers is the most distinctive of all. At both Mitsukoshi and Isetan, out-of-store sales



staff have always been the industry's most professional in responding to customers' requests. However, there has not been any mechanism for direct collaboration with buyers, who are the product professionals. More specifically, when customers tell sales staff about the kind of items they would like, the information will be immediately shared with the buyers in the relevant departments. Many buyers will then make proposals to customers. The unexpected quantity and quality of proposals coming all at once will be very exciting for customers who had previously been used to receiving proposals based on the knowledge of a single salesperson. This brings a feeling of amazement, leading to further expectations of wanting to hear more professional proposals or wondering whether another item that the customer would like is also available. This will also lead to the development of direct marketing, in which our buyers listen directly to customers' opinions in addition to sales, resulting in a synergistic effect that will continue to be helpful for future product lineups and make customers happy.

Our out-of-store customers consume products and services in a variety of other places in addition to those they purchase from us, so when we ask them about their needs through direct marketing, we find many products that we do not currently offer. In order to respond to these needs, we have set up an unprecedented system in which buyers are appointed within the out-of-store organization. In this way, we are now able to offer products that are not available in department stores, based on the reassurance of our goodwill, and we are expanding our product lineup to include condominiums, cars, and a variety of other categories, which have been very well received by many customers. Through a series of new out-of-store initiatives such as these, we are expanding our share of customers' wallets, which is one way to ensure success even in the shrinking department store market I mentioned earlier.

As for store reforms, in order for the Group to have an overwhelming presence in the "High sensitivity, fine quality" market, we will evolve both the Isetan Shinjuku and Mitsukoshi Nihombashi main stores into symbols of admiration and empathy, in the hope that they become the kind of place where people want to go when in town.

With the aim of becoming the world's No. 1 department store by proposing "cutting-edge fashion," the Shinjuku Store, the core of the Group, will provide the highest level of customer service in a special environment that focuses

on high-value-added products unique to the Shinjuku Store by combining different keywords embodying the store's product lineup, such as "authenticity, essence, discernment, and cutting-edge" with "prior and limited edition." The Nihombashi Store, on the other hand, will further refine its strengths in the areas of "tradition, culture and art, and lifestyle," aiming to become a store that offers everything for the high-quality lifestyle of customers who value the importance of seasonal products. The Central Hall and the Mitsukoshi Theater, both Important Cultural Properties, and the store itself will provide customers with high-quality space, services, and hospitality set amid tradition and culture. By making these two stores a symbol of admiration and empathy for many customers, our Group stores will also be linked under this goodwill, and will be able to treat customers as a united group.

We will propose high sensitivity, high touch services so that our customers will always choose us when they want to buy a luxury brand bag or a nice watch once a year, fine quality cosmetics once a month, or a neat gift for their loved ones—the kinds of needs that we all have—to achieve this, we will make each of our stores in cities across Japan into mother stores with small stores connected to them like satellites and further support customer needs using digital technology. When digitally connected, customers can also receive assistance, select products, and make purchases at the Shinjuku and Nihombashi stores from any of the Group stores. We believe that this kind of connection will provide the driving force that will enable us to increase the number of loyal customers by making it possible for them to shop at a nearby store for everyday items, and at main stores in cities across Japan or at the Shinjuku and Nihombashi stores for special occasions and purchases.

As I have described it so far, it may seem that our "High sensitivity, fine quality" strategy is only concerned with very wealthy customers. However, this is most certainly not the case. Whoever the customer, we will strive to respond properly to those who want to experience highly sensitive, fine quality consumption, and encourage admiration and trust. We believe this is very important for us to become more deeply involved in the lives of our customers from now on.

The meaning of the word "special" in our vision expresses this series of ideas. We intend to be the number one and only one department store that can also

President's Message

communicate with the world. Number one means we can provide the best products and services with confidence. Only one means that customers are only happy with Mitsukoshi or Isetan. By shifting from mass to personal marketing, and by listening carefully to the needs of each customer, we will provide exciting solutions for customers' concerns and problems and innovative proposals for their interests.

“CRM strategy connecting with individual customers”: Mechanisms to shift from mass to personal marketing

I have already mentioned that in order to realize our “High sensitivity, fine quality” strategy, we need to shift from mass to personal marketing. Now, I would like to talk about how to connect with individual customers.

We want to increase the loyalty of customers by making the benefits we give them for their purchases more appropriate. To this end, we must establish a system that will allow us to provide detailed services and product proposals to meet each customer's individual needs by expanding the number of individual customers (identified customers) with whom we have face-to-face connections and getting to know them better.

To date, we have only been able to capture this data through MICARD cards, which are issued by the Group. However, we have made it possible even for customers who use cash or ordinary credit cards to do the same through the use of apps and digital IDs. In addition, if customers who are app members or who have a digital ID can appreciate the value in the differences of benefits with purchases, they will have a MICARD in the future, allowing them to connect more deeply with us.

I mentioned that this three-year plan, which is the revitalization phase for our department stores, is well ahead of schedule, and with the introduction of this new app member system, I feel that both the “High sensitivity, fine quality” strategy and the “CRM strategy connecting with individual customers” are working very well together. The total number of identified customers connected to us, including MICARD members, app members, and digital members, was approximately 5.9 million at the end of FY2022. We can use our “High sensitivity, fine quality” strategy to connect with our customers through our stores, online, apps, etc. In addition to providing appropriate benefits that reflect MICARD holder purchases, we can ensure customers continue to maintain links with us in various other situations by

encouraging holders to use the card outside the Group and offering them financial services. By firmly combining the “High sensitivity, fine quality” strategy with the “CRM strategy connecting with individual customers,” it is possible to shift from mass to personal marketing.

Making the strengths of department stores into Group-wide advantages: “Intra-group coordination” strategy

We are now using the above two strategies and structural reforms in revenue and expenditures through “Scientific analysis of department stores” to steadily revitalize the department store business. I would now like to explain our “Intra-group coordination” strategy as the next development phase. The Isetan Mitsukoshi Group has a variety of companies under its umbrella, including finance, systems, logistics, construction and interiors, staffing and other areas. All of the solutions these companies provide are very distinctive, our company in the construction and interior business having a long-established reputation within the industry for its capabilities, such as contracting for the interior design of luxury hotels and the Diet building. In the past, however, the Group had adopted a unipolar structure focused on the department store business, with all other Group companies each operating in isolation based on their own know-how and individual routes.

As an example, the credit card company MICARD, which has about 2.7 million cardholders, has the potential to develop and expand further if it provides services as a financial business to the 5.9 million customers with whom we are connected. It is a business with high reserves that will significantly change the Group's profit portfolio, which was biased toward the department store business. The same goes for other operating companies. We can offer non-department-store services under the Group's brand to the many customers we have connected with through our strength in department stores, expanding our share of customers' wallets we have connected with and increasing the profitability of each business.

Revitalizing the department store business and building business models for each operation through this “Intra-group coordination” strategy will enable us to create a tandem profitability model in which we not only redevelop our own real estate holdings nationwide as a form of urban development with department stores at the core in the fruition phase, but also utilize services and content, as well as functionality and infrastructure, organically within

the Company. Services and content include not only offices, residences, and hotels, but also entertainment, food, and travel, while functionality and infrastructure include financial settlement, construction and interiors,

facility management, systems, logistics, and temporary staffing. I believe that this is the perfect strategy for us, and that we are perfectly positioned to achieve it as a retail group centered on extraordinary department stores.

Progress of the Medium-Term Management Plan

Steady revitalization of department stores

These strategies have resulted in very strong progress in the revitalization of our department stores. As I mentioned earlier, we plan to significantly exceed our initial FY2024 target of 35 billion yen in operating income in FY2023, ahead of schedule.

With regard to improving our profit structure, our rigorous efforts to control expenses through the introduction of a scientific perspective, mainly at our operating companies in the Tokyo metropolitan area, have led to a favorable performance. Last year, we compiled this concept into a 300-page guide called “Scientific analysis of department stores.” This is not a unilateral manual, but rather something that has been communicated through dialogue with employees about our medium- to long-term plan, including ideas and specific indicators, so that anyone can manage stores and sales floors. In FY2023, we plan to work in earnest to introduce this scientific perspective not only to our operating companies in the Tokyo metropolitan area, which are already ahead in terms of this initiative, but also to our regional operating companies to further accelerate our efforts to break away from the existing department store business model.

In our “CRM strategy connecting with individual customers,” of the 5.9 million customers identified in FY2022, over two million have registered as app members in the more than two years since we started, and we are rapidly increasing the number of customers with whom we can engage in bi-directional communication. As a result, the share of identified customers in the sales of both main stores has increased from 50% before the introduction of the app to 70%.

Financial policy based on long-term strategy

As I have explained, we will revitalize our department stores and use their strengths to expand earnings in

businesses other than department stores, and in the long term, we will pursue a strategy that also includes urban development. In this process, of course, financial policy, including financial planning, is very important. Until now, we have not communicated our financial policy from a long-term perspective to our stakeholders. However, in the May 2023 financial results announcement, we set out the concept and future direction of this policy for the first time.

We envision the transformation into a new business entity that will generate significant profits when urbanization is accomplished in the future. We will actively use the cash acquired by the Group to invest in urbanization and other growth investments from the preparatory phase of the transformation. Meanwhile, regarding shareholder returns, in addition to stable dividend increases, we have indicated for the first time our plan to be conscious of maintaining a total return ratio at the 50% level every year.

Based on this, we will continue to engage in dialogue with our stakeholders and receive a variety of opinions as



President's Message

we work to firmly control our balance sheet over the medium to long term and continue to achieve ROE that exceeds the cost of shareholders' equity. At the same time, we will also examine management systems that can more efficiently secure earnings on invested capital by adding the perspectives of BS and CF in addition to the

conventional business PL for each business with different characteristics.

We will continue to communicate our financial policy to our stakeholders in a clear manner to ensure that they understand our Group's efforts to transform itself.

Management Governance Reform and Risk Management

We are listed on the Prime Market, and have been promoting corporate governance reform by becoming a company with a nominating committee, etc., which accounts for a small percentage of all listed companies. Our ongoing efforts to speed up decision-making and strengthen management oversight functions have resulted in a more transparent and effective structure.

Another important issue regarding the succession plan is how to train executive officers. Since FY2022, we have been conducting an executive human resources development training program called the Executive Leader Program (ELP). We set participants advance assignments and encourage them to share and discuss their own strengths and how they would like to take the Company forward, so as to improve their knowledge and skills as well as to gain an understanding of each individual's true nature. Initiatives such as these are highly appreciated by investors in terms of ensuring continuity at the top level.

The content of discussions at the Board of Directors' meetings is also becoming more wide-ranging and future-oriented. The current Board of Directors consists of nine Board members, six of whom are external directors. The Board of Directors is chaired by an external director, and

the Nominating Committee and Compensation Committee are chaired by external directors. External directors with expertise, experience, and a high sense of ethics provide supervision and advice from an external perspective, ensuring sound and transparent management that is not biased by in-house lines of reasoning, and facilitating lively discussions on the progress and monitoring of strategies.

With regard to internal control systems, in order to maintain internal control systems at a high level, efforts are made on the executive side to evaluate and improve the status of their operation. In recent years in particular, we have been strengthening our compliance and risk management systems in order to respond to changes in the environment and diversifying risks. In the area of risk management, we have been concentrating on responding to incident risk (incidents and accidents). In FY2021, in order to strengthen our response to business risk in a focused manner, we started developing and enhancing the management system. In terms of compliance, we are working to reform our corporate culture to prevent compliance violations by ensuring that all officers and employees act not only in compliance with laws and regulations, but also with a sense of ethics as a company.

Realizing a Prosperous Future and Achieving a Sustainable Society

We are implementing sustainability initiatives to contribute to resolving a range of social issues through our business activities and support the realization of a prosperous future and a sustainable society. We have set out three priority initiatives (material issues), which are connecting people and local communities; connecting a sustainable

society and the times; and improving the satisfaction of employees. While building Group governance and communication, which underpins these priority initiatives (material issues), we are also developing various other initiatives linked to individual SDGs. In addition, to enhance the effectiveness of our efforts, we have set ESG

indexes as an item for evaluating executive officers since FY2023.

In terms of communication and dialogue, following the publication of our first Sustainability Report in November 2021, we have published this report every year since then, and have also created opportunities for dialogue with our stakeholders by holding sustainability briefings. In addition to myself, various speakers, including the CAO in charge of sustainability and the external directors who oversee the execution of management, are in attendance at these briefings to communicate and engage in dialogue with stakeholders.

Our relationship with employees is also an important theme for me. We have been developing a communication system so that each and every employee will understand and have a shared awareness about the new direction we are aiming for as a group. I hold meetings at least once a week for direct and lively discussions with the executive officers and the general managers of the departments in charge of the matters under discussion.

In addition, I have also allocated time for dialogue with employees at the section chief level and above in the form of roundtable discussions. In FY2021, when the Medium-Term Management Plan was formulated and announced, 1,660 employees participated on 26 occasions in the Tokyo metropolitan area. In FY2022, I promoted dialogue sessions mainly at regional stores, creating an important opportunity for employees to communicate directly with me about not only strategies but also various thoughts and questions about their work. We are continuing to implement this in FY2023, including at Group companies. Management has taken the time to communicate with employees to this extent, because we want each and every individual to think and act on their own, and this will be the trigger for achieving results. The fact that the results of the Medium-Term Management Plan are coming in faster than expected is proof of this.

In this relationship with employees, the Company and the Group's labor union issued a joint declaration in June 2023. This joint declaration by labor and management commits to creating a workplace environment where people can work with peace of mind. We value people, and the capabilities of each and every employee are an asset to the Company. In order to maximize the capabilities of people and realize our vision, it is essential to create a workplace environment where people can work with peace of

mind. Therefore, we made a joint declaration with the union for the first time to focus on proper working hour management and zero harassment. I believe that because of the good relationship between the Company and the union, we can ensure that each of our specific action guidelines will be followed in our daily work.

Finally, in terms of my personal credo, I am committed to providing well-balanced management for all stakeholders in accordance with my own sense of ethics and justice and without being biased by conflict of interests. To make all of our stakeholders into our supporters, we will engage in business and aim to enhance corporate value with a constant awareness of the way we engage in public relations and communication, our attitude toward taking on challenges to make further progress, the role we will play in delivering dreams, and the value we provide to society.

I hope you are looking forward to the Isetan Mitsukoshi Group's future moves and ask for your continued support.



History of Challenges Taken On by the Isetan Mitsukoshi Group

The Isetan Mitsukoshi Group has four brands: Mitsukoshi, Isetan, Iwataya, and Marui Imai. 2023 is a milestone year for Mitsukoshi, which celebrates its 350th anniversary. Throughout our long history, we have always endeavored to uphold our customer-first principle, and have repeatedly taken on challenges while responding to changes in society and the environment in each era, right up to the present day.

Launch of the Department Store Business

◆1673 Foundation of Echigoya

Takatoshi Mitsui founded Echigoya, a kimono shop. This shop was the first to begin sales based on cash payment and honest, fixed prices indicated on labels. It also started a business selling cloth in cut pieces according to customer needs, which expanded its customer base.



Drawing of the Echigoya Kimono Shop in Surugacho by Okumura Masanobu

◆1754 Foundation of Beniya

Koemon Nakamuta founded Beniya, the kimono shop that was the predecessor of Iwataya. It was renamed Iwataya in 1764.



A drawing of Iwataya when it was a kimono shop



Innovative proposals reflecting customers' interests

1673: Cash payment and honest, fixed prices indicated on labels

In 1673, Mitsukoshi's founder, Takatoshi Mitsui, opened the kimono shop Echigoya (the predecessor of Mitsukoshi) based on the principle of cash payment and honest, fixed prices indicated on labels. At that time, major stores sold their wares based on a system of credit by either taking samples of their products to show their customers, who would then place an order for later delivery, or by taking their products directly to the homes of their customers. In both cases, customers settled their bills at a later date, making payment either in August or December. Takatoshi abolished this system. He introduced a system of cash payment and honest, fixed prices indicated on labels based on over-the-counter sales, and sold fabric at whatever lengths the customers desired. By changing the business practice of selling only in units of fabrics and making it possible to sell by the piece, he created a system that allowed customers to buy only the amount they wanted. In the Edo period, the company's innovative approach to the concerns of potential customers, namely the townspeople, expanded its customer base and gave birth to the world's first "store where anyone can shop at the same price," which is commonplace today.

Proposing new, affluent lifestyles and promoting culture

1904: The Department Store Declaration

In 1904, upon the establishment of Mitsukoshi Gofukuten Co., Ltd. the company announced the inception of Japan's first department store in a letter of invitation to its business partners. The following year, on January 2, 1905, the company published the Department Store Declaration in major newspapers throughout Japan, declaring the establishment of a department store and the promotion of culture to all stakeholders, thus marking the beginning of department store culture in Japan. In 1914, a new building of the main store was completed with lion statues, the symbol of Mitsukoshi, at the entrance, along with Japan's first escalator, elevators, and other state-of-the-art facilities, as well as a place to rest cafeteria, and rooftop garden, making it the hottest new landmark in Tokyo as a place where people could experience Western culture. In terms of merchandise, it took form as a modern department store, offering not only kimono fabric but also a full lineup of general merchandise.

In the same year, the store held its first cultural event, Exhibition of Korin's Remains. By holding the Korin Design Exhibition in conjunction with this, the company established a new business model that was unparalleled in the world, combining the "pleasure of seeing" and the "pleasure of buying." Our efforts to promote and pass down culture and tradition, which have continued since that time, have evolved into a more locally-oriented approach that now includes not only product and art exhibitions, but also the revitalization of local industries and product development centered on the Group's bases.



A national newspaper advertisement announcing the Department Store Declaration

Creating the foundations for everyone to freely enjoy fashion

Creating unconventional sales floors

●1956 Teenagers' shop

In the mid-1950s, Japan had only children's and women's clothing, and girls between the ages of 13 and 17 struggled to find something that fit their sizes. Noticing that this age group was called "teenagers" in the U.S. and was established as a fashion category, Isetan became convinced that it was necessary to develop new ready-to-wear clothing that was not an extension of children's wear or a smaller version of women's wear. After thoroughly researching the lifestyle and unique body shape of this age group, Isetan began test sales for teenagers in time for the summer holidays of 1956, while developing designs and sizes appropriate for teenagers. Later, the store expanded beyond clothing to include accessories, hats, bags, handkerchiefs, and other miscellaneous goods, and the teenagers' shop became the foundation of Isetan as a byword for fashion.



To express our gratitude for the many years of patronage we have received from our loyal customers, Mitsukoshi, a department store belonging to the Isetan Mitsukoshi Group, is holding an event entitled, 350th Anniversary of Mitsukoshi. With the theme of "Innovation Beyond Tradition," this event is being held for one year from April 1, 2023 to March 31, 2024 at all Mitsukoshi stores (ten stores) nationwide, some overseas stores, and Isetan Mitsukoshi Online Store.



Lion statues at the main entrance of Mitsukoshi Nihombashi Main Store

History of the Department Store Business



◆1872 Foundation of Marui Imai

Toshichi Imai, the founder of Marui Imai, opened a haberdashery near Sosei Bridge. He opened Imai Gofukuten (a kimono shop) in 1874.



Imai Gofukuten

◆1886 Foundation of Iseya Tanji Kimono Fabric Shop

Founder Tanji Kosuge opened a kimono fabric store. The store focused on obi and patterns, providing unique products such as kimono with the Goshuden pattern, and gained popularity.



Iseya Tanji Kimono Fabric Shop

1963

Standardization of a size system for women's ready-to-wear clothing

1968

Opening of the Isetan Shinjuku Main Store Otoko-no Shinkan

2003

Otoko-no Shinkan remodeled into the Men's Building

2004

Opening of Mitsukoshi new Nihombashi Main Store

2008

History of the Isetan Mitsukoshi Group

2008: Establishment of Isetan Mitsukoshi Holdings Ltd. through business integration

In the face of severe conditions such as a declining population and intensifying competition from other industries, we were required to speedily and accurately grasp increasingly diverse and sophisticated customer needs and to enhance our proposal and development capabilities. While understanding and respecting each other's history and corporate culture, we integrated our management in order to leverage our respective strengths, enhance the value we provide to our stakeholders, and contribute to society.



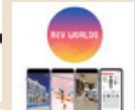
2009 onward: Spin-offs of regional operating companies

- | | | |
|------|--|---|
| 2009 | Establishment of Hakodate Marui Imai | Establishment of Sendai Mitsukoshi |
| | Establishment of Nagoya Mitsukoshi | Establishment of Hiroshima Mitsukoshi |
| | Establishment of Takamatsu Mitsukoshi | Establishment of Matsuyama Mitsukoshi |
| 2010 | Establishment of Niigata Isetan Mitsukoshi | Establishment of Iwataya Mitsukoshi |
| 2011 | Establishment of Isetan Mitsukoshi | Establishment of Sapporo Marui Mitsukoshi |

2018 onward: Digital business and services

We provide customers with new purchasing experiences by developing new businesses that harness the strengths of the Isetan Mitsukoshi Group and utilize digital technology to keep pace with the changing times.

- 2018 ISETAN DOOR (weekly delivery service)
- 2019 meeco (online cosmetics store)
- MOO: D MARK by ISETAN (online gift website)
- Isetan Mitsukoshi Hometown Tax
- 2020 Isetan Mitsukoshi app
- Isetan Mitsukoshi Remote Shopping app (allows customers to shop remotely in the same way as in stores)
- 2021 REV WORLDS (virtual city service using the metaverse)



●1968 Shop for large sizes 1969 Shop for small sizes

Isetan focused on size development to penetrate the ready-to-wear clothing market, opening a large-size Lady Clover Shop in 1968 and a small-size Strawberry Shop in 1969.

2023: Reorganizing the Isetan Mitsukoshi Group Corporate Philosophy

The Isetan Mitsukoshi Group at a Glance

Department store business

Gross sales

1.0175 trillion yen

Operating income

20.4 billion yen

(Fiscal year ended March 31, 2023)

Sales in department store business

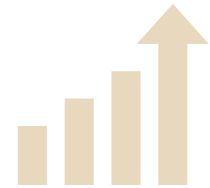
No. **1** in Japan



(Based on the financial data of each department store group in FY2022)

Isetan Shinjuku Main Store annual sales

327.6 billion yen



This was the highest sales the store ever recorded, surpassing the previous record of approximately 305 billion yen set in fiscal year ended March 31, 1992.

(Fiscal year ended March 31, 2023)

Store network

20

department stores in Japan

26

department stores overseas



We are expanding our store network in Japan from Hokkaido to Kyushu, and globally to a wide range of regions in Asia and North America.

(As of September 30, 2023)

Number of identified customers

5.9 million



The increase in the total number of cardholders and app members has enabled us to communicate bi-directionally with many customers.

(As of March 31, 2023)

Brands with a history

Our four brands of Mitsukoshi, Isetan, Iwataya, and Marui Imai, which have been in business for over 100 years, are supported by many customers.

Mitsukoshi



350

years in business

Isetan



137

years in business

Iwataya



269

years in business

Marui Imai



151

years in business



2.7 million cardholders

Leveraging our excellent customer base, we promote card use by issuing tie-up cards and through the Group's loyalty program.

(As of March 31, 2023)

Share of members with annual income of ¥10 million or more 20 %

We have converted many affluent customers into cardholders.

(As of March 31, 2023)

Credit & finance business / customer organization management business

Gross sales **33.5** billion yen

Operating income **3.7** billion yen

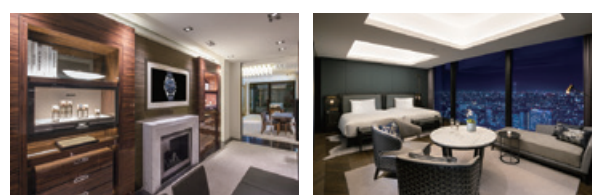
(Fiscal year ended March 31, 2023)

Real estate business

Gross sales **20.5** billion yen

Operating income **4.0** billion yen

(Fiscal year ended March 31, 2023)



Ownership of **Mitsukoshi Seisakusho**, a highly technologically advanced in-house factory

We create high-quality spaces through planning, design, and construction including five-star hotels, luxury brands, corporate boardrooms, and private residences.



Development of diverse business portfolio

- **Travel** business
- **Supermarket** business
- **Human Resources and Services** business
- **Logistics** business
- **Information Systems** business

These are just some of the diverse businesses that we are developing in addition to our department store business.

Other businesses

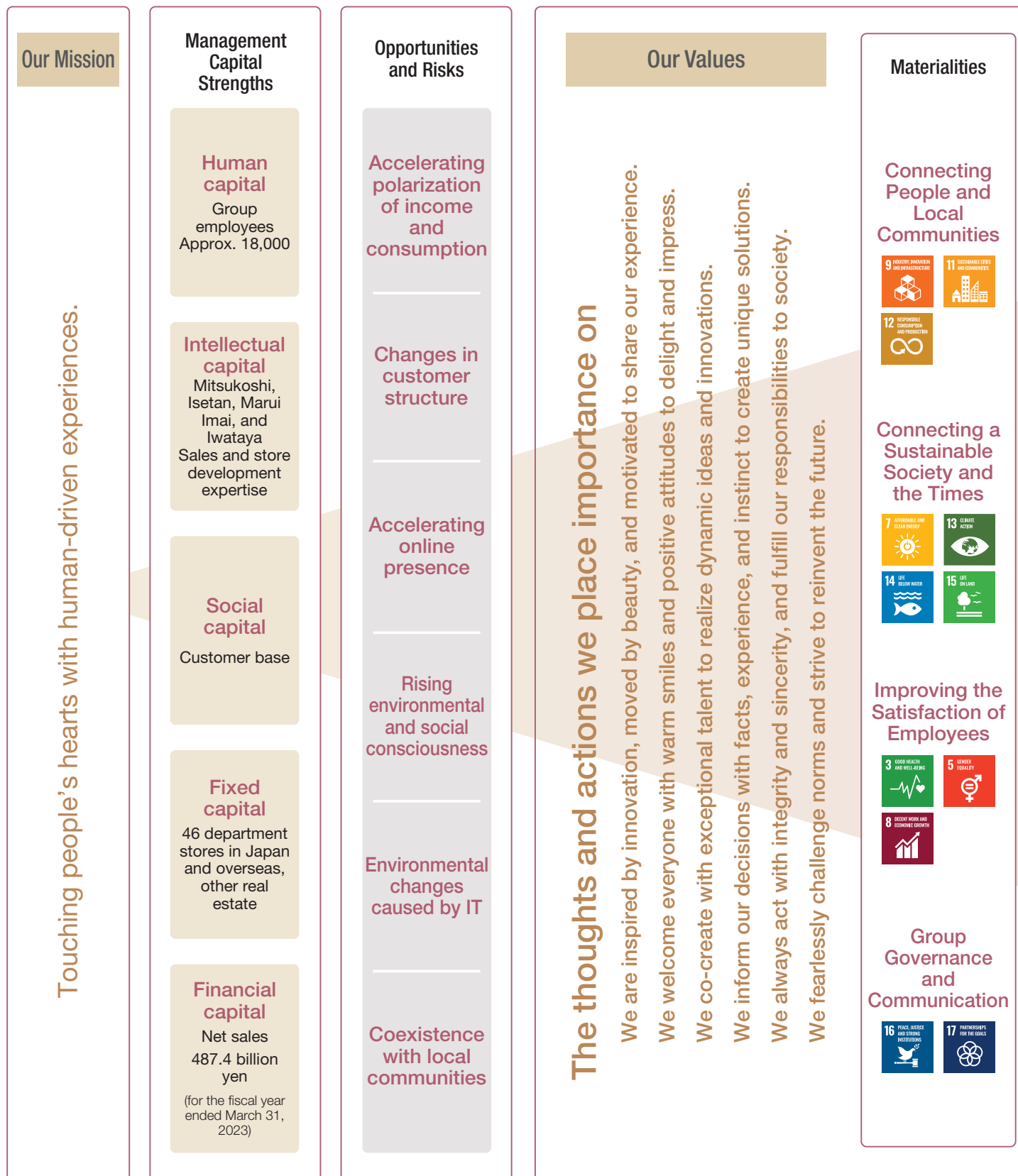
Gross sales **16.8** billion yen

*Including adjustments

Operating income **1.1** billion yen

(Fiscal year ended March 31, 2023)

The Isetan Mitsukoshi Group's Value Creation Process



Reinvestment

Business Activities

Business activities harnessing the strengths of a department store group

Department store business

Credit & Finance Business

Customer organization management business

Real estate business

Business Strategies

Basic strategies

Expand and dominate in high sensitivity, fine quality consumption

Providing the ultimate customer experience

Key strategies

“High sensitivity, fine quality” strategy

“CRM strategy connecting with individual customers”

“Intra-group coordination” strategy

Group platform

Management platform

Values We Provide

Expansion of social and economic value

Exciting solutions

for customers' concerns and problems

Innovative offerings

to meet customer needs

Our 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.

Sustainability Management/Priority Initiatives (Materialities)

Our Views on Sustainability

With the view that sustainability issues are important issues that support the Group's management foundation, we are promoting initiatives based on the Isetan Mitsukoshi Group Policy on Sustainability and five other sets of guidelines and policies.

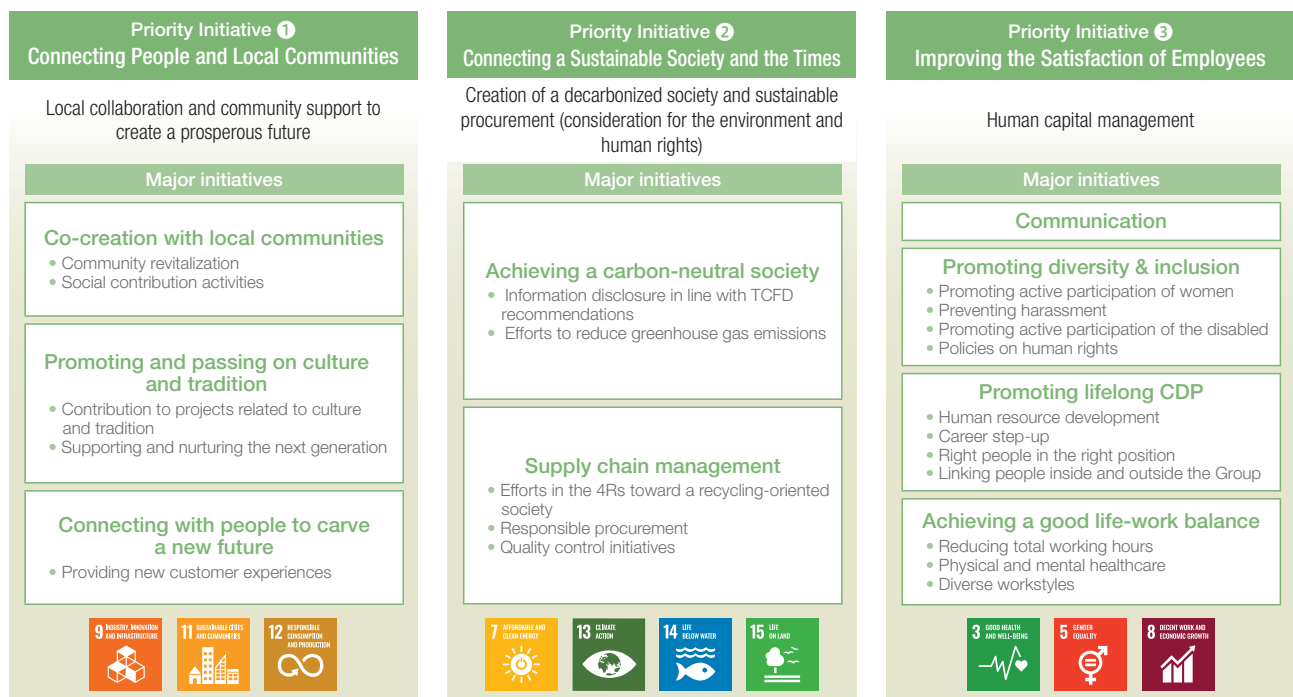
In June 2023, we established the Isetan Mitsukoshi Group Code of Conduct for Suppliers. We will work hand-in-hand with our business partners and suppliers to build a sustainable supply chain through their understanding and implementation of this new code of conduct.



The Isetan Mitsukoshi Group's Priority Initiatives (Materialities)

We have identified three priority initiatives that we will pursue based on a foundation of governance and communication.

The priority initiatives we have identified are as follows: "Connecting People and Local Communities," "Connecting a Sustainable Society and the Times," and "Improving the Satisfaction of Employees." We identified these initiatives based on whether they are issues that can be addressed by capitalizing on our core business, are meaningful for the Group to address, and can produce results.



Group Governance and Communication

While striving to build excellent relationships with customers, employees, shareholders, business partners, local communities, and other stakeholders, the Isetan Mitsukoshi Group is overhauling its corporate governance structure along with the management structure.

Corporate Governance

Risk Management

Compliance

16

PEACE, JUSTICE AND STRONG INSTITUTIONS

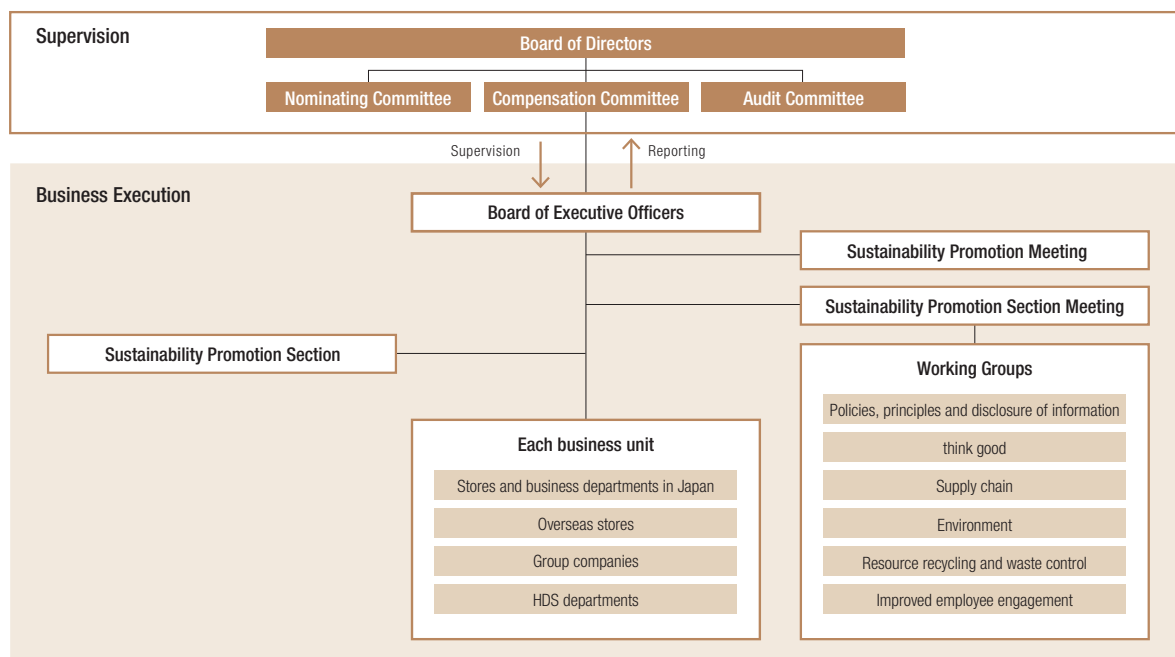
17

PARTNERSHIPS FOR THE GOALS

Structure for Promoting Sustainability

In FY2018, Isetan Mitsukoshi Holdings totally revised the Group structure for the management of conventional CSR activities, including environmental measures, from the viewpoints of the Environment, Society, and Governance (ESG) and the Sustainable Development Goals (SDGs). We aim to achieve sustainable business management by both solving social issues through our business and improving corporate value under the leadership of senior management by establishing and holding the Sustainability Promotion Meeting chaired by the CEO.

Organization for promoting sustainability in FY2023



*HDS stands for "holdings company."

Participating Initiatives/External Evaluations

Here is a partial list of initiatives we are participating in to enhance our sustainability efforts, as well as external evaluations of the initiatives we have been taking.

Participating initiatives



In March 2023, we endorsed and became signatory to the principles of the United Nations Global Compact (UNGC). We will fulfill our social responsibility as a corporation by complying with and practicing the 10 principles advocated by UNGC in the four areas of human rights, labour, environment, and anti-corruption.

External evaluations



In 2022, we were selected as an A List company in a CDP study on climate change, the highest rating. In order to play a more active role in addressing climate change, the Group endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in 2021. Based on multiple scenarios, we are moving forward with analysis and reviewing our approaches. In our Long-term Environmental Targets for 2050, we have set the goal of achieving virtually zero greenhouse gas emissions. Since 2022, we have been working toward this goal based on the three axes of energy conservation, energy creation, and renewable energy.

ESG investment indexes



FTSE Blossom Japan Sector Relative Index

FTSE Blossom Japan Sector Relative Index*¹

FY2023 constituents

Designed to measure the performance of Japanese companies that are doing relatively well with respect to environmental, social, and governance (ESG) in their respective sectors.

In addition, to facilitate the transition to a low-carbon economy, only those companies with particularly high greenhouse gas emissions whose efforts to make improvements are recognized by the TPI Management Quality Score are included.



Sompo Sustainability Index

Sompo Sustainability Index

FY2023 constituents

Approximately 300 companies that demonstrate outstanding initiatives with respect to environmental, social, and governance (ESG) are selected as constituents and used in the Sompo Sustainable Management investment product.

2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

MSCI Japan Empowering Women (WIN) Index*² MSCI Japan Empowering Women (WIN) Select Index

Constituents (as of June 2023)

Constructed by selecting companies that excel in gender diversity within their industries based on MSCI's newly developed Gender Diversity Score. Companies that MSCI ESG Research assesses as having committed very serious misconduct or serious misconduct in terms of human rights or labor rights are excluded.

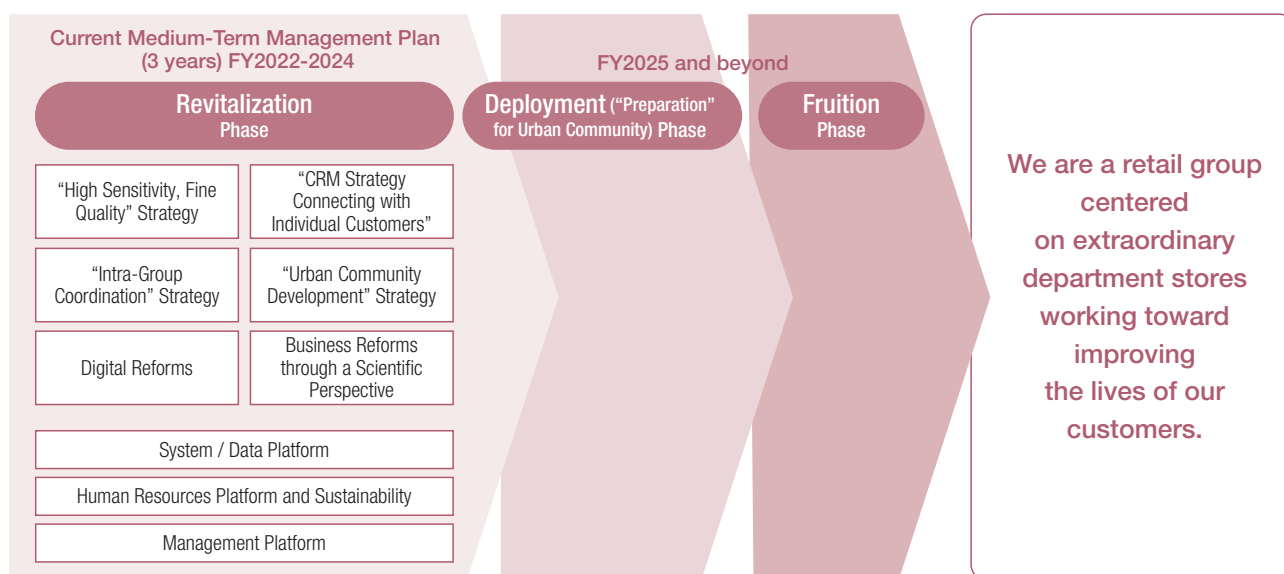
*¹ FTSE Russell confirms that Isetan Mitsukoshi Holdings Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

*² The inclusion of Isetan Mitsukoshi Holdings Ltd. in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Isetan Mitsukoshi Holdings Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Overview of the Medium-Term Management Plan

Medium-Term Management Plan

The Isetan Mitsukoshi Group is implementing its Medium-Term Management Plan, which runs through FY2024, with the aim of being a retail group centered on extraordinary department stores working toward improving the lives of our customers. To do so, we will promote our key strategies of 1) “High sensitivity, fine quality” strategy; 2) “CRM strategy connecting with individual customers;” 3) “Intra-group coordination” strategy; and 4) “Urban community development” strategy. As part of this process, we will simultaneously undertake in each region and area a reorganization of our traditional department store business model, and bring to fruition urban development for the future.



◆ “High sensitivity, fine quality” strategy

To help both Isetan Shinjuku and Mitsukoshi Nihombashi main stores evolve into symbols of admiration and empathy, Isetan Shinjuku focused on fashion and Mitsukoshi Nihombashi focused on tradition and culture, art, and lifestyle. These strengths were expanded to branches and Group stores through a new sales network that links out-of-store sales, buyers and in-store attendants. In addition, by concentrating the Group’s strengths and expanding the range of products and services not traditionally offered in department stores, we are laying the groundwork to meet the wide-ranging needs of our customers. Going forward, we will develop a system that enables us to propose a full range of products and services, and further increase our share of customers’ wallets.

◆ “CRM strategy connecting with individual customers”

We are expanding the number of individual customers (i.e., identified customers) with whom we have face-to-face connections so as to provide attentive services and products, and to meet all kinds of needs. The number of identified customers and identified customer sales have both risen substantially as a result of measures we have taken to improve the number of connected individual customers and the amount they spend. In particular, we have made significant progress in identification by stepping up efforts to expand Mitsukoshi Isetan app membership. We will continue to expand our customer base by acquiring new MICARD members and Mitsukoshi Isetan app members, and increase profits by promoting their use.

◆ “Intra-group coordination” strategy

Through the “Intra-group coordination” strategy, which aims to use the Group’s resources to maximize the connections we have cultivated with our many customers through the “High sensitivity, fine quality” strategy and “CRM strategy connecting with individual customers,” we have promoted the remodeling and construction of department stores in Japan, the in-house production of advertising and promotional work, B2B out-of-store sales to sell Group content to external companies, and alliance initiatives such as the issuance of tie-up cards. In the future, by combining the capabilities and know-how of Group companies, we aim to increase the value of our offerings and create new business opportunities that can be monetized as content and infrastructure functions for when urban community development comes to fruition.

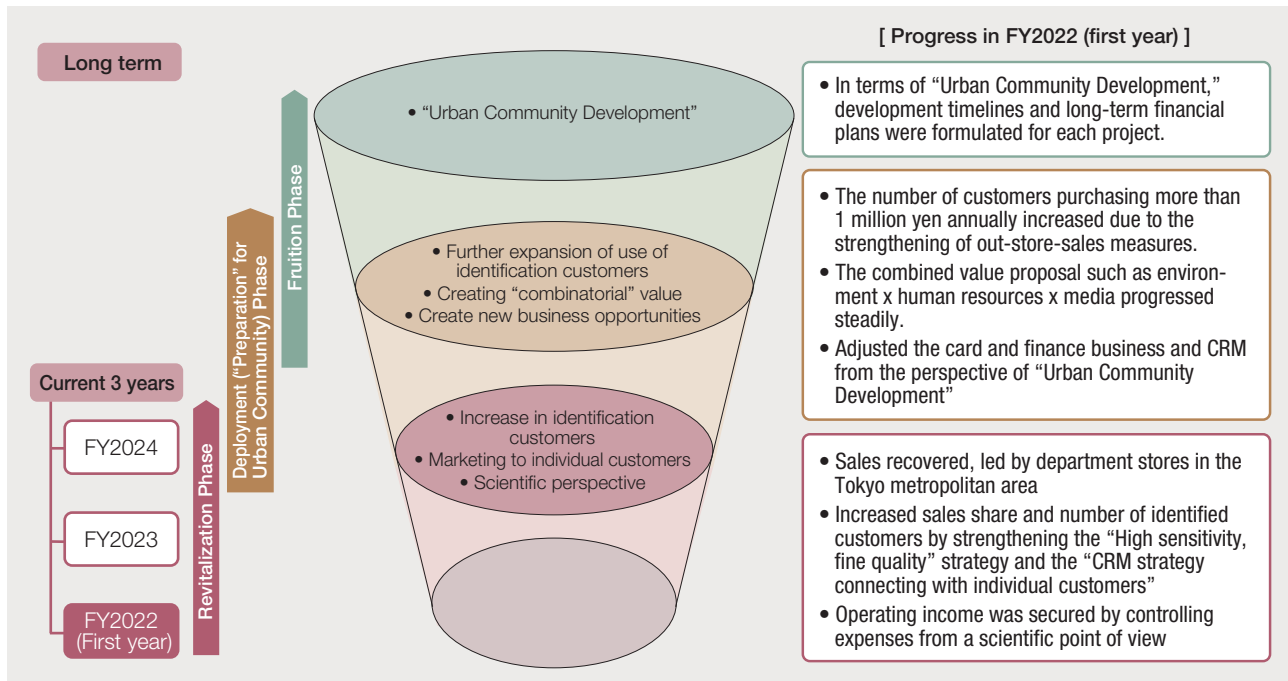
◆ “Urban community development” strategy

As part of our “Urban community development” strategy, which aims to effectively utilize our high-quality real estate holdings, we are working to increase the value of our real estate holdings nationwide by developing hotels, residences, offices, and other mixed-use properties with department stores at the core, thus enabling more customers to use the Isetan Mitsukoshi Group. We will develop mixed-use properties with department stores at their core to attract more customers and create a unique customer experience by multiplying the provided value derived from department stores with a variety of mixed-use applications.

◆ Progress in medium- to long-term strategic steps

We are proceeding in three phases as the steps in our medium- to long-term strategy to realize our vision: Revitalization Phase, Deployment (“Preparation” for Urban Community Development) Phase, and Fruition Phase.

As shown below, in FY2022, the plan in the Revitalization Phase is progressing smoothly and ahead of schedule. In FY2023 and beyond, we will continue to steadily implement initiatives with an eye to the long-term span of the Deployment (“Preparation” for Urban Community) Phase and Fruition Phase.

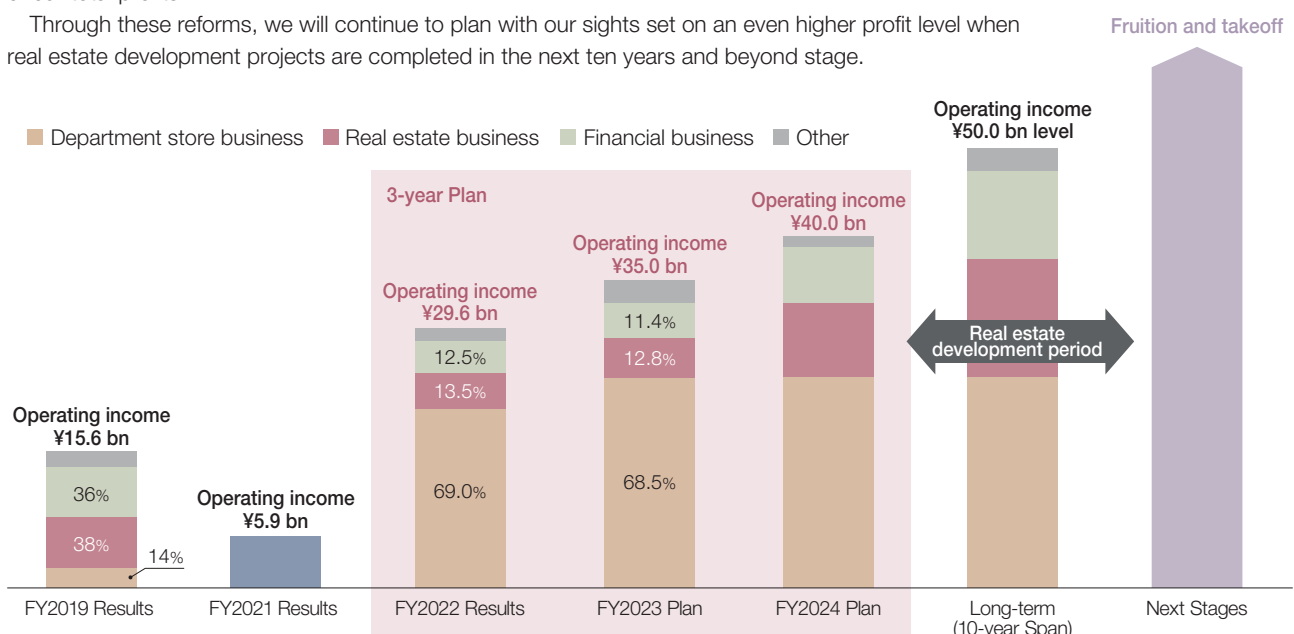


◆ Medium-to long-term profit steps and portfolio image

In order to achieve an operating income level of 50 billion yen over a long-term span of ten years, we started the current three-year plan with the aim of achieving operating income of 35 billion yen in FY2024, the highest income level since the integration of Isetan Mitsukoshi Holdings Ltd. by thoroughly promoting revitalization of our department stores.

The plan is progressing extremely well, and we expect to achieve and even exceed this goal in FY2023, ahead of schedule. Going forward, we will work to make our real estate and financial businesses profitable by capitalizing on the strengths of our revitalized department stores. By doing so, ten years down the road, we will not only have exceeded 50 billion yen in operating income, but also have built a stronger business portfolio in which profits from segments other than department stores account for more than half of our total profits.

Through these reforms, we will continue to plan with our sights set on an even higher profit level when real estate development projects are completed in the next ten years and beyond stage.



*Although we have upwardly revised the planned figures for FY2023 to operating income of 38.0 billion yen (as of the announcement of 1Q results for the fiscal year ending March 2024), this report shows the figures of the annual plan as announced on May 9, 2023 to ensure consistency of the overall figures.

Key Strategies: “High Sensitivity, Fine Quality” Strategy

“High Sensitivity, Fine Quality” Strategy

- We aim to become a “special” presence to our customers by shifting from our previous mass marketing approach to a personal marketing approach. This will allow us to provide exciting solutions for customer’s concerns and individual problems and innovative proposals for their interests.
- We will deepen our connections with all customers who use the Isetan Mitsukoshi Group, whether that be on a daily basis, once a month, once a year, or just on special occasions. We will achieve this by analyzing customer information (customer data) based on the concept of “high sensitivity, fine quality” consumption by customers who seek a high-quality, affluent lifestyle, as well as by making full use of our “people power” to offer value propositions that only we can provide.

① Creating high sensitivity, fine quality stores

- In order to meet the demands of customers across Japan who aspire to high sensitivity, fine quality consumption, we will utilize our Group network of stores dotted around the country, web/e-commerce, out-of-store sales, and other assets.
- The first step will be to clarify what the Isetan Shinjuku Main Store and Mitsukoshi Nihombashi Main Store, which will be the core of our efforts, should be striving to achieve, applying “Scientific analysis of department stores,” and changing the merchandising balance.
- The Isetan Shinjuku Main Store will thoroughly pursue fashion with the world’s latest and newest MD, while the Mitsukoshi Nihombashi Main Store will deepen and refine its focus on tradition, culture and art, and lifestyle to become symbols of admiration and empathy in urban community development.

Direction



● Building high sensitivity, fine quality stores and further strengthening ties with individual customers through department store CRM

➡ Remodel to achieve market-appropriate MD balance and enhance customer service functions

Isetan Shinjuku Main Store

“Cutting-edge fashion” proposal to become the world’s No. 1 department store
Further sharpening of product lineup toward sales of 350 billion yen



MD

- Expansion of luxury brands, jewelry and watches

Deployment

- Creation of new zoning
- Efficiency of the category

Environmental Services

- The Lounge extension
- New Premier Salon

Mitsukoshi Nihombashi Main Store

To become stores with strengths in “tradition, culture, arts and lifestyle”
Further deepening of hospitality unique to Mitsukoshi’s 350 year anniversary



MD

- New expansion of food
- Expansion of beauty and health categories

Deployment

- Expansion and efficiency of categories

Environmental Services

- Improving the environment of the Lightwell (atrium)

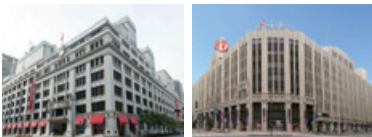
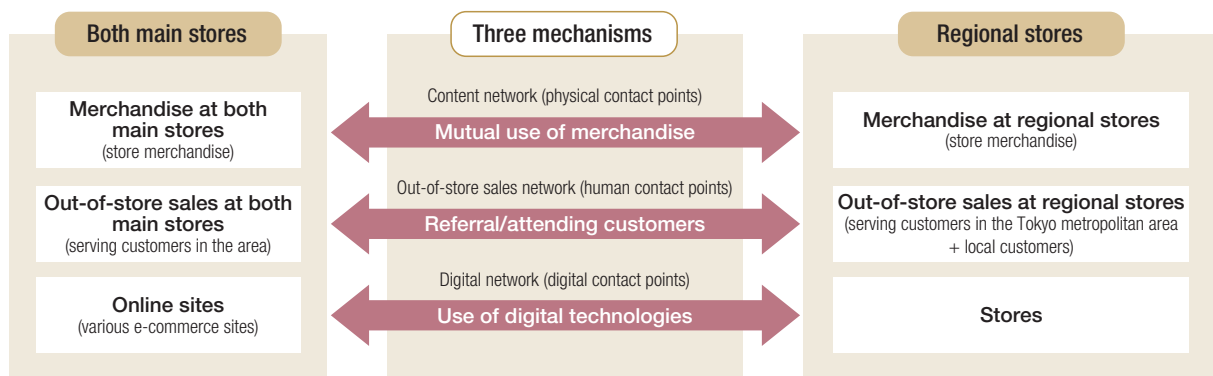
② Networks

As part of our marketing efforts geared toward individual customers, we will provide each customer with an optimal experience by structuring a content network of physical contact points in stores, an out-of-store sales network of human contact points, and a digital network of digital contact points. This will allow us to meet the needs of customers throughout Japan who aspire to high sensitivity, fine quality consumption.

In addition to utilizing our network of business locations to further upscale sales in FY2023, we will expand our activities beyond the department store business to include the provision of products and services offered by Group companies.

- Direction >
- Improve customer satisfaction by taking full advantage of the Group's networks
 - Make proposals at three points of contact (physical contact, human contact, and digital contact) tailored to customers' lifestyles

Establish points of contact with customers through three networks to propose the Group's products to customers throughout Japan who aspire to high sensitivity, fine quality consumption

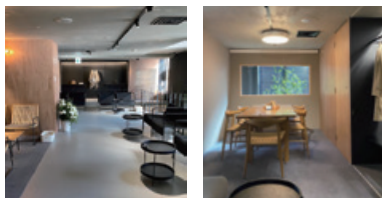


Examples of initiatives

From both main stores to regional stores

Case 1: Content network

Regional store salon deployment



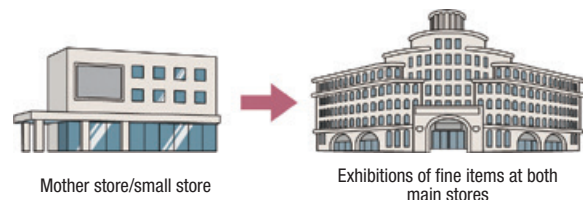
The same events held at both main stores for high-end items (luxury goods, jewelry and watches) are held at regional stores. For out-of-store customers, we provide hospitality in a special setting by using salons and out-of-store event spaces in regional stores. We invite customers to experience an assortment of content not normally carried in regional stores.

From regional stores to both main stores

Case 2: Out-of-store sales network

Out-of-store customers at regional stores

Events at both main stores



At both main stores, we invite our top customers who we are connected with individually to a special event once every half year, where we host them in a special space (called Tansei-kai at Isetan Shinjuku and Ippin-kai at Mitsukoshi Nihombashi). We are taking steps to invite out-of-store customers from regional stores to these semi-annual events, who are attended by members of the out-of-store sales department of the regional stores.

Key Strategies: “High Sensitivity, Fine Quality” Strategy

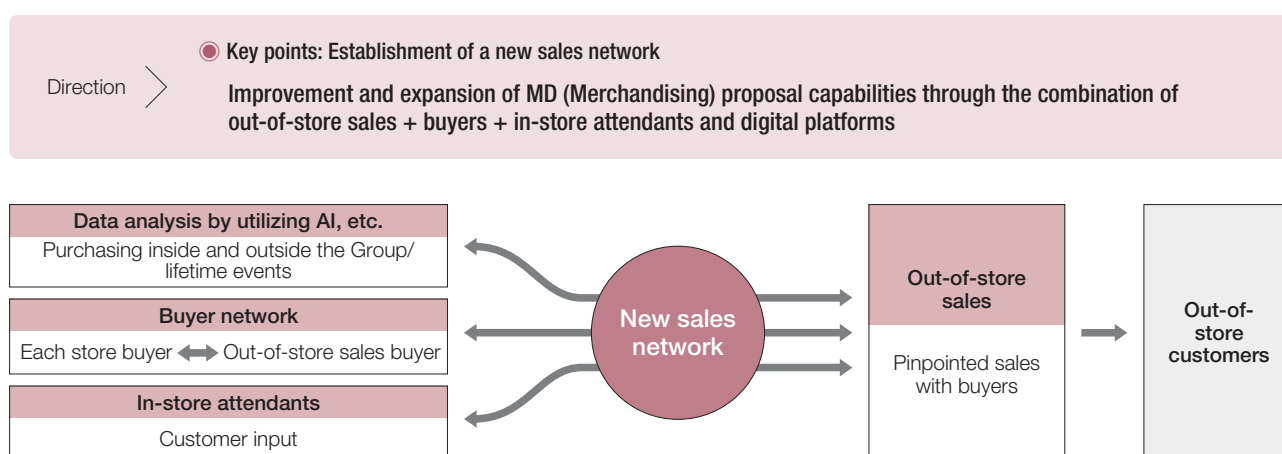
③ Reform of out-of-store (individual) sales

In addition to conventional methods that utilize the wisdom and experience of individual salespeople, since FY2022 out-of-store sales for individuals are being carried out based on a combination of people and science through the analysis of customer data.

We are also working to enhance products and services that are not available in department stores in order to meet the wide-ranging needs of our customers. Through these efforts, we are enhancing the breadth and quality of our proposals to customers, and building a system that enables us to make proposals in line with individual requests. At the same time, we are also working to improve the satisfaction level of out-of-store customers when they visit our stores by enlarging the dedicated lounge at the Isetan Shinjuku Main Store, expanding the Team Buddy system, and promoting collaboration between the Mitsukoshi Nihombashi Main Store and the Isetan Shinjuku Main Store.

◆ Organizational proposal-based sales to meet all customer needs

In FY2022, we are integrating the out-of-store organizations beyond the goodwill of Mitsukoshi and Isetan, and are building a new sales network that combines out-of-store sales, buyer networks, in-store attendants, and digital platforms to conduct value-proposition-based sales in the organization.



◆ Initial work to build an out-of-store sales and buyer network

Established out-of-store buyers and strengthened direct marketing activities

In the second half of FY2021, we established a new buyer position within the out-of-store sales organizational structure for the first time in our company’s history to respond more speedily to customer requests. In FY2022, we are working to expand the scale of our efforts by building a network with buyers at both main stores.

Broadened sales coverage by leveraging digital sales in addition to the knowledge and experience of individuals

We began a trial of this new sales style first at the Mitsukoshi Nihombashi Main Store in FY2020, which we extended to the Isetan Shinjuku Main Store in FY2022. In FY2022, we are working to expand the scale of these trials at both stores. In addition, we are working to expand this sales style to our branches in the Tokyo metropolitan area and to regional department stores.

Toward an out-of-store sales business model that utilizes a scientific perspective (Scientific analysis of department stores)

We classify the sales activities of top salespeople into our original “eight sales activities” based on the purchasing data of out-of-store customers, clarify the actions to be taken, analyze purchasing behavior, and establish a flow for implementing sales activities in line with the eight actions.

We are also working in parallel to expand the wallet share of our customers by analyzing macro data to visualize needs that have not yet become apparent within the Isetan Mitsukoshi Group.

Turnover from out-of-store sales at department stores in Japan

Total turnover: All turnover from out-of-store sales activities

FY2022 Results		FY2023 Plan
Result	Compared to previous fiscal year	Compared to previous fiscal year
Approx. 204.2 billion yen	116%	↗

- Expand Isetan Mitsukoshi’s leading initiatives to regional department stores
- Deepen relationship with existing customers with high purchasing power and promote acquisition of new customers

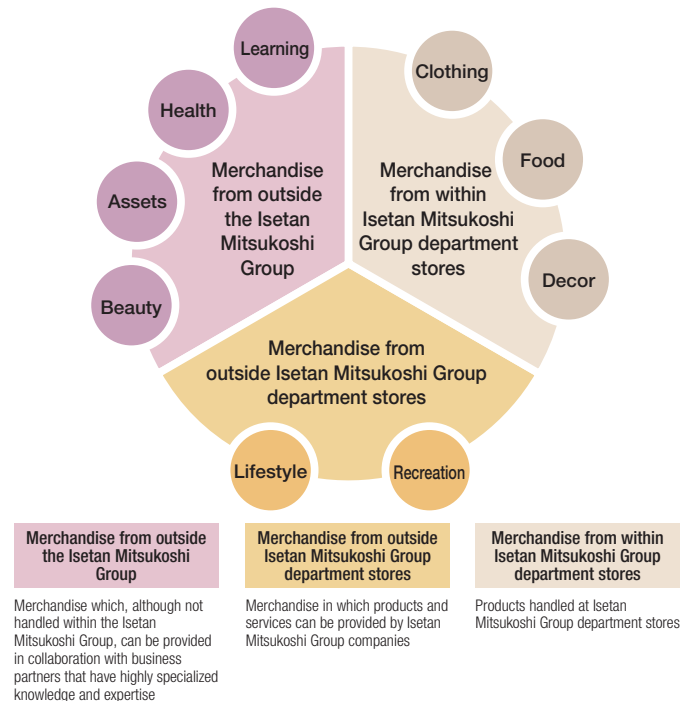
◆ Establishment of product supply network: Expansion of range of merchandise from outside of department stores

In FY2022, in order to ensure that we can meet the needs of our customers, we established a system that enables us to offer products and services that are not available in conventional department stores.

Initially, the focus was on merchandise within the Group, such as that of Mitsukoshi Isetan Nikko Travel. However, we have since expanded to include merchandise not handled by the Isetan Mitsukoshi Group by collaborating with external partners that have highly specialized knowledge and expertise.

By combining merchandise from within Isetan Mitsukoshi Group department stores, and merchandise from outside Isetan Mitsukoshi Group department stores, we are able to make proposals that are optimized for individual needs in accordance with the needs of each customer's lifestyle.

We will continue to work on further expanding the range of merchandise that meets the needs of our customers.



◆ Introduction of sales representatives for foreign customers

In October 2022, we introduced sales representatives for non-Japanese customers to provide them with special hospitality, including shopping assistance to VIP customers visiting or residing in Japan. Currently, we have representatives who can speak English, Chinese, Korean, and Malay to meet the personal needs of customers.

When these representatives were first introduced during the COVID-19 pandemic, not many overseas customers were able to visit Japan, so we focused on cultivating new customers and strengthening relationships with customers in Japan. For example, through event exchanges with overseas companies and institutions based in Japan, we worked to make them aware of the content and services offered by the Isetan Mitsukoshi Group. As a result, we are now receiving an increasing number of new customer referrals from these customers. We have also started corporate tie-ups with hotels and travel agencies whose main customers are overseas VIPs, and are focusing on introducing customers from these companies to our Group.

In 2023, we are seeing an increasing number of VIP customers from all over the world. The needs of our customers during their stay in Japan are diversifying, and we are working to expand our offerings beyond shopping support. In addition, in cooperation with overseas stores within the Group, we have started a shopping attendant service for the VIP customers of overseas stores when they visit Japan. In this way, we are bolstering our team of attendants to assist customers in a variety of situations, starting with pre-trip preparations, through to assistance with shopping and to follow-up services after their return home.

Sales representatives for foreign customers



Li Fang
Sales Manager
Direct Sales Department Private Sales Group
Foreign Customer Division
Isetan Mitsukoshi Ltd.

“Together with our customers”

We sales representatives for foreign customers help customers, both those living in and visiting Japan, to shop at our stores without the stress of language barriers. In addition, we deepen our connections with each and every customer, and assist them in all aspects of their shopping experience through a variety of proposals. On one occasion, we invited customers to a special invitation-only event. They were so impressed by the special atmosphere and product lineup that only Isetan Mitsukoshi can offer, that they purchased not only wine, which they had originally planned to purchase, but also art works. We also introduced a construction and interior company within the Isetan Mitsukoshi Group to a customer who is developing their own business. We undertook the total design and furniture production for the customer's store, and were thrilled when the customer commented that the space we created was very beautiful, with an almost dreamlike quality. I hope we can continue to create wonderful encounters with our customers.

Key Strategies: CMO's Message: "CRM Strategy Connecting with Individual

CMO's Message

The shift from mass to personal marketing is the basis of everything

Takuya Yamashita

Managing Executive Officer and CMO

CMO: Chief Merchandising Officer



The Isetan Mitsukoshi Group is promoting a shift from mass to personal marketing in its Medium-Term Management Plan.

In 1673, when we opened Echigoya, a kimono store, we were operating a business targeting individual customers. Years later, with the expansion of our business domains in line with economic development, we made a strategic shift to a mass marketing.

Our business model of purchasing and selling large quantities of in-demand products, something which is common to mass marketing, matched the external environment of the time, when goods were in short supply, and we succeeded in achieving rapid growth as a retailer. However, following the collapse of the bubble economy, each customer's values and purchasing behavior became more diverse, and business founded on mass marketing gradually became untenable.

In 2020, the Group suffered a consolidated loss due to the effects of the COVID-19 pandemic. This triggered our decision to return to our roots as a business based on personal marketing through our "CRM strategy connecting with individual customers."

The "CRM strategy connecting with individual customers" is a strategy to promote the provision of personalized customer experiences by offering unique proposals that meet the different needs of individual customers. In addition to existing human capabilities (i.e., analog capabilities), we believe it is important to maximize the use of digital capabilities. Below are some examples of how we use both of these capabilities.

First, I will mention digital capabilities. In February 2022, in addition to MICARD, which is a conventional identification tool, the Mitsukoshi Isetan app, a new digital tool that is more closely linked to customers' lifestyles, was expanded to stores across Japan.

Even customers who were hesitant to join MICARD due to complicated procedures at the time of joining and the cost of the annual membership fee have downloaded the app. As a result, we have succeeded in increasing the

number of identified customers to approximately 5.9 million (up 800,000 from the previous year) as of March 31, 2023.

Next, I will mention human capabilities. As part of our reform of out-of-store (individual) sales, we effectively utilized our human resources mainly for the expansion of proposals for out-of-store customers. Specifically, we introduced "out-of-store buyers" with the aim of responding to each customer's needs in detail, and procured merchandise from outside department stores, such as imported cars and real estate, by making full use of our extensive network of unique contacts. As such, we have successfully increased customer satisfaction as well as significantly raised the amount of purchase per customer for out-of-store customers.

This series of initiatives paid off, resulting in operating income in the department store business in FY2022 that was much higher than originally planned.

This fiscal year, we will continue to maximize our use of digital and human capabilities to further expand the number of identified customers. In addition, we will also launch full-scale CRM activities targeting general customers other than out-of-store customers.

So far, I have talked about department stores, but the concept of a shift from mass to personal marketing is not limited to application in the department store business. Department store consumption accounts for only a fraction of Japan's total consumer spending. Or, to put it another way, we currently have only a very limited scope of significance in the eyes of our customers.

In the future, as each of us connects with, deepens understanding of, and moves the hearts of individual customers, we will create new points of contact with customers, and as a result, our Group's raison d'être (i.e., business domains) from the customer's perspective will continue to expand.

Through the shift from mass to personal marketing, we will build the next-generation business model of the Isetan Mitsukoshi Group.

Customers”

“CRM Strategy Connecting with Individual Customers”

As part of our “CRM strategy connecting with individual customers,” we intend to build systems that connect with individual customers who support our “High sensitivity, fine quality” strategy.

In FY2022, the first year of the Medium-Term Management Plan, both the number of identified customers (MICARD members and digital members) and the amount of spending grew steadily, and we were able to achieve the plan in relation to all customer KPIs (indicators). In particular, the Isetan Shinjuku and Mitsukoshi Nihombashi main stores increased the share of sales from identified customers to 70% of total sales, the share of sales from customers who spend more than 1 million yen per year increased from 40% to 50% compared to FY2019, prior to the COVID-19 pandemic, and the share of sales from customers who spend more than 10 million yen per year nearly doubled.

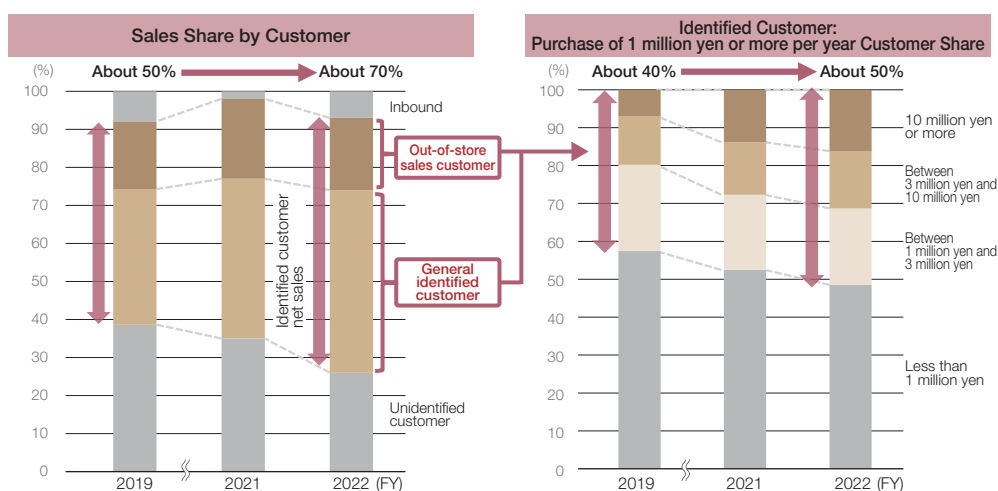
In FY2023, the second year of the plan, by further strengthening of department store CRM, we will focus on initiatives that will lead to the creation of new business opportunities, such as group-level CRM, development of settlement infrastructure, and inbound strategy.

Direction

- Further expand identified customer platform by strengthening department store CRM and acquiring new members
- ➔ Utilize as a platform for “creating new business opportunities”

Expanding the number of connected individual customers	FY2022: Mitsukoshi Isetan App members growth nearly doubled		FY2023: Aim for double-digit growth over FY2022	
	Domestic department stores (year-on-year)	FY2022 Results	FY2023 Plan	
	Number of identified customers	114%	↑	
	Number of digital members	141%	↑	
Expanding use of connected individual customers	FY2022: Significant growth in all KPIs from the previous year		FY2024: KPI revised up significantly from original plan	
	FY2022 Results		FY2024	
			Initial plan (Formulated in November 2021)	Revised plan
	Identified customer net sales	554.3 billion yen	580.0 billion yen	↑
	MICARD Members sales	450.7 billion yen	500.0 billion yen	↑
	Digital ID only members sales	103.6 billion yen	80.0 billion yen	↑
	Purchase at least 1 million yen a year MICARD Members sales	233.4 billion yen	230.0 billion yen	↑

- Our “High sensitivity, fine quality” strategy and “CRM strategy connecting with individual customers” increased our share of identified customer sales to approximately 70%.
*Isetan Shinjuku Main Store and Mitsukoshi Nihombashi Main Store
- Among identified customers, customers purchasing 1 million yen or more a year increased their share of sales to about 50%, deepening their personal ties with customers



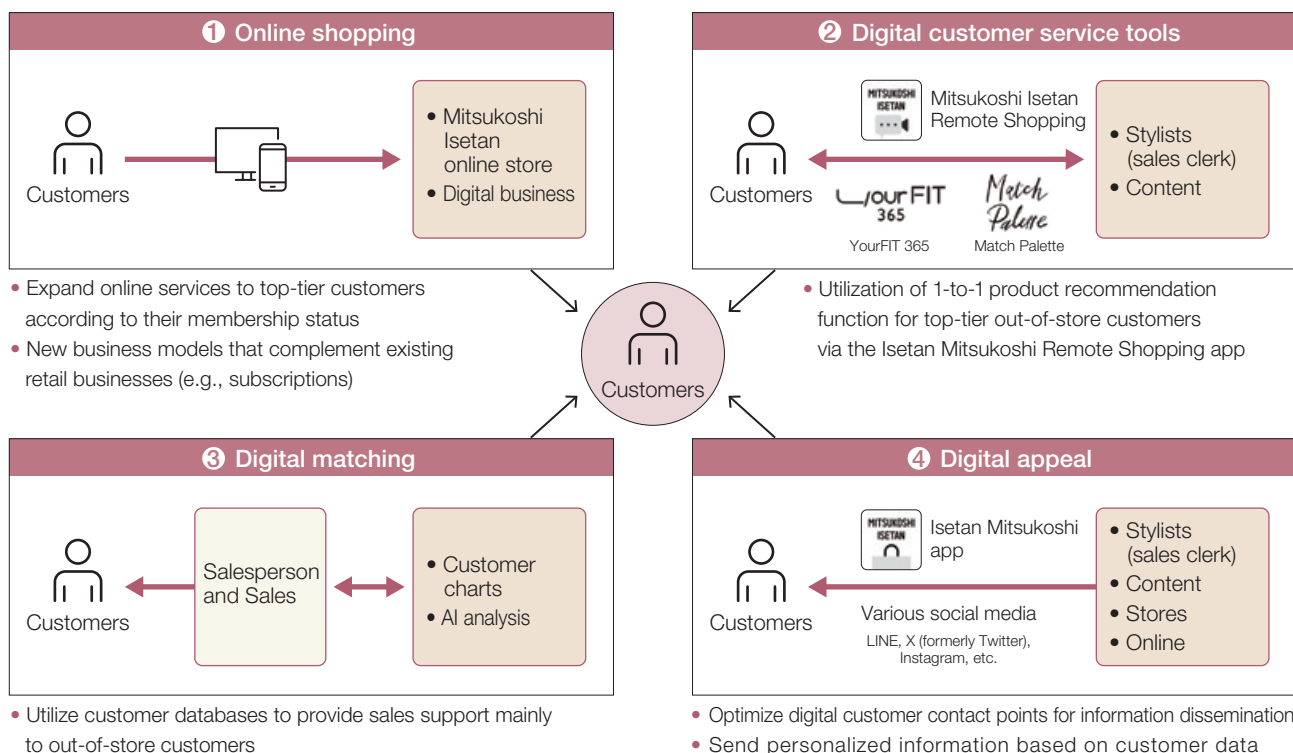
Key Strategies: Digital Reforms/“Intra-Group Coordination” Strategy

Digital Reforms

The Isetan Mitsukoshi Group will provide the best customer experience by utilizing digital transformation in the follow **four key** areas, all of which have been developed in-house: ① **Online shopping**, ② **Digital customer service tools**, ③ **Digital matching**, and ④ **Digital appeal**.

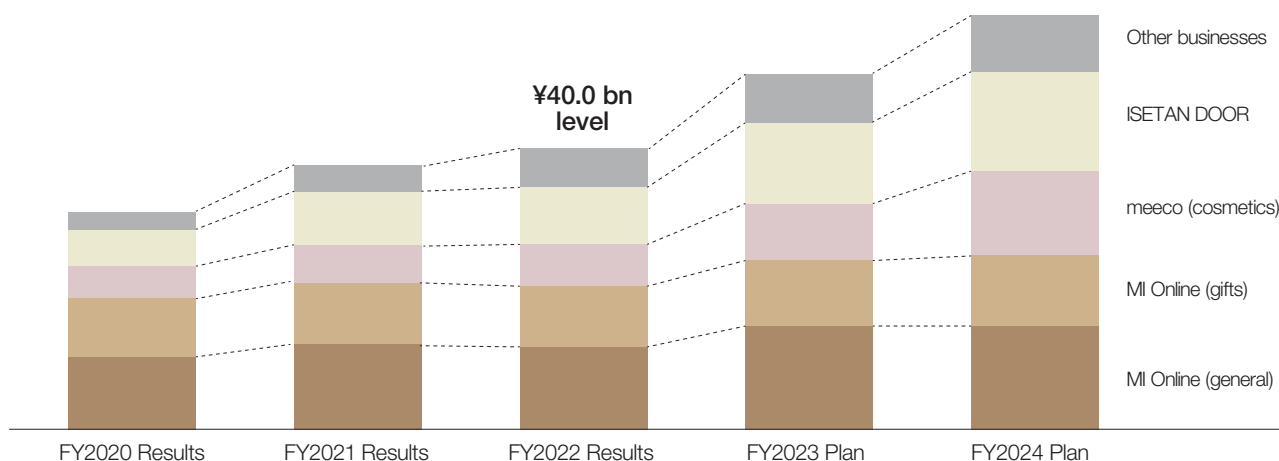
Direction >

● Implement merchandising that integrates physical stores and people through the accumulation and utilization of customer data



◆ Online business

In addition to physical stores, we will develop our online business as one of the points of contact for convenient shopping for our customers. To do so, we aim to stabilize our revenue and expenditure base. We aim to achieve profitability in each online business as soon as possible by implementing measures to increase sales, such as by narrowing down the appropriate number of models to be listed, expanding the number of best-selling products, and implementing stylist posting, as well as improving the cost structure by reducing the number of delivery days and costs through digital picking.

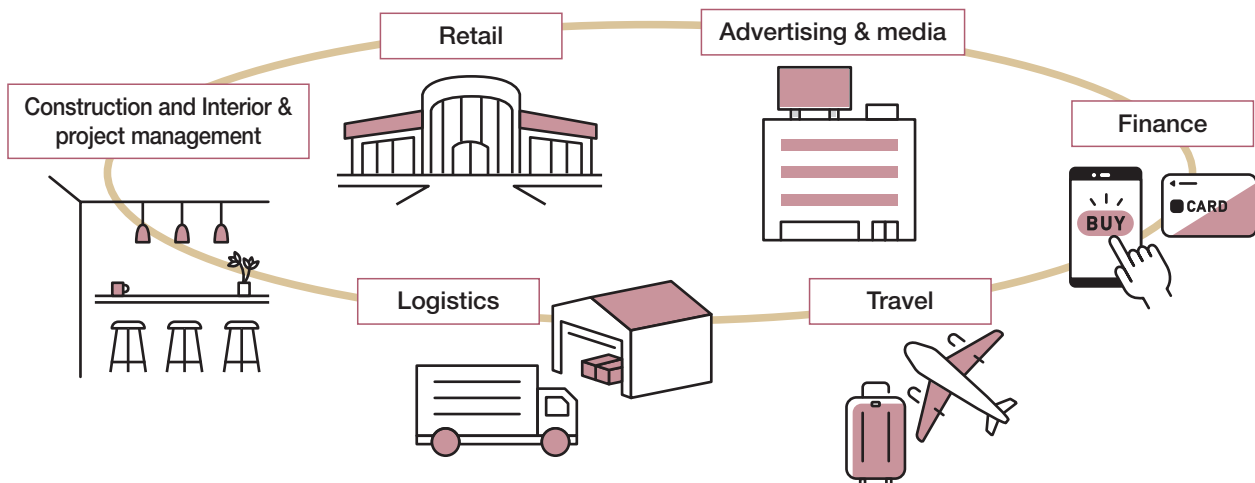


“Intra-Group Coordination” Strategy

This strategy focuses on using Group resources to maximize the connections with many customers cultivated through our “High sensitivity, fine quality” strategy and “CRM strategy connecting with individual customers.” While we position the department store business at our core, we intend to promote intra-group cooperation that will enable us to provide solutions for customer’s problems and innovative proposals for individual customer interests by utilizing our strengths as a company that boasts solutions business operators in various sectors including finance, systems, and construction and interior. We will challenge new ways of creating innovations and monetization methods going beyond the barriers between businesses.

- Direction >
- Promote in-house production through cooperation among Group companies
 - Strengthen B2B out-of-store sales by leveraging group resources, and expand sales by promoting the acquisition of new corporate customers
 - Offer value in a single package by combining the skills and know-how accumulated by Group companies to date

Increase wallet share by bringing together the Group’s strengths



Catalog content menu of Group resources “B2B external sales”

1 Planning and production of original products	2 Shareholder benefit program and support for shop management	3 Proposals for memorabilia and gifts
4 Planning and production of corporate uniforms	5 Support for advertising and event opening	6 System-related services
7 Logistics and fulfillment	8 Environmental creation and construction and interior	9 Temporary staffing, education and training
10 Credit card-related services	11 Travel planning	12 Store development

Example of a Group company

Isetan Mitsukoshi Property Design Ltd.

- Become a company that plays a role in the Group’s “Intra-group coordination” strategy based on the pillars of the construction and interior business, PM*/CM*/design business, and housing environment business
- Take charge of the remodeling function of department stores within the Group with its accumulated skills and know-how



Studio Alta Co., Ltd.

- Become an in-house agency to the Group’s advertising agency companies
- Accelerate accumulation of skills and know-how and contribute to the “Intra-group coordination” strategy



*PM: Project management *CM: Construction management

Key Strategies: “Urban Community Development” Strategy

“Urban Community Development” Strategy

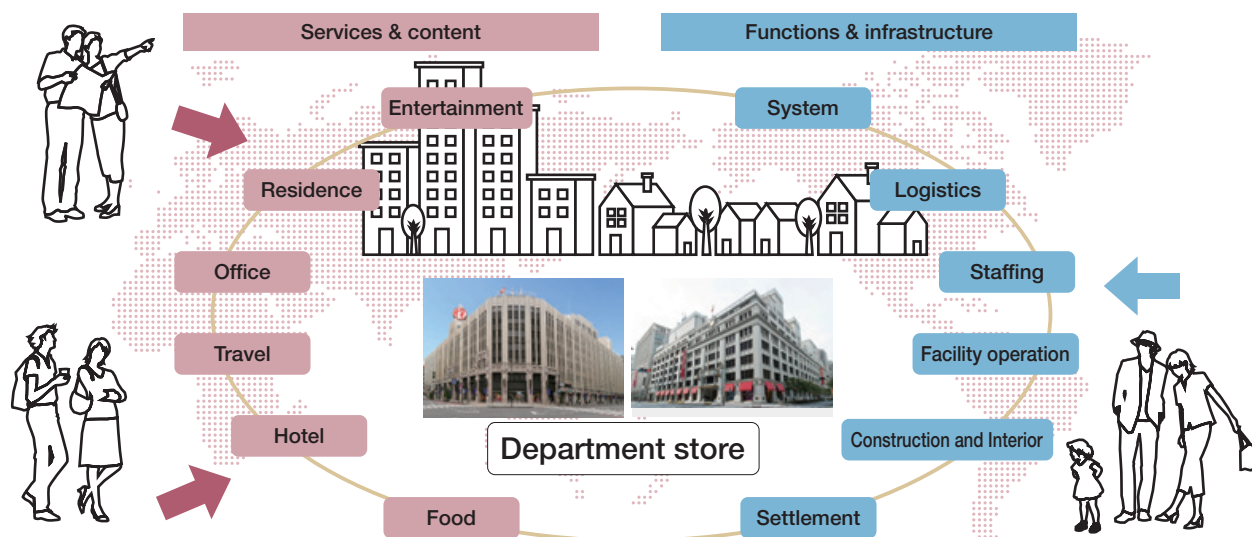
Isetan Mitsukoshi’s “Urban Community Development” initiatives will be centered on the Group’s department stores. By expanding the use of mixed-use properties through real estate development and developing content and infrastructure functions under our brands through intra-group coordination, we aim to attract more customers to the towns and create a unique profitability model that is not limited to real estate alone.

◆ Toward the promotion of Isetan Mitsukoshi’s “Urban community development” strategy

We aim to create a unique customer experience that only Isetan Mitsukoshi can offer by combining the distinctive value that we have cultivated over many years in our department store business with mixed-use properties that we will expand through future redevelopment.

Following on from the Grand Design Project conducted in FY2021, in FY2022 Isetan Mitsukoshi will continue discussing and reviewing a variety of topics, such as the future vision that Isetan Mitsukoshi wants to achieve through “Urban Community Development” and the role of Isetan Mitsukoshi in this process. These wide-ranging discussions will involve both management and front-line members of the Company, along with perspectives from outside the Company.

In addition, we are also making concrete preparations for employees to acquire the skills required for undertaking “Urban Community Development,” including secondment to outside companies in the real estate and financial industries.



Unique value provided	
A combination of values	High sensitivity, fine quality brands and characters unique to department stores
	High-touch personal and digital services unique to department stores
	Meticulous and detailed background unique to department stores



Mixed use	
Department store (shopping)	Residence (living)
Hotel (stay)	Entertainment (Enjoying)
Office (work)	...

Interview

In FY2023, I have been seconded to an outside company involved in hotel development. Currently, I am in the process of acquiring knowledge and expertise in hotel development by working with owners, hotel operators, designers, construction companies, and many other related parties in overall hotel project management and construction management for multiple hotel development projects in Tokyo and the suburbs. I will continue to study every day while gaining plenty of experience, in the hope of applying everything I learn to the introduction of mixed-use properties in “Urban Community Development” projects of the Group in the future.

Takafumi Sanada Yamashita PMC Inc. (Seconded)



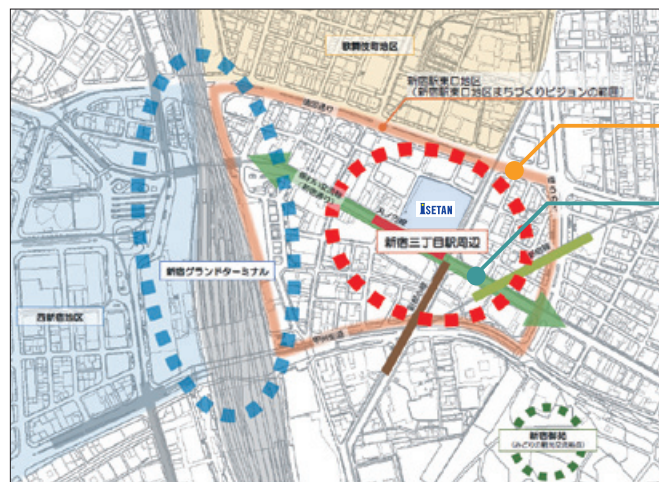
◆ In response to the Shinjuku Station East Exit District Urban Development Vision

The Shinjuku Station East Exit District Urban Development Vision aims to achieve a future vision for the area as “a vibrant city representing Japan and a place where people want to take a stroll,” forming a lively exchange axis centered on the Shinjuku-sanchome Station area. The Shinjuku City Government has formulated the Shinjuku-sanchome Station Area Urban Development Guiding Principles with the aim of deepening its vision for urban development with regard to the urban functions and urban infrastructure required for the Shinjuku-sanchome Station area.

Based on these ideas, we will continue to study the frame of Isetan Mitsukoshi's urban development together with the municipal government and local residents.

Town Future Picture: A vibrant community representing Japan where people want to take a stroll

—Formation of a lively exchange axis centered on Shinjuku-dori Avenue and two bases centered on railway stations—



Scope of the Shinjuku Station East Exit Area Urban Development Vision

Lively exchange axis (Shinjuku-dori Avenue)

*Partially modified from the Shinjuku-sanchome Station Area Urban Development Guiding Principles

◆ Start of review of the Nihombashi area

As the development of the entire Nihombashi area is taking shape, landowners are currently holding review sessions in the vicinity of our buildings. We are also participating in these sessions, and are studying ways to enhance the value of the community together with the local residents.

TOPICS

Opening of MITSUKOSHI BGC—A mixed-use development model incorporating real estate development + retail overseas

Isetan Mitsukoshi Holdings Ltd. is working with Nomura Real Estate Development Co., Ltd., a major developer in Japan, and Federal Land Inc., a major real estate company in the Philippines, to jointly promote a large-scale mixed-use development project of “real estate development + retail” in Bonifacio Global City, Manila, Philippines. The grand opening of MITSUKOSHI BGC, a development under this project, was held on July 21, 2023. This project, which combines MITSUKOSHI BGC, a commercial facility on the lower floors (from the first basement to the third floor above ground), and The Seasons Residences, four high-rise condominium buildings on the upper floors (from the 3rd floor above ground to the 54th floor in the highest building), leverages the brands and commercial operation know-how of the Isetan Mitsukoshi Group. As a new business model to enhance the real estate value of high-rise residences and the surrounding area as a whole, we aim to reform our business structure overseas and earn future profits.



High-story part (residential): The Seasons Residences Low-story part (commercial): MITSUKOSHI BGC

Outline of the facility

Facility name	MITSUKOSHI BGC
Address	8th Avenue corner 36th Street, North Bonifacio District, Bonifacio Global City 1634, Taguig City, NCR, Philippines
Date of opening	Grand opening held on July 21, 2023 (Friday)
Total floor space	Approx. 28,000 m ² (commercial floors: first basement to the third floor above ground)
Opening hours	From 11:00 a.m. to 10:00 p.m.
Number of tenants	Approx. 120 stores
Management company	Sunshine Fort North Bonifacio Commercial Management Corporation



Entrance to MITSUKOSHI BGC



Interior of MITSUKOSHI BGC

Key Strategies: Business Reforms through a Scientific Perspective

Business Reforms through a Scientific Perspective

Under the slogan “Scientific analysis of department stores,” we will redesign the business structure of department stores by analyzing not only sales but also profitability and productivity in all units within the Group and its businesses. This will allow us to gain a grasp of the overall situation and adopt a system that enables more efficient use of expenses.

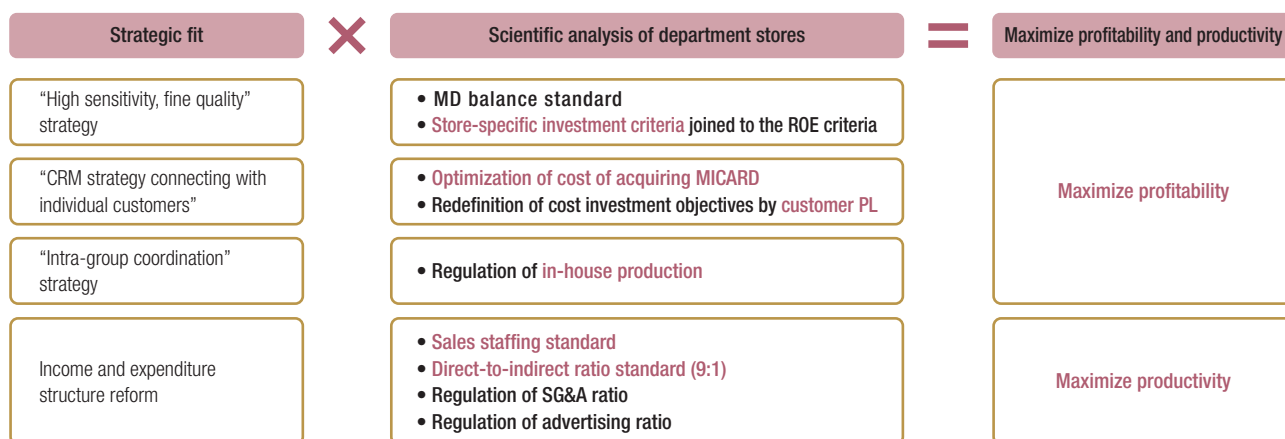
◆ Scientific analysis of department stores

Direction

● Evolve the “Scientific analysis of department stores” to accelerate revitalization of department stores

Purposes and roles of the “Scientific analysis of department stores”

1. **Reform the cost structure** and **redesign the department store business structure**, thereby increasing productivity and maximizing profits
2. **Visualize** all activities of the Company **from a scientific viewpoint** and **set up standards (operational indicators) in accordance with the strategy**
3. In the strategy implementation phase, ensure that all employees understand the standards and transform their daily actions with a management mindset

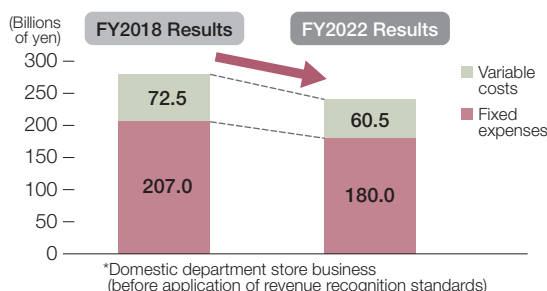


Direction

● Reducing SG&A expenses from a scientific perspective and redesigning the business structure by optimizing the number of personnel

- (
- Maintain operating income by controlling expenses from the perspective of “Scientific analysis of department stores”
 - Continue to reduce fixed costs and flexibly control variable costs to improve earnings structure
-)

SG&A expenses trend



Major Initiatives				
	Item	FY2018 gross sales ratio	FY2022 gross sales ratio	Remarks
Fixed expenses	Personnel expenses	8.0%	7.2% – 0.8%	<ul style="list-style-type: none"> Workforce efficiency In-house production
	Business consignment expenses	3.2%	2.6% – 0.6%	<ul style="list-style-type: none"> Review of operations In-house production
Variable costs	Advertising expenses	1.3%	0.7% – 0.6%	<ul style="list-style-type: none"> Shift from mass appeal to individual advertising

- (
- “Scientific analysis of department stores” was launched at Isetan Mitsukoshi to break away from the existing department store business model
 - Full-scale expansion to regional operating companies in FY2023
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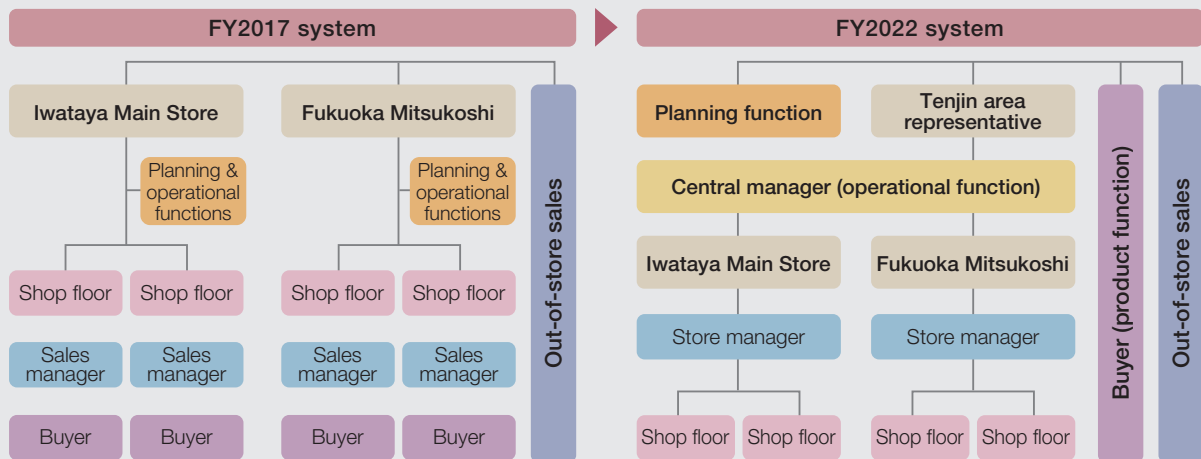
Major Initiatives of Scientific Analysis of Department Stores		
①	Income and Expenditure Structure Reform	<ul style="list-style-type: none"> Maximizing Cost-effectiveness
②	Organizational Workforce Reform	<ul style="list-style-type: none"> Multitasking Workforce
③	Store Structure Reform	<ul style="list-style-type: none"> MD Balance Optimization

Initiatives at regional department stores ①

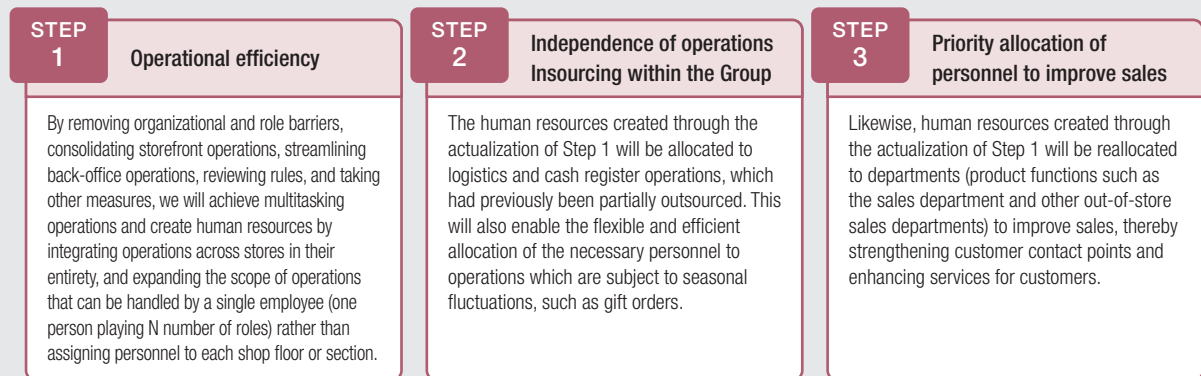
Iwataya Mitsukoshi

Iwataya Mitsukoshi, which operates Iwataya Main Store, Iwataya Kurume Store, and Fukuoka Mitsukoshi, changed from conventional store management in which each store has its own function and personnel are assigned to a certain shop floor or section, to an organizational structure in which multiple stores are centrally managed and overlapping functions are consolidated. It vigorously promoted multi-task management to broaden the scope of responsibilities and operations, thereby raising productivity per employee and improving profitability through organizational personnel reforms that reassign generated human resources to operations directly related to profitability.

●Multi-tasking system in the Tenjin area at Iwataya Mitsukoshi (image)



●Steps in reforming organizational personnel



With operational efficiency as the point of departure, we aim to maximize productivity by achieving optimal allocation of human resources.

Initiatives at regional department stores ②

Sapporo Marui Mitsukoshi

In April 2023, Isetan Mitsukoshi began outsourcing operations to Sapporo Marui Mitsukoshi, which launched its Contact Center business (service handling inquiries from customers by phone and e-mail). In order to enhance our services and improve the profitability of the Group as a whole, rather than outsourcing work to outside companies, we are working to reform our organizational personnel by assigning Group employees with a high level of customer service skills to the Contact Center, a department that serves as a point of contact with customers.

▼Isetan Mitsukoshi Contact Center at Sapporo Marui Mitsukoshi, which opened in April 2023



CFO's Message



We will strive to increase corporate value by pursuing a capital policy that allows us to also invest for future growth while maintaining a stable financial base.

Yoshinori Makino

Director, Managing Executive Officer, Chief Strategy and Digital Officer and CFO

Review of FY2022 and direction of future financial policy

In FY2022, the Group made effective and strong progress in its income and expenditure structural reforms based on the “Scientific analysis of department stores,” its “High sensitivity, fine quality” strategy, and its “CRM strategy connecting with individual customers.” This resulted in consolidated operating income of 29.6 billion yen, a level well above the initial plan and higher than in FY2018, before the COVID-19 pandemic. Consolidated ROE, which we have set as a financial KPI, was 6.1%, ahead of the planned value of 5.3% for the final year of the Medium-Term Management Plan (FY2024).

In response to the changing business environment, in order to further enhance corporate value, our future financial policy will address the three elements of improving business profitability, balance sheet optimization, and capital efficiency as interrelated rather than independent items. At the same time, we will also work to maintain a balance between providing shareholder returns, reducing interest-bearing debt, and making investments that contribute to earnings, while securing sufficient capacity for medium- and long-term investments. Through these efforts, we will seek to build an optimal financial base, both in terms of flow and stock, which will lead to corporate activities that build good relationships with all stakeholders.

Financial KPIs

i) Operating income and net income

[FY2023] Operating income exceeded maximum profit after integration of 34.6 billion yen, plan ahead of the original plan of 35 billion yen for FY2024. Net income temporarily decreased due to the impact of tax effect accounting in FY2022.

[FY2024] Operating income revised upward to 40 billion yen, up 5 billion yen from the original plan. In addition, net income was revised upward to 33 billion yen, up 5 billion yen from the original plan.

ii) ROE: ROE is expected to be 5.0% in FY2023 and 5.7% in FY2024, but it will respond more flexibly to future capital policies.

(Unit: Billions of yen)

	Initial plan (Disclosed November 2021)	FY2022		FY2023		FY2024		
	FY2024	Actual	Year-on-Year change	Planning	Year-on-Year change	Planning	Year-on-Year change	Initial plan difference
Gross sales	1,110.0	1,088.4	+176.3	1,140.0	+51.5	1,180.0	+40.0	+70.0
Selling, general and administrative expenses	275.0	256.9	+19.1	266.0	+9.0	273.0	+7.0	-2.0
i) Operating income	35.0	29.6	+23.6	35.0	+5.3	40.0	+5.0	+5.0
ii) Net income	28.0	32.3	+20.0	28.0	-4.3	33.0	+5.0	+5.0
ii) ROE	5.3%	6.1%	+3.7%	5.0%	-1.1%	5.7%	+0.7%	+0.4%

*Although we have upwardly revised the planned figures for FY2023 to gross sales of 1,155 billion yen, operating income of 38.0 billion yen, recurring income of 40.0 billion yen, and net income of 30.0 billion yen (as of the announcement of 1Q results for the fiscal year ending March 2024), this report shows the figures of the annual plan as announced on May 9, 2023 to ensure consistency of the overall figures.

Three elements of our financial strategy

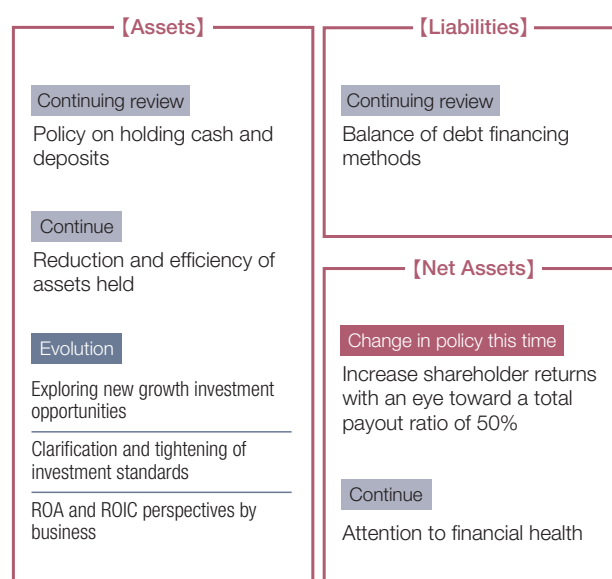
Our financial strategy will focus on the following three elements.

① Business profitability improvement ② Balance sheet optimization ③ Capital efficiency

With regard to ①, we will continue to control expenses in department stores and related businesses through a scientific perspective, while also improving non-operating income. With respect to ② and ③, we will move forward with the execution of more specific policies as a shift to balance sheet-conscious management.

Shift to balance sheet-conscious management

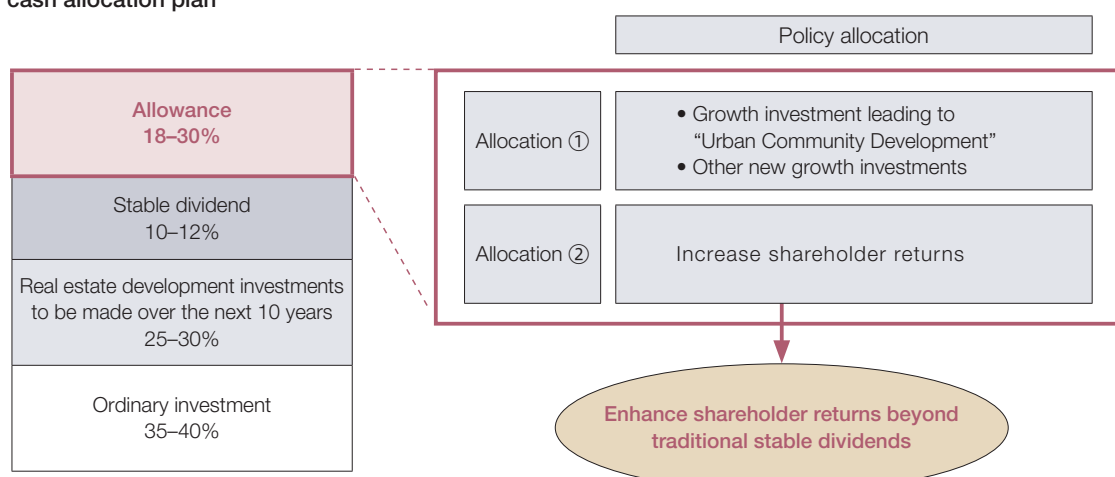
We will continue efforts to reduce and streamline our asset holdings and control interest-bearing debt, with the aim of achieving an appropriate balance sheet from the standpoints of efficiency and soundness. We will also pursue opportunities for growth investments while rigorously evaluating their effectiveness and efficiency. In addition, to ensure an appropriate level of shareholder returns, we have been mindful of a new target of a 50% total return ratio, and have set the annual dividend for FY2022 at 14 yen per share, up from 12 yen per share, the level prior to the COVID-19 pandemic. In the future, too, we will look to expand shareholder returns, with a focus on increasing dividends in line with profit growth. Going forward, we aim to maintain a consolidated ROE that continuously exceeds the cost of shareholders' equity by controlling our balance sheets in tandem with the expansion of profits from our businesses, while also paying attention to our financial soundness.



Strategic phase and cash allocation planning

The cash we acquire during the Revitalization Phase of the current Medium-Term Management Plan and the Deployment ("Preparation" for Urban Community Development) Phase beginning with the next Medium-Term Management Plan will be allocated to future investments in urban community development, while the allowance generated from these investments will be allocated to new growth investments and further shareholder returns. We will properly evaluate investments in content and infrastructure that will lead to "Urban Community Development" and other investments based on quantitative and qualitative criteria, while maintaining a balance with shareholder returns.

10 year cash allocation plan

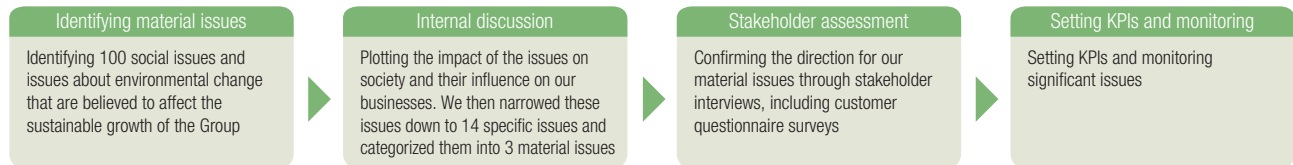


Sustainability

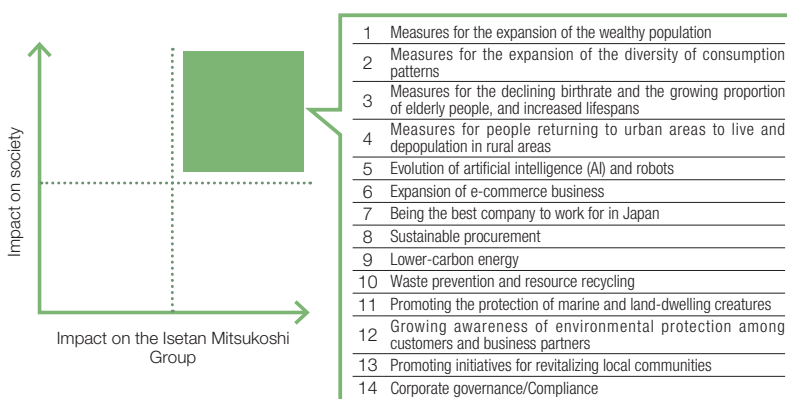
Process for Identifying Priority Initiatives (Materialities)

At Isetan Mitsukoshi Holdings, priority initiatives (Materialities) were identified in FY2018 based on discussions at management conferences (current Board of Executive Officers), the opinions of external advisors, and the findings from customer questionnaire surveys.

We are reviewing our materialities in light of changes in the external environment, feedback from our stakeholders, and the reorganization of our Corporate Philosophy.



◆ Issues with a significant impact on society and the Group's businesses



◆ Customer questionnaire survey conducted in February and March 2023

n=4,821

We conducted online survey of Isetan Mitsukoshi app members, in which we asked them about such things as their expectations of Isetan Mitsukoshi regarding sustainability activities and social issues of interest to them.

Sustainability initiatives that customers most want the Isetan Mitsukoshi Group to take

- 1 Reduction of food waste **18.9%**
- 2 Guaranteeing product quality and safety and accurate labeling **13.5%**
- 3 Reduction of CO₂ emissions from stores and corporate activities, including energy conservation **11.6%**

Other top choices included promotion of reuse/recycling and the reduction of packaging materials, indicating a growing level of expectation for environmental issues.

Targets and Progress of Priority Initiatives

Materiality	Approach	Current status	Target for FY2024	Target for FY2030
Priority Initiative 1 Connecting People and Local Communities	Co-creation with local communities Promoting and passing on culture and tradition Connecting with people to carve a new future	Collaborate with various stakeholders surrounding the department store & retail industry, such as local governments and industry, to improve the attractiveness of communities and to pass on culture and traditions.	Propose new values and connect Japanese technology and traditional culture to the next generation, while bringing people and communities together through products and services by leveraging our network of stores and product procurement capabilities in Japan and overseas.	Work together with local communities to realize new urban development centered on department stores, making the most of the city's attractions.
Priority Initiative 2 Connecting a Sustainable Society and the Times	Achieving a carbon-neutral society Supply chain management	Greenhouse gas emissions (FY2022 preliminary results/ vs. FY2013) Down 44.81% Implementation of questionnaire with business partners 292 companies responded (51%) Dialogue with business partners 34 companies (FY2022 results)	Conversion to LED lighting in supporting divisions Change to high-efficiency equipment through our long-term maintenance plan Promote energy saving by introducing equipment systems that incorporate new technologies Disclose and explain Isetan Mitsukoshi Group Procurement Policy to all business partners and encourage the holding of dialogues on issue sharing and resolution Establish solid human rights due diligence processes Conduct human rights education for all employees	Greenhouse gas emissions (vs. FY2013) Down 50% Ratio of renewable energy introduced (Percentage of electricity used at domestic department store business) *At Company-owned properties in the domestic department store business: 100% 60% Isetan Mitsukoshi Group Procurement Policy penetration rate among employees and business partners 100%
Priority Initiative 3 Improving the Satisfaction of Employees	Promoting diversity & inclusion Promotion of lifelong CDP Realizing Life-work balance Communication	Ratio of female managers *Group total (as of April 1, 2023) 30.6% Ratio of employees with disabilities Isetan Mitsukoshi Ltd. and major Group companies in the Tokyo metropolitan area (as of June 1, 2023) 2.83% Companies achieving between 1,700 and 1,800 total working hours per year (Target 23 Group companies) (FY2022 results) 39.1% Percentage of male employees taking childcare leave Isetan Mitsukoshi Ltd. (FY2022 results) 97.4% Employee engagement survey response rate *Across the Group (FY2022 results) 100%	Ratio of female managers *Across the Group 33.0% Ratio of employees with disabilities Isetan Mitsukoshi Ltd. and major Group companies in the Tokyo metropolitan area 3.00% Companies achieving between 1,700 and 1,800 total working hours per year *Target 23 Group companies 80.0% Percentage of male employees taking childcare leave Isetan Mitsukoshi Ltd. 100% Employee engagement survey response rate *Across the Group 100%	Ratio of female managers *Across the Group 38.0% Ratio of employees with disabilities Isetan Mitsukoshi Ltd. and major Group companies in the Tokyo metropolitan area 3.50% Companies achieving between 1,700 and 1,800 total working hours per year *Target 23 Group companies 100% Percentage of male employees taking childcare leave *Across the Group 100%

For details of the Group's sustainability initiatives, please refer to the Isetan Mitsukoshi Holdings Website Sustainability. The Sustainability Report 2023 (Japanese version) is planned to be released in December 2023. The Website (English version) will be updated in February 2024.

<https://imhds.disclosure.site/en>



Priority Initiative ① Connecting People and Local Communities

Concept

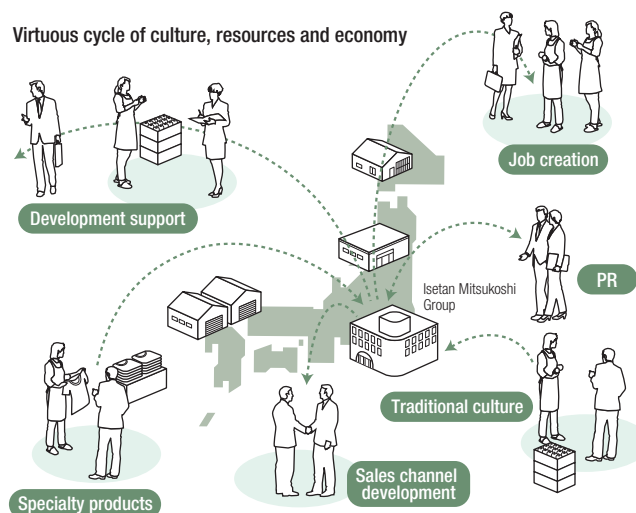
Aiming for the sustainable development of society and economy, the Group engages in various activities as a member of the local community. Through active communication with the people and communities around us and active participation of each of our employees, we seek and practice what we can do by leveraging our unique strengths as a Group with a department store business at its core. Specifically speaking, we carry out activities to revitalize local communities, social contribution activities centered on fundraising, cultural and traditional projects, and next generation development. We will continue to promote a trusting relationship with local communities.

Vision

We will leverage the Group's strengths, including our extensive store network in Japan and overseas and product/service procurement capabilities, to connect Japanese technology and traditional culture to the next generation through goods and services. We will also propose solutions to social issues and new values by bringing people and the community together.

Initiatives

To help customers enrich their lifestyles, we take initiatives and connect people with many areas. This includes the creation of opportunities to feel the emotions and aesthetics of people and the introduction of the local cultures, traditions, and specialties of many regions.



◆ Co-creation with local communities

We actively engage with local stakeholders, working mainly through our department stores to address social issues specific to each region and to promote local production for local consumption.

We are also committed to promoting regional revitalization, such as the introduction of local specialty products through our online business utilizing such schemes as Isetan Mitsukoshi Hometown Tax, corporate business, and gift business.

◆ Promotion and succession of culture and tradition

To help customers enrich their lifestyles, the Group continues to organize and host events so that anyone can experience the fascination of culture. In addition to art exhibitions such as “Haru no Inten (Japanese Painting Exhibition)” and “Japan Traditional Kogei Exhibition,” we hold international exhibitions introducing foreign cultures, and product exhibitions introducing famous products from individual regions across Japan.

In recent years, we are also working to disseminate the values of Japan's world-class cultural assets and contribute to their conservation through collaboration with national museums and museums of art.

TOPICS

MOO:D MARK by ISETAN

This is an e-commerce site where you can use the Social Gift* service. Under this scheme, we support the revitalization of local communities through the sale of gifts online. Utilizing the merchandising capabilities and networks that we have cultivated over the years, we work together with producers and manufacturers of outstanding food products and crafts on everything from support for product development to PR, sales, and analysis of the results of these efforts.

This project, which began in 2020, continues to grow significantly.

Our work with local businesses starts with our buyers, who travel across Japan in search of local specialty products. Leveraging their wealth of experience as department store buyers, they provide product development support while engaging in dialogue with businesses on approaches and combinations that meet the potential needs of our customers.

In our work with producers in Wakayama Prefecture, we have supported the development of umeboshi (pickled plum) gifts that can be enjoyed by the younger generation through a series of trials. Covering all stages from product selection to packaging methods and package design, our assistance in product development has been extremely well-received.

Through this initiative, we aim to contribute to regional revitalization by promoting the charms of regions and helping businesses create a system to generate ongoing revenue.

*Social Gift: A service that allows you to send gifts to people whose addresses you do not know via social media, e-mail, or other means



MOO:D MARK by ISETAN
<https://isetan.mistore.jp/moodmark>

Concept

The impact on our business of environmental issues, especially the recent risk of disasters associated with climate change, and risks involving human rights in society, has been increasing year by year. In order to overcome such social issues and help create a sustainable society for the future, the Isetan Mitsukoshi Group is committed to reducing its environmental impact, including reducing greenhouse gas emissions and recycling resources. In addition, we will engage in procurement activities that take into consideration environmental and human rights issues, and provide safe and secure products and services.

Initiatives

◆Supply chain management

Efforts in the 4Rs toward a Recycling-Oriented Society ...P.40

Responsible ProcurementP.41

◆Achieving a carbon-neutral society

Working to Achieve a Carbon-Neutral SocietyP.42

Response to Climate Change and Information Disclosure
According to the TCFD RecommendationsP.43

Efforts in the 4Rs toward a Recycling-Oriented Society

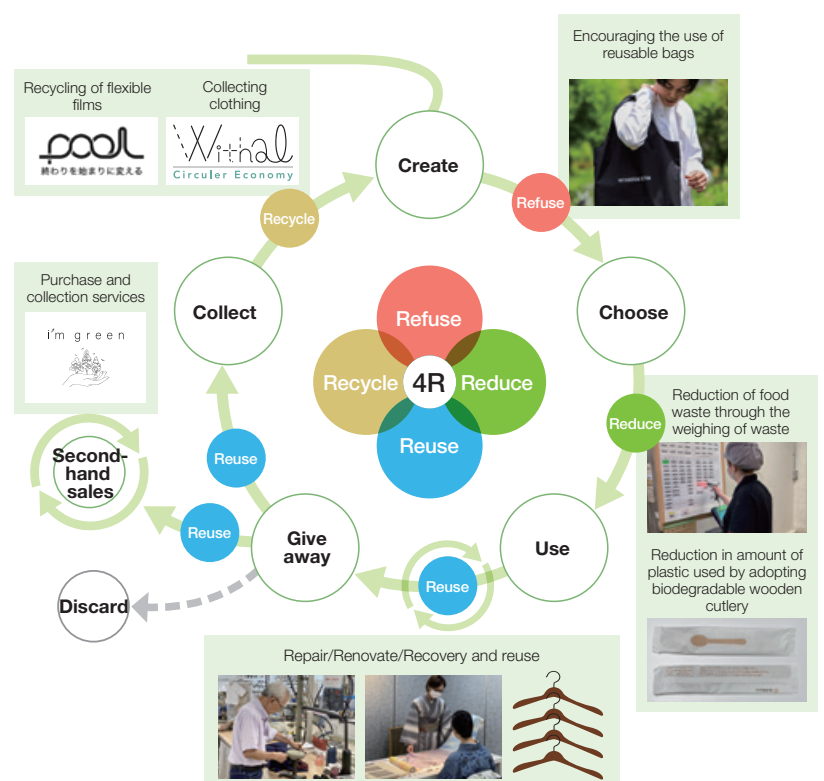
Mass production, mass consumption, and mass disposal have brought about a range of negative externalities, including climate change. To overcome these issues and build a sustainable society, we must make the transition to a recycling-oriented society. In addition, these issues are attracting increasing interest from customers and other stakeholders.

The Isetan Mitsukoshi Group is working to reduce its environmental impact, create new opportunities for services, and reduce costs through initiatives aimed at creating a recycling-oriented society.

4R=Refuse/Reduce/Reuse/Recycle

Refuse	<p>We provide customers with choices that have been tailored to their individual purpose.</p> <p>Reduce total packaging materials by refusing shopping bags, opting for smart wrapping and online receipts, etc.</p>
Reduce	<p>We reduce the amount of waste by reviewing production and ordering processes.</p> <p>Achieving appropriate inventory through sales on orders, reducing the amount of plastic items, etc.</p>
Reuse	<p>We propose lifestyles that use products carefully over a long period of time.</p> <p>Repair and remake, repurchase and redistribute clothing, etc.; collect and reuse of hangers, etc.</p>
Recycle	<p>Instead of burning waste, we turn it into new resources.</p> <p>In addition to converting left-over food from stores into feed, fertilizer, and fuel, we are also involved in the material recycling of flexible films, collect secondhand clothing from customers, make original bags from recycled fiber, etc.</p>

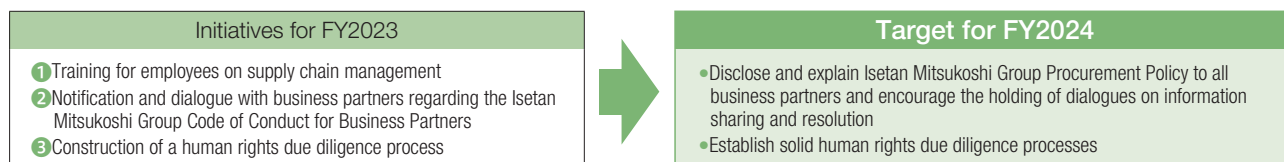
Group resource recycling and 4R efforts We offer a wide range of options to customers in using/giving away items.



Responsible Procurement

In its corporate philosophy our Group pledges to always choose sound procurement methods and fulfill its social responsibilities. To this end, we are working with our partners to build a sustainable supply chain that takes human rights and environmental issues into consideration.

To date, we have established the Isetan Mitsukoshi Group Human Rights Policy and the Isetan Mitsukoshi Group Procurement Policy, both in FY2018. In January 2022, we launched a supply chain working group to discuss how we can contribute to solving social issues in the supply chain. In FY2023, we decided on a policy based on discussions held in this working group, and are implementing the following initiatives.



Overhaul of Policies

◆April 2023: Revised the Isetan Mitsukoshi Group Human Rights Policy and the Isetan Mitsukoshi Group Procurement Policy

We updated statements on social issues to be addressed by the Group in light of changing social trends, in addition to references to international norms and domestic and international guidelines.

◆June 2023: Established the Isetan Mitsukoshi Group Code of Conduct for Business Partners

We established this policy to specify items that we would like our business partners to address in order to implement sustainable procurement activities, and ask for their cooperation in this regard. This information is disclosed on our website and is being disseminated to all our stakeholders.



Isetan Mitsukoshi Group Sustainability Policy <https://imhds.disclosure.site/en/themes/197#1255>

◆Dissemination of policies to employees

We conducted training through e-learning to ensure that employees understand the contents of the updated policies, and are able to put the policies into practice in procurement activities, etc. Training resources explain the background of the need for responsible procurement, the initiatives our Group is involved in, and the importance of employees having a sense of awareness of these policies.



Conduct e-learning for employees

Communication with business partners

◆Notification of Isetan Mitsukoshi Group Code of Conduct for Business Partners

To elicit the understanding and participation of our business partners, we have sent the Code of Conduct for Business Partners and explanatory materials to approximately 6,000 companies, mainly those involved in the department store business, the main business of our Group.

◆Engage in dialogue with business partners

Buyers, mainly from the Isetan Shinjuku Main Store and the Mitsukoshi Nihombashi Main Store, hold dialogue with business partners. This dialogue is aimed at promoting understanding of our policies, helping us to better grasp the situation of business partners, and working with them to build a relationship that can respond to social issues that can affect supply chains.



Seminar for buyers on dialogue with business partners

Going forward, we plan to conduct a questionnaire on procurement among our major business partners to monitor the degree of penetration of our policies and the progress of their initiatives. Based on the analysis of the questionnaire results and dialogue, we will determine the order of priority of risks in the supply chain that should be addressed by the Group, which will help us to implement human rights due diligence and promote initiatives to realize responsible procurement activities.

Sustainability

Working to Achieve a Carbon-Neutral Society

The Isetan Mitsukoshi Group is working toward its Long-term Environmental Targets goal of achieving virtually zero greenhouse gas emissions by 2050, and is taking measures to combat climate change based on the three pillars of energy conservation, energy creation, and renewable energy.

We are further promoting energy conservation efforts at all Group companies by actively adopting new technologies while shifting investment priorities on the long-term, medium-term, and short-term time frames of our long-term maintenance plan. We also believe that the stable procurement of electricity and other energy sources is a very significant risk. As such, along with efforts to create energy and switch to renewable energy sources, we will work to strengthen our resilience.

Progress and Initiatives in FY2023

Greenhouse gas emissions (under third-party verification)

FY2022 preliminary results (vs. FY2013) **Down 44.81%**

Our Group's efforts to combat climate change are centered on the three pillars of energy conservation, energy creation, and renewable energy. In addition to energy creation, the facilities for which will become fully operational in FY2023, we will focus on energy conservation, an effective way to reduce energy and greenhouse gas emissions.

Initiatives

- Conversion to LED lighting in back offices of department stores
- Change to high-efficiency equipment through our long-term maintenance
- Introduction of AI smart air-conditioning system at Isetan Shinjuku Main Store
- Promotion of energy creation on roof of Isetan Mitsukoshi Logistics Center (Tokorozawa)

Initiatives

● Energy creation

Following on from Isetan Shinjuku Main Store and Mitsukoshi Ginza Store, we commenced an initiative to create energy using the rooftop of Isetan Mitsukoshi Logistics Center (Tokorozawa City, Saitama Prefecture) in February 2023. We plan to generate a quarter of the electricity used at the Logistics Center. By taking this step, we expect to reduce approximately 230 tons of CO₂ per year.



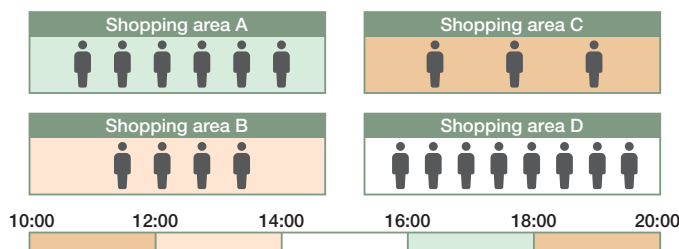
Solar power generation through on-site PPA on the roof of Isetan Mitsukoshi Logistics Center

● Energy conservation

At the Isetan Shinjuku Main Store, we are working to introduce an AI smart air-conditioning system to reduce annual energy consumption for air conditioning on each floor by 50% compared to the previous system.

We will gradually expand this system after completing the tests to verify its effectiveness on the basement food floor.

(Example) Food floor



AI analyzes congestion and time of day, and adjusts the air conditioning environment to suit each sales floor



Environmental measurement sensors, Isetan Shinjuku Main Store
Left: CO₂ sensor Right: Temperature and humidity sensor

Response to Climate Change and Information Disclosure According to the TCFD Recommendations

The Isetan Mitsukoshi Group regards action on climate change as an important issue for continuous operation of our business. In FY2018, the Group identified Priority Initiatives (Materialities) for helping realize a sustainable society through its business. In FY2021, we have declared our support for the Task Force on Climate-related Financial Disclosures (TCFD), and make disclosures in accordance with this framework.



Governance	<p>Important matters concerning sustainability are discussed and resolved by the Board of Executive Officers, and then reported to the Board of Directors. The Sustainability Promotion Meeting, chaired by the CEO, checks the progress of initiatives and spreads awareness of them throughout the Group. In addition, the Sustainability Promotion Section Meeting, chaired by the CAO (concurrently CRO and CHRO),* has been established to examine specific measures to be taken for each issue. Furthermore, six working groups have been established under the umbrella of the Sustainability Promotion Section Meeting to enhance the effectiveness of our efforts.</p> <p>CAO: Chief Administrative Officer CHRO: Chief Human Resource Officer</p>
Strategy	<p>We envisioned a world where temperatures have risen by 4°C, representing an extension of the current situation where climate change countermeasures have not progressed as far as expected, and a world where temperatures have risen by less than 2°C, indicating that climate change countermeasures have progressed and the goals of the Paris Agreement have been realized. In our analysis of the scenarios, we have made reference to several existing scenarios.</p>
Risk management	<p>We evaluate, analyze, and decide how to deal with both the climate-change risks and opportunities of individual processes. In addition, risks and opportunities related to climate change are discussed at the Sustainability Promotion Meeting and Sustainability Promotion Section Meeting, and are shared with each company and division.</p>
Indicators and targets	<p>We have set out two indicators for managing climate-change-related risks and opportunities: Scope 1 and 2 greenhouse gas emissions, and the ratio of renewable energy introduction.</p> <p>2030: 50% reduction in greenhouse gas emissions from 2013 levels Ratio of renewable energy introduced (Percentage of electricity used at domestic department store business) 60%</p> <p>2050: Virtually zero greenhouse gas emissions Ratio of renewable energy introduced (Percentage of electricity used at domestic department store business) 100%</p>

The world in 2030			Impact on business operation	Average global temperature rise	
				Less than 2°C	4°C
Risks	Physical risks	Extreme and abnormal weather events	<ul style="list-style-type: none"> Financial risk of loss incurred due to Group stores being damaged by extreme weather events Risk of reduced sales due to stores being unable to operate because of typhoons and other weather events Risk of reduced sales because products cannot be procured due to disruption of the supply chain 	▼▼	▼▼▼
	Transitional risks	Advancement of global warming	<ul style="list-style-type: none"> Risk of reduced sales of cold protection and other goods Risk of reduced sales due to reduced customer traffic as consumers avoid going out in the heat 	▼	▼▼▼
		Introduction of carbon pricing	<ul style="list-style-type: none"> Increase of energy costs Additional capital expenditure and other costs required for reducing greenhouse gas emissions Increase of product procurement costs 	▼▼▼	▼▼
Opportunities	Changes in consumer behavior		<ul style="list-style-type: none"> Rise in interest in environmentally conscious consumption and responses to that rise 	△△△	▼
	Achievement of energy conservation		<ul style="list-style-type: none"> Financial effect of reduced energy costs 	△△	△
	Evaluation of corporate value		<ul style="list-style-type: none"> Improved reputation among stakeholders and the public by striving to become an environmentally friendly business 	△△	△

▼: Increase of business risk △: Increase of business and revenue opportunities

Scenarios referenced

Scenario title	Publisher	Scenario title	Publisher
Representative Concentration Pathway 8.5/2.6°C-4.8°C	IPCC 2015	Beyond 2°C Scenario	IEA
Stated Policies Scenario	WEO	Representative Concentration Pathway 2.6/0.3-1.7°C	IPCC 2014
Reference Technology Scenario	IEA	World Energy Outlook	IEA
Sustainable Development Scenario	WEO	Recommendations on Flood Control Planning in Light of Climate Change	MLIT

Sustainability

Priority Initiative ③ Improving the Satisfaction of Employees

Concept

In FY2023, we established the Isetan Mitsukoshi Group Corporate Philosophy. The Isetan Mitsukoshi Group Corporate Philosophy expresses what kind of value the Group can contribute to society, the kind of image we aim to project, and our raison d'être.

All our initiatives concerning human capital will be based on this Isetan Mitsukoshi Group Corporate Philosophy.

Vision

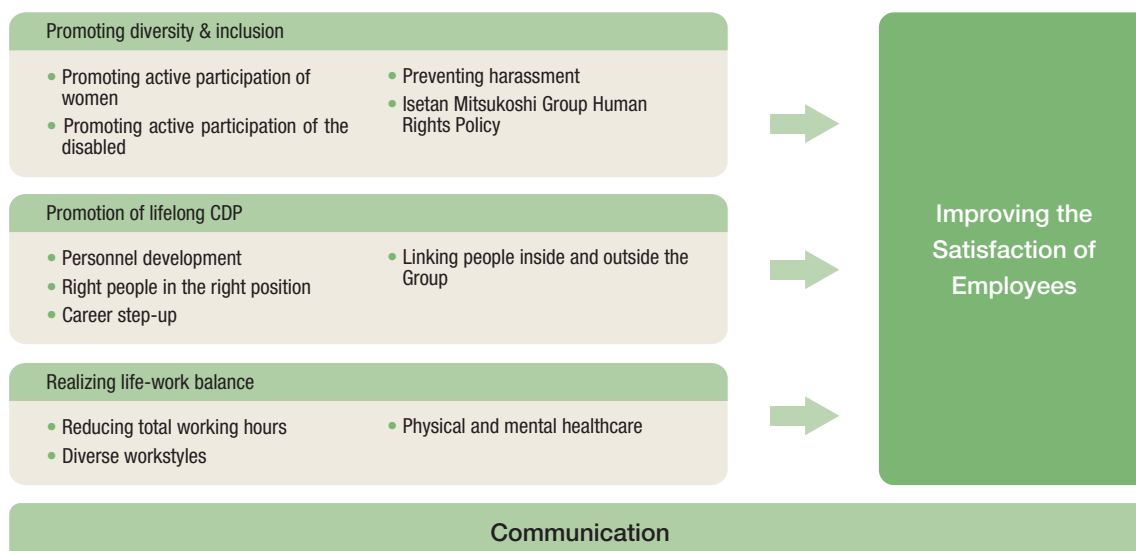
"Touching people's hearts with human-driven experiences" is the mission we have set forth in the Isetan Mitsukoshi Group Corporate Philosophy. In line with this mission, based on the belief that the growth of each and every employee and the maximization of their capabilities will lead to the growth of the Isetan Mitsukoshi Group, we will aim to achieve further corporate growth through the growth of individuals by providing job satisfaction and a comfortable working environment for employees (improvement of employee engagement).

Long-Term Goals and Current Status

	Current	Target for FY2024	Target for FY2030
Promoting diversity & inclusion	Ratio of female managers *Across the Group (as of April 1, 2023) 30.6%	Ratio of female managers *Across the Group 33.0%	Ratio of female managers *Across the Group 38.0%
	Ratio of employees with disabilities *Isetan Mitsukoshi Ltd. and major Group companies in the Tokyo metropolitan area (as of June 1, 2023) 2.83%	Ratio of employees with disabilities *Isetan Mitsukoshi Ltd. and major Group companies in the Tokyo metropolitan area 3.00%	Ratio of employees with disabilities *Isetan Mitsukoshi Ltd. and major Group companies in the Tokyo metropolitan area 3.50%
Promotion of lifelong CDP	Companies achieving between 1,700 and 1,800 total working hours per year (*target 23 Group companies) (FY2022 results) 39.1%	Companies achieving between 1,700 and 1,800 total working hours per year *Target 23 Group companies 80.0%	Companies achieving between 1,700 and 1,800 total working hours per year *Target 23 Group companies 100%
Realizing life-work balance	Percentage of male employees taking childcare leave *Isetan Mitsukoshi Ltd. (FY2022 results) 97.4%	Percentage of male employees taking childcare leave *Isetan Mitsukoshi Ltd. 100%	Percentage of male employees taking childcare leave *Across the Group 100%
Communication	Engagement survey response rate *Across the Group (FY2022 results) 100%	Engagement survey response rate *Across the Group 100%	

Initiatives

We utilize regular quantitative surveys to clarify organizational and individual issues, as well as to undertake initiatives to make improvements in a unified manner through close communication between management and each department.



Promoting diversity & inclusion

Promoting active participation of the disabled

The Isetan Mitsukoshi Group will continue to adhere to its principle of employing people with disabilities, in the hope of ensuring that people with disabilities are given opportunities to demonstrate their abilities in their professional lives as members of the social economy.

- Employment at Isetan Mitsukoshi SOLEIL
- Employment at Aisei, a subsidiary of Iwataya Mitsukoshi
- Registered as a Tokyo Metropolitan Government "Barrier-Free Mind" support company



Using creative ideas and consideration to create a rewarding workplace where people with disabilities can take on challenges

Many of those who work at Isetan Mitsukoshi SOLEIL have severe intellectual disabilities. However, despite this, they have outstanding concentration skills and the ability to accomplish basic, repetitive tasks. These employees are often not much different from able-bodied employees and are tasked with the processing and production of gift ribbons and wrapping materials that are presented to our customers.

Their ultimate goal is not to become specialists who master a single task. They are trying to be all-rounders who can handle all of the more than 100 set jobs and tasks. They rotate to a different job every day, and once they have learned one job, they are ready to take on the next challenge, always striving to reach new goals.

Although manuals exist for each operation, every worker has his or her own way of learning the process. Therefore, they create their own original "work notebooks," which they use as their own personal textbooks to check the procedures and proceed with the work. The pages that increase each time they take on a new task are evidence of their efforts. I am very proud and happy to see them discussing their progress with their coworkers, chatting about how many tasks they have mastered.

Wataru Miyairi, President and Representative Director, Isetan Mitsukoshi SOLEIL Co., Ltd.



Promotion of lifelong CDP

Promotion of lifelong CDP CDP = Career Development Program

Based on the concept of lifelong CDP, the Company and the organization work together to provide employees with various opportunities for growth and support tailored to each individual's career phase. This creates a complex system that simultaneously realizes growth for both the individual and the Company.

- MANABI NO MORI (e-learning)
- Self-reporting
- Internal open calls
- Applying for challenging work
- Temporary transfer within and outside the Group, etc.



Working at the forefront of customer contact by applying for challenging work, a system which enables employees to carve out their own careers

In April 2023, I was transferred to the Isetan Private Sales Department, Private Sales Group by applying for challenging work. Since joining the Company, I have worked in several stores, including a secondment to Takamatsu Mitsukoshi. Most recently, I had been working as a member of staff in a back office. While it was very rewarding to learn different perspectives than those I gained on the shop floor, I gradually began to feel a sense of distance from the storefront and customers, which made me feel lonely.

It was then that I remembered the words of a respected senior colleague, "You must carve out your own career." This made me rethink what it is that I really want to do. As was my motive for joining the Company, I recalled my desire to do work that would leave a lasting impression on the important pages of people's lives. This spurred me on to apply for challenging work in the Private Sales Group, where I could have direct contact with customers.

Having actually moved to my new position, I found that things were not as I had imagined them to be, and each day has been a series of trials and tribulations.

Nevertheless, I spend my days with the support of customers' words of gratitude and the support of my colleagues. I am grateful to be in this environment, and would like to accumulate efforts and experiences one by one, bringing me closer to making another page in customers' lives.

Tomohiro Hayakawa, Isetan Private Sales Department, Private Sales Group, Direct Sales Management Department, Isetan Mitsukoshi Ltd.



Life-work balance

Promoting women's participation in the workplace and enabling them to achieve life-work balance

It is essential that women, who make up approximately 70% of the Group's workforce, play an active role in the Company. We will continue working to create an environment in which women at various stages of their lives can work with a sense of fulfillment and comfort by enhancing our systems and support, and fostering an organizational culture and awareness among individual employees conducive to this.

- Reducing total working hours
- Enhanced system of shortened working hours for childcare
- Promotion of taking annual paid leave
- Promotion of telework, etc.



My wish to become a supportive parent who cherishes the feeling of gratitude

After maternity and childcare leave, I returned to work in 2023, taking advantage of the system of shortened working hours for childcare.

I am now in charge of planning for the Food Product Department at the Nihombashi Main Store, and am involved in the formulation of medium- to long-term plans for shop floors, media production, etc. From the time I joined the Company, I was surrounded by many senior colleagues who were actively working while raising children. As such, I had an image of what it would be like after returning to work, so I was not worried about coming back.

I love Isetan Mitsukoshi, as it is a great place for people of all generations, and I hope that it will continue to be here when my daughter grows up and my grandchildren after that. For that reason, I would like to continue to work in a job that allows me to be involved in the store.

I am grateful that I am now able to work as I am, with the support of those around me. Various life events can happen to anyone, not only childcare but also nursing care, illness, and so on. I think it is important to have the option for flexible work styles that allow people to continue with their careers in such eventualities, and to have a culture of mutual support. I hope that when my children grow up, I will be the one to support them.

Emiri Yahiro, Merchandise Manager, Sales Department 1, Sales Management Division, Isetan Mitsukoshi Nihombashi Main Store, Isetan Mitsukoshi Ltd.



Special Feature: Human Capital



Direction of medium- to long-term human resource strategy

Akira Kimbara

Managing Executive Officer, CAO, CRO and CHRO

CAO: Chief Administrative Officer CHRO: Chief Human Resource Officer

Innovation centered on people that has continued for 350 years since the Company's founding

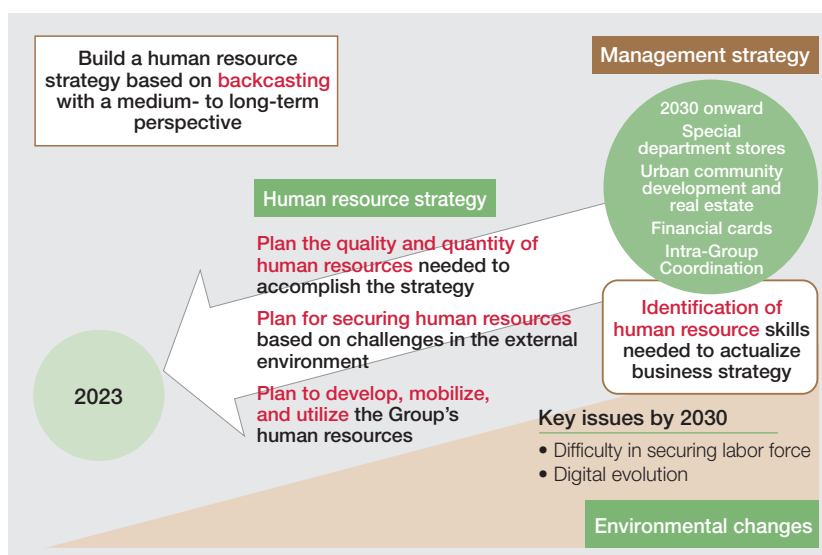
For over 350 years since our founding, we have been moving the hearts and minds of our customers by staying half a step ahead of the times and continuously proposing new, affluent lifestyles and culture.

Over the years, we have been able to achieve sustained growth because we have positioned the capabilities of each and every employee as our most important capital, and have sought to maximize the value of that capital. In pursuing the Isetan Mitsukoshi Group's raison d'être in a new era, we will further enhance the capabilities of our people, encouraging the emergence of diverse members and continuing to take on the challenge of innovation in the future.

Establishment of human resource strategy to realize medium- to long-term management strategies

In May 2023, we reorganized our Group Corporate Philosophy to clarify once again our raison d'être (mission) and the thoughts and actions we place importance on (values), which will help us achieve our vision. We will take this opportunity to restructure our medium- to long-term human resource strategy by aligning it more closely with our corporate philosophy and medium- to long-term management strategies.

Our medium- to long-term management strategies will see us move toward a more long-term, broad-based approach to intra-group coordination and urban community development, while leveraging the strengths of our special department stores. We will establish a medium- to long-term human resource strategy with a view to creating a corporate culture and organizational climate that will allow the human resources who will lead the future to continue to demonstrate their abilities 10 to 20 years down the road, and to build a unique corporate group that will last into the future, centered on the capabilities of its people.

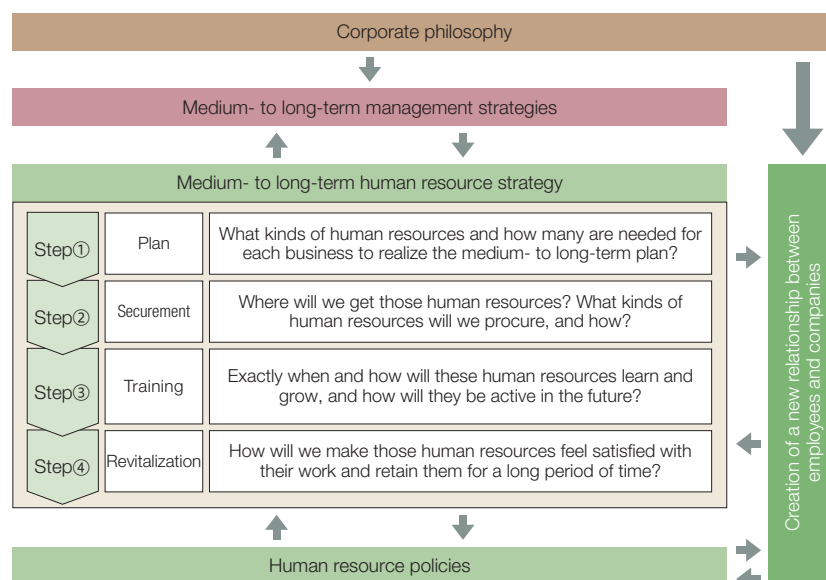


Steps to consider medium- to long-term human resource strategy

In establishing a medium- to long-term human resource strategy, it is necessary to define a new relationship between employees and the Company with a view to fostering a corporate culture that is in line with our new corporate philosophy. After that, the plan will be divided into a human resource strategy aimed at realizing the management strategy, and a human resource policy, which will serve as the supporting structure for this.

In particular, the main human resource strategy will be broken down into four steps and considered in detail.

By verbalizing the new relationship between employees and companies within the Group, we will clarify expectations for employees and the responsibilities and roles of the Company and organization, as well as raise awareness of maximizing human resources throughout the Group, leading to improved productivity and the creation of innovation.



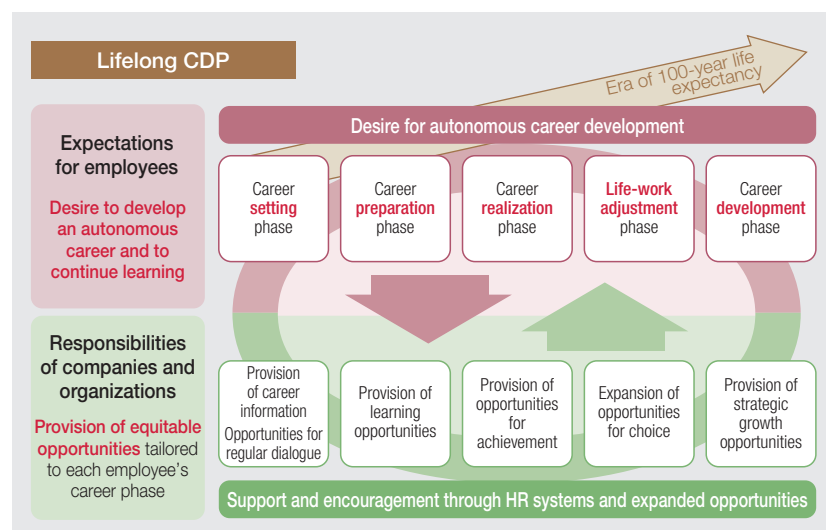
Lifelong career development program (CDP) system

In the human resource strategy step, we focus on training to draw out the strengths of employees. Our Group will continue to accompany employees from the time they join until the end of their careers with us, and will establish a lifelong CDP system tailored to each individual employee.

Through this system, companies create fair opportunities for each employee according to his or her career phase, and encourage their desire for autonomous career development and growth. At the same time, companies and supervisors will assess the growth qualities of each individual, and sometimes strategically transfer or assign them outside the Company to maximize their future potential, aiming for both personal growth and the growth of the Company in the medium to long term.

In order to create a unique company that will last into the future, it is essential to create an environment in which each and every employee is motivated to work and can grow and play an active role. The Group's companies, organizations, and supervisors will continue to maximize people's capabilities by earnestly addressing the lifelong CDPs of every employee, thereby creating new innovations. By continuing to implement this cycle, the Isetan Mitsukoshi Group's raison d'être will be enhanced even further. Touching people's hearts with human-driven experiences.

In order to become a corporate group that will continue to fulfill this mission for the next 350 years, we have positioned 2023 as a year of new beginnings. As such, we will work together with our employees, companies, and organizations to move forward together.



Corporate Governance

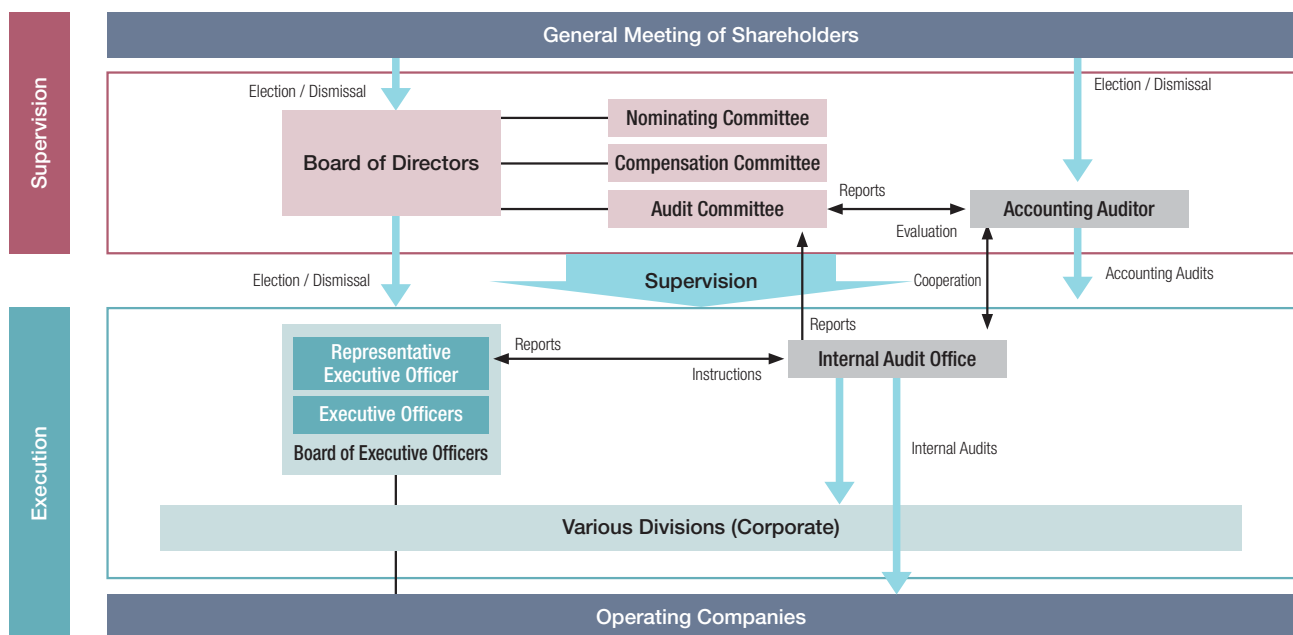
Basic Views

The Group is overhauling its corporate governance structure by ongoing efforts toward securing the transparency of our corporate activities, speeding up management decision-making, strengthening management oversight mechanisms and enhancing internal control systems. The Company has adopted a company with a nominating committee, etc., structure as its organizational design.

In order to build excellent relationships with customers, employees, shareholders and investors, business partners and the local and wider communities—our stakeholders—we examine the status of our corporate governance and make necessary improvements.

We have established the Isetan Mitsukoshi Corporate Governance Guidelines, which stipulate the Group's basic approach to corporate governance, the necessary framework, and operational guidelines.

Corporate Governance Structure



Timeline of our corporate governance

Trends in corporate governance in Japan	◆ Corporate Governance Code came into effect ◆ Revised Companies Act enforced (May 2015)			◆ Corporate Governance Code revised		◆ Revised Companies Act enforced (March 2021)	◆ Corporate Governance Code revised	◆ Transitioned to new market segment of the Tokyo Stock Exchange	
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Our initiatives	Company with an audit and supervisory board					Company with a nominating committee, etc.			
	◆ Established Corporate Governance Guidelines, a set of guiding principles for strengthening governance	◆ Commenced external directors meetings, a forum for the exchange of opinions among external directors ◆ Commenced evaluations of Board of Directors' effectiveness	◆ Increased the number of external auditors by one (from 2 to 3) ◆ Started reduction of cross-shareholding	◆ Appointed a female director ◆ Increased the number of external directors (from 3 to 4) ◆ Started issuing integrated reports	◆ Reviewed and discussed transition in institutional design	◆ Transitioned to a company with a nominating committee, etc., structure ◆ External directors became the majority in the composition of the Board of Directors ◆ Used a third-party organization to evaluate board's effectiveness ◆ Introduced a restricted stock compensation system	◆ External director appointed as chairperson of the Board of Directors ◆ Began disclosing skills matrix of directors ◆ Started issuing Sustainability Report ◆ Held a sustainability briefing session (Chairperson of the Board of Directors, CEO, and CAO spoke at this session)	◆ Appointed first female director from within the Company	◆ Established the Isetan Mitsukoshi Group Corporate Philosophy ◆ Conducted interviews with the Chairperson of the Board of Directors (External Director) and major shareholders
Ratio of external directors on the Board of Directors *excluding auditors	<div> <div></div> <div>Internal 5 members</div> <div>37.5%</div> <div>External 3 members</div> </div>			<div> <div></div> <div>Internal 5 members</div> <div>44.4%</div> <div>External 4 members</div> </div>		<div> <div></div> <div>Internal 6 members</div> <div>53.8%</div> <div>External 7 members</div> </div>	<div> <div></div> <div>Internal 3 members</div> <div>66.6%</div> <div>External 6 members</div> </div>	<div> <div></div> <div>Internal 4 members</div> <div>60.0%</div> <div>External 6 members</div> </div>	<div> <div></div> <div>Internal 3 members</div> <div>66.6%</div> <div>External 6 members</div> </div>

Board of Directors, System of Three Statutory Committees

■ Board of Directors

◆ Roles of the Board of Directors

In light of the Company's fiduciary responsibilities and accountability to shareholders, the Board of Directors will aim to promote the Group's sustainable growth and the enhancement of corporate value over the medium to long term by focusing on the establishment of general direction of the Group and the oversight/monitoring of business execution.

◆ Composition and skills matrix of the Board of Directors

We appoint directors in a way that ensures that the Board of Directors has both a broad perspective and an appropriate size. In addition to the experience and skills needed to monitor business operations and execute actions as a member of the Board of Directors, as well as to make decisions on important matters such as the Group's basic management policies and internal control systems, we identify the skills of directors by categorizing their expertise and business-related insights as "experience," "expertise," and "knowledge and know-how," which are essential for the realization of our vision and management plans.

☆ Chairperson ○ Areas of knowledge, experience and competence

● Areas where external directors are expected to contribute in terms of knowledge, experience, and abilities

Name			Committee			Skills						
			Nominating Committee	Compensation Committee	Audit Committee	Corporate management	Distribution, marketing	Global	DX, IT, security	Finance, accounting	Legal affairs, risk management, governance	Human resources, personnel management
Toshiyuki Hosoya	Reappointment					○	○	○				
Yuki Ishizuka	Reappointment	Non-executive			☆				○		○	○
Yoshinori Makino	New appointment					○			○	○		
Fukutaka Hashimoto	Reappointment	External and non-executive independent director	☆			●					●	●
Miwako Doi	Reappointment	External and non-executive independent director	✓	☆		●			●			●
Hidetoshi Furukawa	Reappointment	External and non-executive independent director	✓		✓	●		●		●		
Tomoko Ando	Reappointment	External and non-executive independent director		✓	✓	●	●					●
Hitoshi Ochi	New appointment	External and non-executive independent director	✓		✓	●	●		●			
Toshio Iwamoto	New appointment	External and non-executive independent director	✓	✓		●		●	●			

The Company's articles of incorporation stipulates that the number of directors shall not exceed 15. The number of directors shall be such that the functions of the Board of Directors can be effectively and efficiently demonstrated. In addition, the majority of the Board of Directors consists of independent external directors to ensure high objectivity and transparency in its supervisory function. All external directors satisfy the independence standards of the Company.

Furthermore, the regulations of the Board of Directors set out that the Board of Directors shall be chaired by a non-executive director, and the Board of Directors has been chaired by an external director since April 2021.

◆ Activities of the Board of Directors in FY2022

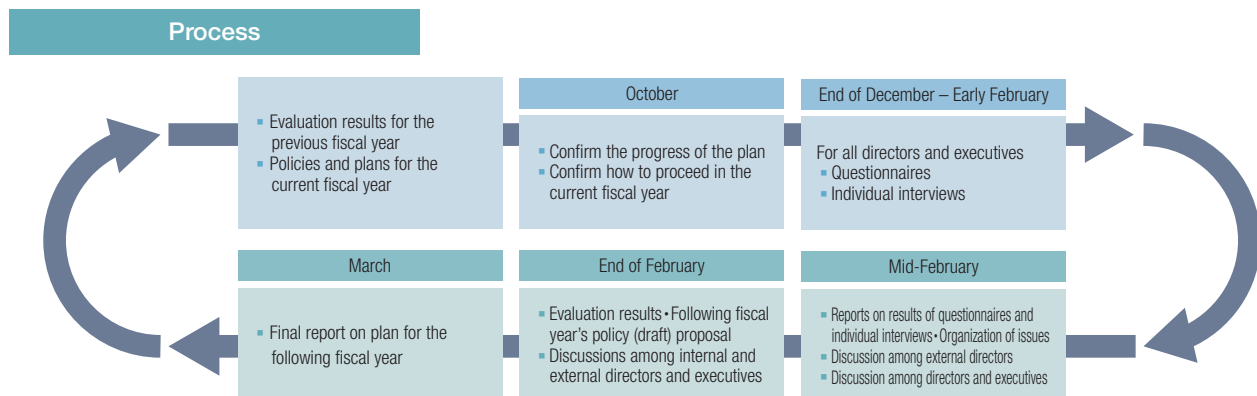
Board of Directors	Main roles: determination of the Group's direction from a broad perspective and the supervision and monitoring of the execution of business			
	Number of members and structure	Number of meetings held	Attendance rate	Meeting agenda
	<p>10 of whom 6 are external directors (60%)</p>	12	<p>100%</p>	<ul style="list-style-type: none"> ■ Resolutions and reports required under the Companies Act, our articles of incorporation, etc. ■ Deliberation on rebuilding the Group corporate philosophy ■ Monitoring of Medium-Term Management Plan and important business execution ■ Monitoring of internal control systems

Corporate Governance

◆ Evaluation of Board of Directors' effectiveness

The Company is conducting the analysis and evaluation of the effectiveness of the Board of Directors on an ongoing basis through such means as self-evaluation questionnaires and interviews with directors including external directors. Furthermore, the Board of Directors discusses how to enhance its effectiveness based on the analysis and evaluation, and strives to make improvements through formulation and implementation of action plans. We have designed a process to examine the effectiveness of the Board of Directors under the leadership of the Chairperson of the Board of Directors, who is an external director, based on fiduciary responsibility and accountability to shareholders.

◆ Efforts to evaluate the effectiveness of the Board of Directors in FY2022



- Items for evaluation**
- Roles and responsibilities of the Board of Directors
 - Size and composition of the Board of Directors
 - Operations and discussions of the Board of Directors
 - Setting the agenda for meetings of the Board of Directors
 - External directors' meetings
 - Constructive dialogue with stakeholders
 - Support for external directors
 - Effectiveness of Nominating, Compensation and Audit committees

Evaluation results

- The results showed that more than a certain percentage responded with either “effective” or “generally effective” to many of the questions, and the average score for all items have improved from the previous fiscal year. The evaluation results confirmed that the effectiveness of the Board of Directors and Nominating, Compensation, and Audit committees is adequately ensured.
- In particular, there was a marked improvement in the score for “operations and discussions of the Board of Directors,” with a certain degree of evaluation and satisfaction regarding to improvements in agenda items, frequency of meetings, the implementation of open-minded and constructive discussions, etc.
- With regard to “roles and responsibilities of the Board of Directors” an opinion that emerged was that “As the Group moves from the Department Store revitalization phase to the more challenging Deployment and Fruiting phases, it is necessary to evolve the monitoring perspective of the Medium-Term Management Plan to stimulate discussions from a long-term perspective.”

Operating policy and action plan

As a result of discussions between external directors and executive officers and the Board of Directors that took into account the evaluation results, the following operating policy and action plan for the next fiscal year have been established.

Operating policy

- Evolve the Board of Directors' monitoring capability and create an environment that supports appropriate executive risk-taking.
- Achieve alignment on the direction of the next Medium-Term Management Plan through discussions about the Company's future from a long-term perspective.

Action plan

- Overall direction of the Group (engage in discussions from long-term perspective)
- Supervision and monitoring of business execution (clarify points for monitoring)
- Improving the effectiveness of the Nominating Committee, Compensation Committee, and Audit Committee (cooperation between the Board of Directors and each committee)
- Continuously improving operations and support (enhance support for external directors)

Note: Amounts, numbers of shares and other figures contained in this business report have been rounded down to the nearest indicated digit. In addition, any fractions of a percentage less than the indicated digits are rounded to the nearest whole number.

◆ Meetings led by external directors

As part of our efforts to improve the effectiveness of the Board of Directors, we held a total of seven meetings led by external directors in FY2022. We hold a wide-ranging discussions on such things as the Group's annual summary, management issues, directions to be taken, and succession plans. These include external director meetings (three times in FY2022), non-executive director meetings (two times in FY2022), and exchanges of views between external directors and the CEO (two times in FY2022).

◆ Training for directors

We provide ongoing training for directors and executive officers to acquire knowledge and improve their skills in accordance with their required roles and responsibilities.

For external directors in particular, we provide an overview of our Group and its strategies, and explain the content of discussions at past Board of Directors meetings and statutory committees to which they belong in order to promote understanding of our current situation and recognition of issues prior to their appointment. In order to keep external directors continuously updated after their appointment, we ensure that they have opportunities to visit important business sites.

In addition, we ensure that the Board of Directors and each committee have regular opportunities to share the necessary knowledge according to the environment surrounding the Group and the strategies and plans it is promoting. This enables them to obtain a deep awareness of the important management issues facing the Group, and to make correct decisions based on their own beliefs at the meetings of the Board of Directors, committees, etc.

Message from the Chairperson of the Board of Directors



Fukutaka Hashimoto
Chairperson of the Board of Directors

A constant challenge we face is how to improve the effectiveness of Board of Directors meetings. We believe that an important element of this is the proper setting of agendas and the acquisition and sharing of information necessary for deliberations.

With regard to the setting of agendas, the chairperson, CEO, and members of the secretariat review the previous board meeting, and after reflecting on the content of the meeting, the annual schedule, and other factors, they discuss and agree on the agenda for the next meeting. In doing so, we endeavor to establish timely and diverse perspectives, incorporating topics of the day, requests from external directors, and other factors.

With regard to the acquisition and sharing of information, in addition to requesting that the executive and administrative offices prepare and provide materials deemed necessary for deliberations, we have several mechanisms in place. These include allowing each director to observe meetings of the Board of Executive Officers and inspect materials, holding external director meetings following board meetings to discuss issues and information, and, if necessary, requesting the attendance of executive officers and others to actively exchange opinions, as well as conducting on-site inspections to ascertain actual conditions. By further enhancing and taking full advantage of these mechanisms, we aim to further improve the quality of discussions and monitoring by the Board of Directors.

One of our tasks is to acquire and share outside knowledge in areas different from our department store business. For example, in the process of realizing our goal of achieving "Urban Community Development," we will need knowledge of new business fields such as real estate development. I think an important issue is how to incorporate such outside knowledge and other information into the Board of Directors as a way to enhance deliberations. We would like to discuss this issue thoroughly with the executive side, and will endeavor to take appropriate action based on the content of these discussions.

Corporate Governance

■ Nominating Committee

◆ Roles of the Nominating Committee

The Nominating Committee will engage in deliberations and make decisions related to the nomination of officers, under the leadership of external directors.



◆ Composition of the Nominating Committee

The number of committee members shall be approximately five, the majority of whom will be external directors (of which at least one member shall concurrently serve as a member of the Audit Committee). The committee members will be selected by the Board of Directors' resolutions, and the chair will be selected from among the external directors who are members of the committee.

◆ Deliberations and details of decisions by the Nominating Committee

In addition to providing quantitative information such as performance indicators, qualitative information such as personnel evaluations, and objective evaluations by third-party agencies, the committee will secure contact between candidates and external directors such as interviews, make judgment with regard to the reappointment of the CEO, deliberate on the succession plan for the CEO, make decisions on proposals for the appointment and dismissal of directors to be submitted to the general meeting of shareholders, and deliberate on proposals by the members of the three statutory committees and proposals for executive appointment of executive officers, to be decided by the Board of Directors.

◆ Activities in FY2022

Nominating Committee	Main roles: deliberations and decision-making regarding the nomination of officers			
	Number of members and structure	Number of meetings held	Attendance rate	Meeting agenda
	 5 of whom 4 are external directors (80%)	10	 100%	<ul style="list-style-type: none">■ Deliberations on the reappointment and succession plan for the president and CEO■ Determination of candidates for directors■ Deliberations on resolutions regarding the appointment of committee members and officers, including executive officers

Message from the Chairperson



Fukutaka Hashimoto
Chairperson of the Nominating Committee

The Nominating Committee is a very important committee that underpins the effectiveness of the Group's governance and helps enhance corporate value in the medium to long term from a human perspective. To date, the Group has made efforts to strengthen the management team by inviting external directors with

diverse skills and ensuring its diversity, which includes the selection of our CEO.

In addition, under the leadership of Mr. Iijima, the previous chairperson, the committee took steps to improve objectivity and transparency last fiscal year, including clarifying the CEO reappointment process and enhancing the CEO candidate development plan, as well as sharing information by hearing the opinions of external directors other than Nominating Committee members on multiple occasions.

This fiscal year, we would like to carry on and further refine these activities, as well as have deeper discussions on efforts such as fostering managerial human resources to realize the future ideal of our company as envisioned in our long-term plans.

This is an enormous task. Fortunately, our Nominating Committee is composed of individuals with a wealth of experience in matters related to human resources, and we intend to find a way to address these issues through full committee discussions, while also working with the Board of Directors and executives.

■ Compensation Committee

◆ Roles of the Compensation Committee

The Compensation Committee will engage in deliberations and make decisions related to remuneration of officers, under the leadership of external directors, based on the remuneration plans that lead to incentives for officers to enhance corporate value.



◆ Composition of the Compensation Committee

The number of committee members shall be not less than three persons and not more than five persons, the majority of whom will be external directors. The committee members will be selected by the Board of Directors' resolutions, and the chair will be selected from among external directors who are members of the committee.

◆ Deliberations and details of decisions by the Compensation Committee

The committee will engage in deliberations on issues and policy of officer remuneration plans that lead to incentives for officers to enhance corporate value, and then utilize objective indicators, including quantitative information such as performance indicators and qualitative information such as personnel evaluation to make judgment and decisions concerning the appropriateness of individual remuneration proposals.

◆ Activities in FY2022

Compensation Committee	Main roles: decision-making regarding compensation for officers			
	Number of members and structure	Number of meetings held	Attendance rate	Meeting agenda
	 3 of whom all are external directors (100%)	8	 100%	<ul style="list-style-type: none"> ■ Deliberations and decision-making on compensation for officers ■ Investigations and decisions on incentive systems, such as performance-linked compensation and non-monetary compensation

Message from the Chairperson



Miwako Doi

Chairperson of the Compensation Committee

Since FY2021, the Compensation Committee has focused its discussions on how incentive-based compensation should be linked to the enhancement of corporate value. Our Group has achieved a significant improvement in performance in FY2022, bouncing back from the difficult business conditions of the COVID-19 pandemic to a level of expected record profits in FY2023. This recovery has finally allowed the compensation

system that the Compensation Committee has been exploring to show its effectiveness. We would like to thank our customers, shareholders, and employees for making this a success.

The Group will continue to pursue its aggressive stance with an eye to the next ten years, including the “Scientific analysis of department stores”, expansion of its “High sensitivity, fine quality” strategy, “Intra-group coordination” strategy, and “Urban community development” strategy.

In addition to past discussions, the Compensation Committee would also like to begin considering the design of a new compensation system, with an view toward what we would like to achieve ten years down the road. We will establish a new system, balance, and level of executive compensation in the future, based on a firm grasp of the market and other companies' information along with our Group's situation.

Additionally, this fiscal year we intend to enhance information sharing and exchanges of opinions with external directors who are not members of the committee, and to consider executive compensation in a manner that takes into account a greater diversity of opinions.

Corporate Governance

■ Audit Committee

◆ Roles of the Audit Committee

The Audit Committee performs audits of the execution of duties by executive officers and directors, audits the status of internal control systems, and determines the content of proposals to be submitted to the general meeting of shareholders concerning the appointment and dismissal of accounting auditors, etc., and performs the oversight function of the Board of Directors through audits. In addition, it establishes an audit system for the entire Group in cooperation with the accounting auditors, the internal audit divisions, and the corporate auditors of each Group company.



◆ Composition of the Audit Committee

The number of committee members shall be approximately five, the majority of whom will be external directors (of which at least one member shall concurrently serve as a member of the Nominating Committee) and internal non-executive directors who are full-time members. In addition, at least one person who has sufficient knowledge of finance and accounting will be selected. The committee members will be selected by the Board of Directors' resolutions, and chair will be selected from among directors who are members of the committee.

◆ Activities of the Audit Committee

The committee will set forth audit policies and plans, obtain reports on risk management, reports from the Internal Audit Division, and reports and other information from the accounting auditors, and conducts hearings, etc., on the status of business execution for the executive division. In addition, in order to improve the quality of audits, the committee will appropriately coordinate with the accounting auditors and the Internal Audit Division, including exchanging information on audit results and other matters.

◆ Activities in FY2022

Audit Committee	Main roles: auditing of executives' and directors' fulfillment of their duties, auditing of the status of internal control systems, and evaluations related to the appointment and dismissal of accounting auditors			
	Number of members and structure	Number of meetings held	Attendance rate	Meeting agenda
	 5 of whom 3 are external directors (60%)	17	 100%	<ul style="list-style-type: none">■ Formulation of audit policies and plans■ Reporting on risk management■ Reporting from the Internal Audit Office■ Reporting from the Accounting Auditor■ Interviews with executive divisions on the status of business execution

Message from the Chairperson



Yuki Ishizuka
Chairperson of the Audit Committee

In FY2022, the first year of implementation of the Medium-Term Management Plan, we were able to achieve better results than planned.

The Audit Committee has conducted interviews with the executive officers as well as internal control departments and Group companies, and has monitored

the Group in an effort to understand its situation.

We believe that this fiscal year represents a phase of change in which the revitalization of our department stores will accelerate and efforts to realize our medium- to long-term vision will be undertaken at a swift pace. In this phase, the Audit Committee will focus on monitoring the functioning of controls and checks within the organization through the proper operation of internal control systems. In addition, it plans to organize the Group company audit system to enhance its effectiveness.

Each of the three external directors who make up the Audit Committee has a wealth of diverse experience, and is expected to help strengthen the Group's governance and monitor the appropriate execution of business operations that will contribute to business transformation over the medium to long term. Following on from the previous fiscal year, we will continue to engage in in-depth discussions with executive officers, and will also work with the internal control and other departments to provide advice and recommendations as necessary to ensure the sustainable enhancement of corporate value into the future.

Policy on the Nomination of Officers

To facilitate the appropriate replacement of officers, the Group stipulates the maximum age and the maximum term of office for officers on a position-by-position basis in the Regulations of Age Limits of Executive Officers in Office. Based on this, the appointment of executive officers, including representative executive officers and executive officers with special titles, and their reappointment after the expiration of the term of the appointment contract shall be determined by the Nominating Committee by appropriately evaluating the quantitative results of respective executive officers during the term of their appointment contract, as well as objective data, such as management talent assessments by a third-party institution. To ensure transparency in our standards for the appointment and dismissal of executives, we formulated the Isetan Mitsukoshi Group Officer Policy in March, 2022.

◆ Decisions on CEO appointments, potential reappointments, and succession planning

Decision-making for the appointment of our CEO, succession planning, and potential reappointment is regarded to be one of the most important responsibilities of the Nominating Committee and we always strive to ensure transparency and fairness in that process. The Nominating Committee proactively discusses how this approach should operate and seeks to further strengthen these initiatives by, for instance, hearing opinions from all external directors who are not members of the Nominating Committee.

Specifically, in the first year of inauguration of the CEO, the Nominating Committee deliberates on the vision for the term of office, and the CEO explains and shares the progress of management plans, future outlook, issues to be addressed, etc., to the Nominating Committee each fiscal year. The Company has established a system under which external directors who are members of the Nominating Committee independently determine the acceptance/non-acceptance of the reappointment. In addition, the Company thoroughly shares all information on candidates for a CEO successor with the Nominating Committee, including screening results of each candidate by an external management personnel evaluation agency, training plans, and plans for relocation to sectors that each candidate should experience.

Emergency CEO candidates (acting CEO) are deliberated on and confirmed in the initial Nominating Committee meeting of each business period.

◆ Policy on the nomination of director candidates

With regard to nomination of candidates for director, the policy of the Company is to have the Board of Directors comprise members from a diverse range of people with broad and highly specialized knowledge and skills, as well as high ethical standards. When appointing candidates for director, the Nominating Committee, which is composed of a majority of external directors and chaired by one of them, makes decisions based on the above policy on the composition of the Board of Directors and the appointment standards as below, and the proposal is submitted to the general meeting of shareholders.

- 1) Must have knowledge and experience that are meaningful to the management of the Company and be well-versed in various management issues
- 2) Must have accurate insight into and a grasp of the global trends as well as changes in the market and customers
- 3) Must be eager to learn new knowledge and able to develop new views on management and directions based on such knowledge
- 4) Must have excellent character and insight and be physically and mentally healthy
- 5) Must have a strong sense of ethics and compliance, as well as values and personality that are appropriate for a director

Furthermore, for external directors, the Company invites people from different fields and industries, primarily those with practical management and business-world experience, while giving due consideration to ensuring diversity of the Board of Directors when selecting candidates, in order to actively take in a wide range of opinions from an objective perspective and ensure well-balanced management.

Regarding senior management executive officers, the Board of Directors shall determine candidates after the deliberation by the Nominating Committee.

◆ Criteria for independence

The Group has established the Independence Standards for the External Officers of Isetan Mitsukoshi Holdings as its criteria for judging the independence of external directors before appointing them as independent officers. Based on the independence standards, the Company appoints external officers who do not fall under any of the following categories.

- ① A person from the Group who executes its business
- ② A person for whom the Group is a major business partner, or an executive director, an executive or a manager thereof
- ③ A major business partner of the Group, an executive director, an executive, a manager or an employee of any other type thereof
- ④ A person who executes business at a principal lender to the Group
- ⑤ A consultant, an accounting expert, a legal specialist or the like who has received financial or other economic benefits from the Group exceeding a certain sum other than the remuneration for officers
- ⑥ A shareholder or executive officer of the Company who holds 5% or more of its total outstanding shares
- ⑦ Any person who has fallen under any of the categories ① to ⑤ above in the last three years
- ⑧ A spouse or a relative within a second degree of kinship who falls under any of the categories ① to ⑤ above

*A major business partner in categories ② and ③ above refers to any business partner for whom the annual transaction amount with the Company, on a consolidated basis, exceeds 1% of the total annual transaction amount of either party, over the preceding three years, even if this occurs on only one occasion.

*A principal lender in category ④ above refers to any lender from whom the Group's balance of borrowings exceeds 2% of the Company's consolidated total assets as of the end of the fiscal year.

*A certain sum in category ⑤ refers to 10 million yen or more in any of the last three fiscal years.

Corporate Governance

Compensation of Officers

◆ Basic principles related to compensation for officers

The Company established the Basic Principles on Officers' Compensation, which is a policy regarding the details of remuneration, etc., for individual executive officers and other executives, an outline of which is as shown below. The Company has established the following four basic principles regarding executive remuneration to provide incentives for demonstrating sound entrepreneurship:

- 1 Promotion of common interests between shareholders and officers
- 2 Expansion of the effects of incentives for improving business results and shareholder value
- 3 Provision of compensation whose amount compares favorably with the standard of the overall industry (at the point of target achievement)
- 4 Guaranteed objectivity and transparency in evaluation and remuneration determination methods

Based on the aforementioned Basic Principles on Officers' Compensation, the Compensation Committee, which is a statutory committee consisting solely of external directors, determines the policy regarding compensation, and deliberates and determines the amounts of individual compensation. The Committee is continuing to consider making the executive compensation system even more functional as a sound incentive for the sustainable growth of the Company.

◆ Compensation structure

Executive officers *Including those who serve concurrently as directors

Basic salary × 12 months	Bonuses Base salary × 5 months (at a payment rate of 1.00)	Stock-based compensation Basic salary × 4 months
--------------------------	---	--

Non-executive directors *Including external directors

Basic salary × 12 months	Stock-based compensation Basic salary × 1 month
--------------------------	---

◆ Bonuses

For executive officers, reflecting the principles for compensation, the following performance-based bonus has been introduced with the goal of strongly motivating them to achieve goals.

1. Bonus payment calculation formula for executive officers:
Base amount of bonus (monthly remuneration (5 months)) × corporate performance payment rate × Company-wide ESG indicators
2. Corporate performance payment rate
The payout ratio shall be 1.00 (100%) upon the full achievement of the operating income goal the Company should aim for, and designed to vary in proportion to the degree of achievement, with 0.00 (0%) at the minimum and no cap for the maximum.
3. Company-wide ESG indicators
From FY2023, ESG indicators have been incorporated in the evaluation of officers' bonuses as a motivation to achieve the Company's mid- to long-term goal of promoting sustainability. The KPI indicators shall be determined for each fiscal year and are designed to reflect the individual's degree of achievement within a ±5% range of the base amount of bonus × corporate performance payment rate.

◆ Stock-based compensation

With the aim of raising awareness of the need to increase shareholder value, we have introduced a restricted stock compensation system that aligns the interests of shareholders and directors by granting shares in the Company with restrictions on their transfer for a certain period of time.

Restricted stock compensation system

Amount of monetary compensation claim	Executive officers (including those who serve concurrently as directors): Monthly basic salary × 4 months Non-executive directors: Monthly basic salary × 1 month
Calculation of the number of dividend shares	Individual monetary compensation claim ÷ Reference stock price* ¹ (with any fraction less than 100 shares being rounded down)
Transfer restriction period	30 years* ²

*1 Closing price of the Company's share on the Tokyo Stock Exchange on the trading day immediately before the date of resolution of the allotment (or the trading day preceding it if no closing price is recorded on such date).

*2 The transfer restriction is lifted in the case of expiration of the term of office or resignation during the transfer restriction period for a reason which is deemed valid by the Board of Directors.

Business Execution Structure

To accelerate the execution of its business, in principle, the Company appoints chief officers as executive officers and then establishes a Board of Executive Officers as an organ for executive decision-making and discussion. The Board of Executive Officers discusses and makes decisions concerning important Group issues, including matters over which authority has been delegated by the Board of Directors.

◆ Chief officer

The Company appoints chief officers, whose role is to execute business as executive officers. The chief officer's main duties are described below.

CEO Chief Executive Officer Chief Executive Officer
CMO Chief Merchandising Officer Checking of PDCA cycles of operating companies, the Group's overall policies regarding its business partners, structural reforms, etc.
CSDO Chief Strategy and Digital Officer Establishment of the Group's management plans, implementation of associated PDCA cycles, promotion of group alliances, promotion of real estate development, promotion of digital strategies, etc.

CFO Chief Financial Officer Implementation of PDCA cycles for the Group's finance plans, financial risk management, budget management for operating companies, etc.
CHRO Chief Human Resource Officer Implementation of the Group's human resource strategies, human resource allocation for operating companies, etc.
CRO Chief Risk Officer Prevention of critical incident risks across the Group, leadership and direction in such incidents, etc.
CAO Chief Administrative Officer Implementation of the Group's general affairs, operations, sustainability promotion, etc.

As the chief executive overseeing the Group's overall management, the CEO takes command of the chief officers. All chief officers except the CEO take charge of different departments of the Company and execute their duties by presiding over these departments. Chief officers address Group-wide issues that require the involvement of multiple departments by serving as a project owner or chairing a committee consulted by the Board of Executive Officers.

Chief officers may serve concurrently as part-time directors of Group companies. These chief officers participate in the consensual decision-making process of the Board of Directors of the Group company, thereby supervising and taking comprehensive control of the process. They also give instructions and advice regarding preliminary consultations from other part-time directors, thus taking comprehensive control of Group companies as chief officers beyond the boundaries between them.

◆ Board of Executive Officers

The Board of Executive Officers consists of executive officers authorized by the Board of Directors. The purpose of this organization is to enable the President and CEO and the other executive officers to make specific decisions on the execution of business. They deliberate on the passing of resolutions and on the President and CEO's decisions on important matters, etc., related to the execution of business by the Company and the entire Group, and report matters. In addition, matters that have been resolved, deliberated on, or reported on at the Board of Executive Officers' meetings and which are deemed important are reported to the Board of Directors.

◆ Advisory bodies to the Board of Executive Officers

The following committees have been formed to serve as advisory bodies to the Board of Executive Officers. Before critical Group management issues are submitted for decision by the decision-making body, these advisory bodies take initiative in determining whether to submit such issues and scrutinizing issues being submitted by verifying their rationality, reviewing them based on quantitative criteria, and checking assumed risk conditions.

- Investment and Credit Committee
- Business Revitalization Committee

◆ Promotion meetings

Aimed at advancing the important projects of the Group, our promotion meeting consist of members from across the Group and pursue the higher-level promotion of operations.

- Compliance and Risk Management Promotion Meeting
- Workstyle Reform Promotion Meeting
- Sustainability Promotion Meeting

Compliance and Risk Management Systems

Internal Control System

The Isetan Mitsukoshi Group established the Basic Policy for Internal Control Systems at a meeting of the Board of Directors in 2008 to ensure sound and highly transparent Group management, as well as to maximize corporate value. Since then, we have been continuously reviewing and improving these policies as times and the environment change to make them more appropriate and efficient.

Our Basic Policy for Internal Control Systems contain the following items.

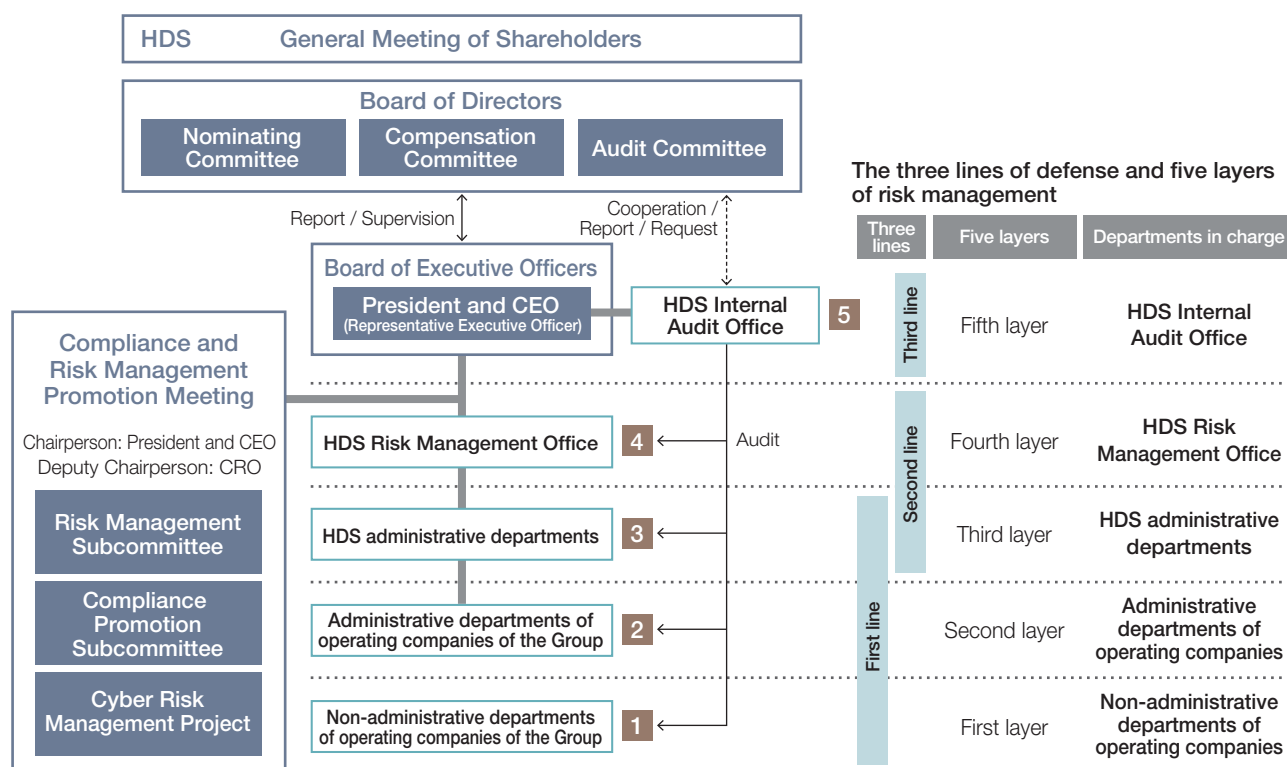
- | | | |
|--|---|---|
| ① Compliance systems | ⑤ Systems for the efficient execution of duties | ⑧ Items relating to reports to the Audit Committee |
| ② Risk management systems | ⑥ Group company management systems | ⑨ Policy for processing auditing fees |
| ③ Internal control systems regarding financial reporting | ⑦ Items relating to Audit Committee staff | ⑩ Systems relating to the guarantee of the effectiveness of audits by the Audit Committee |
| ④ Information storage management systems | | |

After the end of each fiscal year, in accordance with the above items, we conduct voluntary inspections and confirm these at meetings of the Board of Executive Officers and other meetings on the status of establishment and operation of internal controls. The results are reported to the Audit Committee and the Board of Directors and are used to strengthen internal control systems and improve operations for the next fiscal year.

Risk Management Systems

The Isetan Mitsukoshi Group has developed and established a Group-wide risk management system based on the Basic Policy for Internal Control Systems, including such things as the prevention of risks in all business areas and cross-sectional responses to risks when they occur. To achieve sustainable growth for the future in a business environment with diversifying risks, the Isetan Mitsukoshi Group engages in the further strengthening of the systems for promoting risk management, with the safety and security of customers, business partners, and employees as its top priority.

Risk Management Systems



*HDS stands for "holdings company."

◆ Systems for promoting risk management

Our Group ensures that the Compliance and Risk Management Promotion Meeting, chaired by the president and CEO, is thoroughly informed of risk management systems and policies, and that highly effective measures are taken through three sub-committees (Risk Management Subcommittee, Compliance Promotion Subcommittee, and Cyber Risk Management Project).

Our Group's risk management system comprises of three lines of defense and five layers that assume risk management in the current organization. Based on the three lines of defense, with each Group company as the first line of defense, the HDS Risk Management Office as the second line of defense, and the HDS Internal Audit Office as the third line of defense, we have strengthened our risk management system by dividing it into five layers with more specifically defined roles (1 Non-administrative departments of operating companies; 2 Administrative departments of operating companies; 3 HDS administrative departments; 4 HDS Risk Management Office; and 5 HDS Internal Audit Office).

◆ Organizations improving the effectiveness of risk management

The Group takes effective measures to prevent the occurrence of priority risks identified by the Compliance and Risk Management Promotion Meeting, through the following subcommittees, thereby implementing a PDCA cycle of suggesting, promoting, and examining more specific countermeasures.

Priority risks are explained in “◆ Concept of risk” on page 60.

■ Risk Management Subcommittee

This subcommittee works to improve the effectiveness of risk countermeasures by conducting rigorous drills and inspections, as well as formulating measures and BCP to reduce and prevent various risks, including natural disasters and fires.

■ Compliance Promotion Subcommittee

In order to maintain a sense of ethics that is responsive to the times and to correctly respond to rapid changes in the environment, this subcommittee works to foster a compliance mindset as part of our corporate culture by promoting understanding of legal knowledge and administrative trends that management should be aware of, and by linking this to practices that comply with the principle of fair trade.

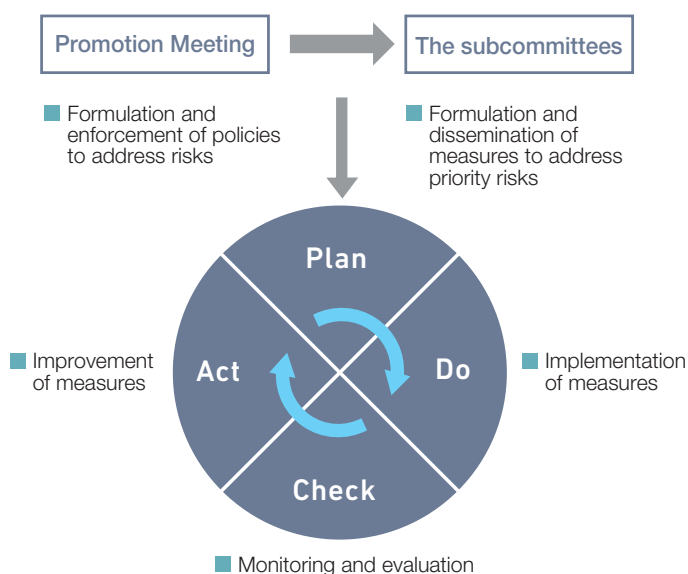
■ Cyber Risk Management Project

This organization maintains knowledge of the latest security trends to optimize the Group's security technology, improves daily monitoring systems to prevent and quickly respond to any incidents, and provides training to employees.

◆ The PDCA cycle of risk management

Based on the basic policies presented at the Compliance and Risk Management Promotion Meeting, countermeasures for specific priority risks are formulated and thoroughly communicated through each subcommittee.

In order to implement countermeasures, training and voluntary inspection activities are conducted at each Group company. We carry out risk management based on the PDCA cycle, in which monitoring and evaluation lead to further improvements in response measures.



Compliance and Risk Management Systems

◆ Concept of risk

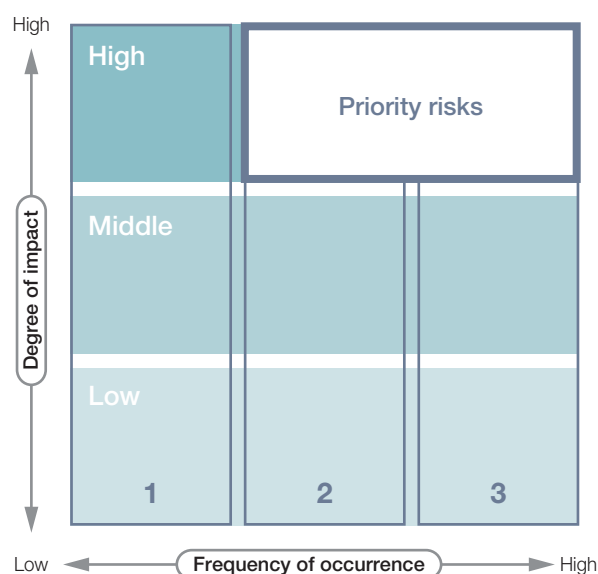
In assessing risk, our Group strives to understand risks from multiple perspectives, taking into consideration the ever-changing external environment and the Group's business characteristics and strategies.

We have classified the risks surrounding the businesses of the entire Group into five categories (① Management strategy risks; ② Financial risks; ③ Personnel and labor risks; ④ Disasters and other external risks; and ⑤ Operational risks), and have established a flow to regularly evaluate and confirm the progress of countermeasures after further subdividing each risk. Furthermore, should a risk materialize, we consider it to be a risk that could result in damage to property, injury to personnel, impediment to the execution of financial and management strategies, or damage to our reputation. As such, based on the frequency of occurrence and impact on business, we create a risk map (see below), select priority risks among them, and take countermeasures as early as possible.

Risk examples

Category	Risk item
① Management strategy risks	<ul style="list-style-type: none"> Promotion of sustainability management Responding to conditions overseas Strategies to cope with digital society
② Financial risks	<ul style="list-style-type: none"> Fundraising Increase in market interest rates Foreign exchange fluctuation
③ Personnel and labor risks	<ul style="list-style-type: none"> Securing and developing professional human resources Addressing diversity, equity & inclusion Harassment, proper working hour management
④ Disasters and other external risks	<ul style="list-style-type: none"> Natural disasters and fires Infectious diseases Information security
⑤ Operational risks	<ul style="list-style-type: none"> Commodity transaction risks Food sanitation incidents Leakage of personal information

Risk map



Compliance Systems

◆ Our views on compliance

The Isetan Mitsukoshi Group believes that it is essential that employees incorporate compliance into their values, awareness and actions, and practice it to observe laws, ethics, social norms and the like.

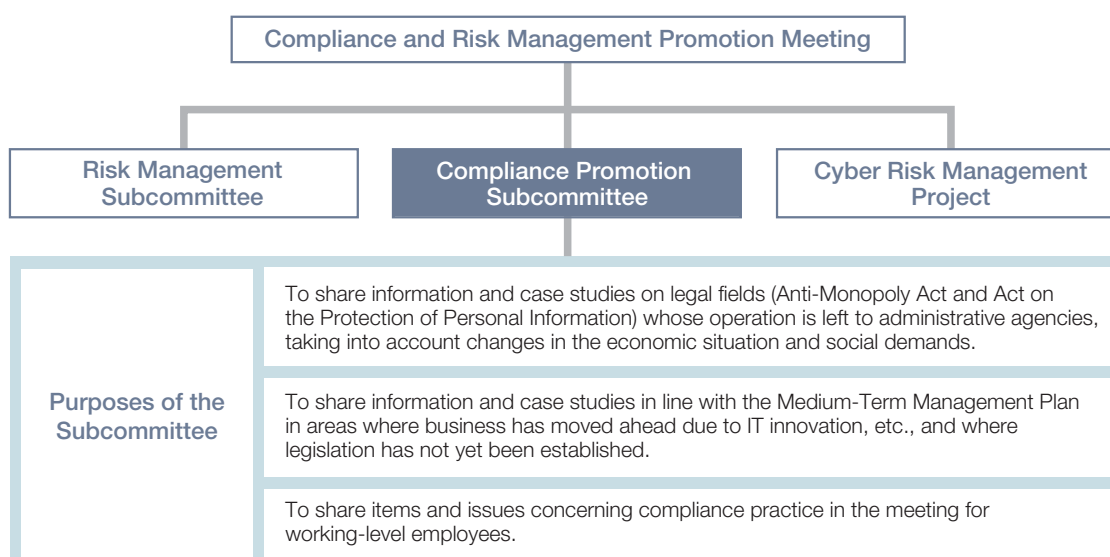
For that purpose, the Group has established the Isetan Mitsukoshi Group Standards of Corporate Ethical Behavior as a code of conduct for officers and employees. The Group seeks to maintain and improve compliance systems to ensure the trust of society, in addition to working to share the Standards throughout the Company. The Group also works to make compliance in everyday businesses known to all employees by posting the Compliance Guidebook, which outlines laws and guidelines for ethical actions that should be observed in relation to customers, business partners, and employees, on the Intranet.



◆ Compliance Subcommittee

The Compliance Subcommittee, a meeting for managers separate to the meeting for working-level employees, has expanded its scope to include laws and regulations, ethics, social norms, and soft law, and is promoting a variety of initiatives in these areas.

On the other hand, the meeting for working-level employees focuses on personal information management and preventing food hygiene incidents, as well as the Anti-Monopoly Act (cartel bidding), Subcontract Act, and Act against Unjustifiable Premiums and Misleading Representations as specific items of compliance in business operations, and conducts practical activities for checking and preventing such violations. The status of these activities is also shared at the Compliance Promotion Subcommittee.



◆ Enhancing compliance in our relationships with stakeholders

① Customers: Initiatives for the protection of personal information	The Group has established and released a Privacy Policy and Cookie Policy for appropriate management and proper use of the personal information received from customers to meet their expectations and earn their trust. The Group has also created Personal Information Management Rules based on the Privacy Policy. Under these rules, the Group ensures proper use of personal information and strict protection and management.
② Shareholders: Establishment of an IR Policy	The Group has established and published an IR Policy to earn the trust and understanding of shareholders and investors through its investor relations activities (public relations activities for shareholders and investors). The goals of the Group are, based on this policy, to disclose information fairly and improve communication.
③ Local community: Response to antisocial forces	At the Isetan Mitsukoshi Group, our Basic Policy for Internal Control Systems and the Isetan Mitsukoshi Group Procurement Policy state that the Group will have no relationship with antisocial forces, reject undue claims from them, and prevent damage which may be caused by them.
④ Business partners: Establishment and application of systems promoting fair trade	The Group has established Fair Trade Guidelines. Under these guidelines, the Group promotes the establishment of systems to avoid unfair trade restrictions and the like and their strict application to ensure that the Group competes fairly and freely and continues to extensively contribute to society.
⑤ Employees: Establishment and operation of a whistleblowing hotline	The Group has established Group Hotline Rules to promptly identify unfair actions, and to make improvements in such cases. Based on these rules, it has provided the Group Hotline, a system where external expert firms and law offices receive reports on unfair actions to protect whistleblowers from any unfair treatment.

Directors and Executive Officers

Directors



Toshiyuki Hosoya

Director
President and CEO

July 1, 1964

Number of times
attended
(for the fiscal year
ended March 31,
2023)

Board of Directors
12/12

Nominating Committee
10/10

April 1987 Joined Isetan Co., Ltd.
April 2015 Operating Officer, General Manager in charge of Fashion Accessories, MD Administration Department, Department Store Business Planning and Operation Headquarters, Isetan Mitsukoshi Ltd.
April 2016 Operating Officer, General Manager in charge of Fashion Accessories and Luxury/Jewelry and Watch, MD Administration Department, Department Store Business Planning and Operation Headquarters, Isetan Mitsukoshi Ltd.
April 2017 Operating Officer, General Manager of Corporate Planning Division, Strategic Planning Headquarters, Isetan Mitsukoshi Holdings Ltd.
April 2018 President and CEO of Iwataya Mitsukoshi Ltd.
April 2021 President and CEO, Isetan Mitsukoshi Holdings Ltd.
President and CEO, Isetan Mitsukoshi Ltd. (to the present)
June 2021 Director, President and CEO, Isetan Mitsukoshi Holdings Ltd. (to the present)
September 2021 Director, Shin Kong Mitsukoshi Department Store Co., Ltd. (to the present)



Yuki Ishizuka

Director
Chairperson of the Audit
Committee

June 11, 1962

Number of times
attended
(for the fiscal year
ended March 31,
2023)

Board of Directors*
9/9

Audit Committee*
13/13

*Attendance figures are for the
period since appointment as
director.

Audit Committee member

April 1985 Joined Isetan Co., Ltd.
April 2015 Operating Officer, General Manager, Isetan Tachikawa Store, Area Department Store Business Planning & Operating Headquarters, Isetan Mitsukoshi Ltd.
April 2017 Operating Officer, Isetan Mitsukoshi Holdings Ltd.
President and Representative Director, Isetan Mitsukoshi Human Solutions Ltd.
April 2021 President and Representative Director, Sendai Mitsukoshi Ltd.
April 2022 Operating Officer, Board of Directors Office
June 2022 Director, Isetan Mitsukoshi Holdings Ltd. (to the present)



Yoshinori Makino

Director
Managing Executive Officer,
CSDO and CFO

December 2, 1966

(New appointment)

CSDO: Chief Strategy and Digital Officer

April 1990 Joined Isetan Co., Ltd.
April 2016 Director, Operating Officer, General Manager, Corporate Strategy Department, Isetan Mitsukoshi Food Service Co., Ltd. (currently MI Food Style Co., Ltd.)
April 2019 Director, Operating Officer, General Manager, General Affairs and Human Resources Department, Isetan Mitsukoshi Ltd.
April 2020 Director, Managing Operating Officer, General Manager, General Affairs and Human Resources Group, Isetan Mitsukoshi Ltd.
April 2021 Managing Operating Officer, CSDO and CHRO, Isetan Mitsukoshi Holdings Ltd.
Director, West Japan Railway Isetan Ltd. (to the present)
August 2021 Director, Shin Kong Mitsukoshi Department Store Co., Ltd. (to the present)
June 2022 Managing Operating Officer, CSDO and CFO, Isetan Mitsukoshi Holdings Ltd.
June 2023 Director, Managing Executive Officer, CSDO and CFO, Isetan Mitsukoshi Holdings Ltd. (to the present)



Fukutaka Hashimoto

External Director
Chairperson of the Board of
Directors
Chairperson of the Nominating
Committee

July 6, 1954

Number of times
attended
(for the fiscal year
ended March 31,
2023)

Board of Directors
12/12

Nominating Committee member

External Independent

April 1979 Registered as an attorney-at-law and joined Shinya Takeru Law Office (currently Tokyo Hatchobori Law Office)
April 2000 Vice President, Daini Tokyo Bar Association
April 2006 Executive Governor, Japan Federation of Bar Associations
January 2008 Representative Partner Attorney and Director, Tokyo Hatchobori Law Office (to the Present)
April 2012 President, Daini Tokyo Bar Association
Vice-President, Japan Federation of Bar Associations
March 2014 External Audit & Supervisory Board Member, Kirin Holdings Company, Limited
June 2015 External Audit & Supervisory Board Member, Sampo Japan Nipponkoa Insurance Inc. (currently Sampo Japan Insurance Inc.)
June 2020 External Director, Isetan Mitsukoshi Holdings Ltd. (to the present)
March 2021 External Auditor, KOKUYO Co., Ltd. (to the present)



Miwako Doi

External Director
Chairperson of the Compensation
Committee

June 2, 1954

Number of times
attended
(for the fiscal year
ended March 31,
2023)

Board of Directors
12/12

Nominating Committee
10/10

Compensation
Committee
8/8

Nominating Committee member

Compensation Committee member

External Independent

April 1979 Joined Tokyo Shibaura Electric Co., Ltd. (currently TOSHIBA CORPORATION)
July 2005 Chief Fellow, Humancentric Laboratory, Corporate Research & Development Center, TOSHIBA CORPORATION
July 2006 Chief Fellow, Corporate Research & Development Center
July 2008 Senior Fellow, Corporate Research & Development Center
April 2014 Auditor (Part-time), National Institute of Information and Communications Technology (to the present)
June 2015 External Director, Nomura Research Institute, Ltd.
April 2017 Executive Director (Part-time), Nara Institute of Science and Technology (to the present)
June 2019 External Director, Isetan Mitsukoshi Holdings Ltd. (to the present)
April 2020 Vice President (Part-time), TOHOKU UNIVERSITY (to the present)
June 2020 External Director, SUBARU CORPORATION (to the present)
External Director, Niterra Co., Ltd. (to the present)

(as of June 20, 2023)



Hidetoshi Furukawa

External Director
July 16, 1955

Nominating Committee member
Audit Committee member
External Independent

Number of times attended
(for the fiscal year ended March 31, 2023)
Board of Directors 12/12
Nominating Committee 10/10
Audit Committee 17/17

April 1979 Joined The Mitsui Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation)
June 2005 Executive Officer, General Manager, Bangkok Branch, Sumitomo Mitsui Banking Corporation
April 2008 Executive Officer, Deputy Head of Corporate Unit and International Unit
April 2009 Managing Executive Officer, Head of Nagoya Corporate Sales Department, General Manager, Nagoya Corporate Sales Headquarters
April 2011 Managing Executive Officer, Head of Investment Banking Unit
April 2012 Director and Senior Managing Executive Officer, Head of Investment Banking Unit
April 2013 Director and Senior Managing Executive Officer, Head of Corporate Finance Unit
April 2014 Representative Director and Deputy President Executive Officer, Head of Global Corporate Banking Division
June 2015 Representative Director, President and Chief Executive Officer, SMBC Trust Bank Ltd.
June 2018 Chairman, SMBC Trust Bank Ltd.
June 2020 External Director, Isetan Mitsukoshi Holdings Ltd. (to the present)
June 2021 Special Advisor, SMBC Trust Bank Ltd. (to the present)
November 2021 Chairman, General Incorporated Foundation Kobe City Property Research (to the present)
March 2022 External Director, Toagosei Co., Ltd. (to the present)



Tomoko Ando

External Director
July 18, 1959

Compensation Committee member
Audit Committee member
External Independent

Number of times attended
(for the fiscal year ended March 31, 2023)
Board of Directors* 9/9
Nominating Committee* 7/7
Audit Committee* 13/13

*Attendance figures are for the period since appointment as director.

April 1982 Joined Nissan Motor Co., Ltd.
March 1991 Joined Coca-Cola (Japan) Company, Limited
January 1993 Global Brand Marketing Brand Manager
December 1996 Joined Master Foods Ltd. (currently Mars Japan Limited.)
January 2006 People Pipeline Manager, Personnel & Organization, Master Foods Ltd.
August 2008 Joined NIHON L'ORÉAL K.K. Senior HR Manager, Human Resources, NIHON L'ORÉAL K.K.
March 2011 Vice President, Head of Human Resources, NIHON L'ORÉAL K.K.
June 2018 External Director, PRESS KOGYO CO., LTD. (to the present)
June 2019 External Director, Kansai Paint Co., Ltd. (to the present)
June 2022 External Director, Isetan Mitsukoshi Holdings Ltd. (to the present)
January 2023 Representative Director, Open the Door Inc. (to the present)



Hitoshi Ochi

External Director
October 21, 1952

Nominating Committee member
Audit Committee member
External Independent

(New appointment)

April 1977 Joined Mitsubishi Chemical Industries, Co., Ltd. (currently Mitsubishi Chemical Corporation)
June 2010 Director, Managing Executive Officer, General Manager, Corporate Strategy Office, Mitsubishi Chemical Holdings Corporation (currently Mitsubishi Chemical Group Corporation)
April 2012 President (Representative Director) and CEO, Mitsubishi Rayon Co., Ltd. (currently Mitsubishi Chemical Corporation)
April 2015 Representative Director and President, Mitsubishi Chemical Holdings Corporation
June 2015 Director, Representative Executive Officer and President, Mitsubishi Chemical Holdings Corporation
April 2017 President & CEO, Mitsubishi Chemical Corporation (Representative Director)
April 2021 Director, Mitsubishi Chemical Holdings Corporation
June 2021 Special Advisor, Mitsubishi Chemical Holdings Corporation
June 2023 External Director, Isetan Mitsukoshi Holdings Ltd. (to the present)



Toshio Iwamoto

External Director
January 5, 1953

Nominating Committee member
Compensation Committee member
External Independent

(New appointment)

April 1976 Joined Nippon Telegraph and Telephone Public Corporation
June 2004 Director, NTT DATA Corporation (currently NTT DATA Group Corporation)
June 2007 Executive Managing Director (same as above)
June 2009 Senior Executive Vice President and Representative Director (same as above)
June 2012 President and Chief Executive Officer, Representative Director (same as above)
June 2018 Consultant (same as above) (to the present)
June 2019 External Director, NSK Ltd. External Audit & Supervisory Board Member, IHI Corporation
June 2020 External Director, Daiwa Securities Group Inc. (to the present)
June 2022 External Director, East Japan Railway Company (to the present)
June 2023 External Director, Isetan Mitsukoshi Holdings Ltd. (to the present)

Executive Officers



Akira Kimbara

Managing Executive Officer
CAO, CRO and CHRO
March 1, 1968

CAO: Chief Administrative Officer
CHRO: Chief Human Resource Officer

(New appointment)



Takuya Yamashita

Managing Executive Officer
CMO
April 13, 1967

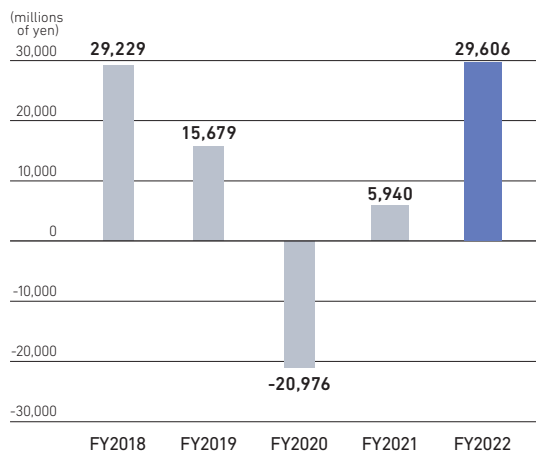
CMO: Chief Merchandising Officer

(New appointment)

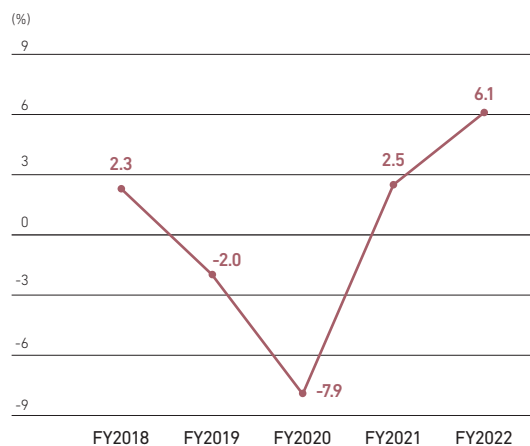
Financial and Non-Financial Highlights

Financial Highlights

Consolidated operating income

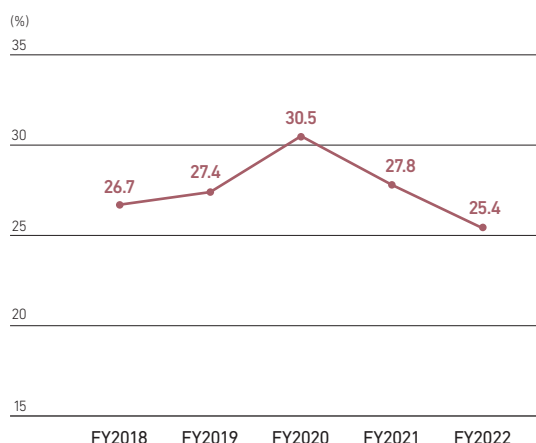


Consolidated ROE

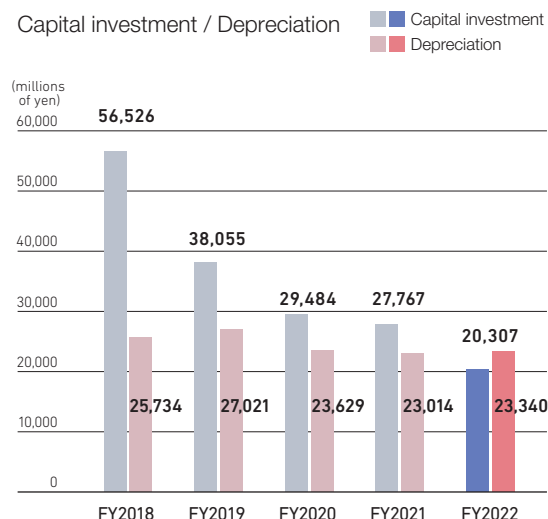


Consolidated sales to SG&A ratio

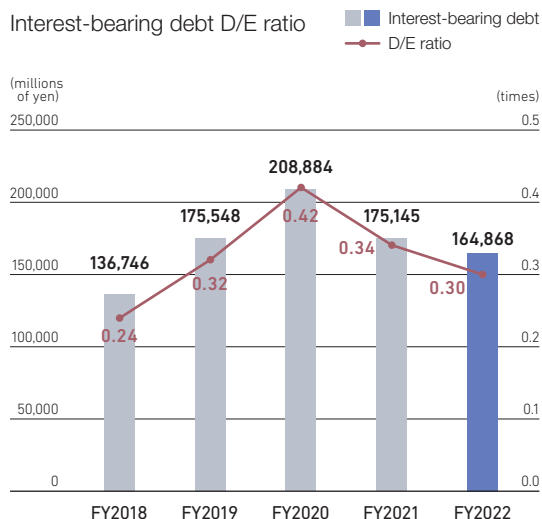
*Comparison before application of revenue recognition standards



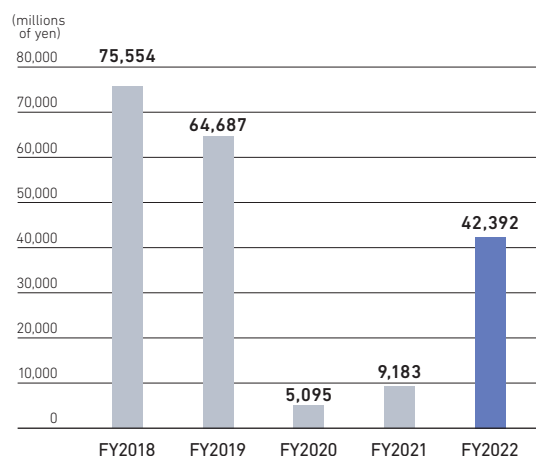
Capital investment / Depreciation



Interest-bearing debt D/E ratio



Group duty-free sales (total for department stores in Japan)

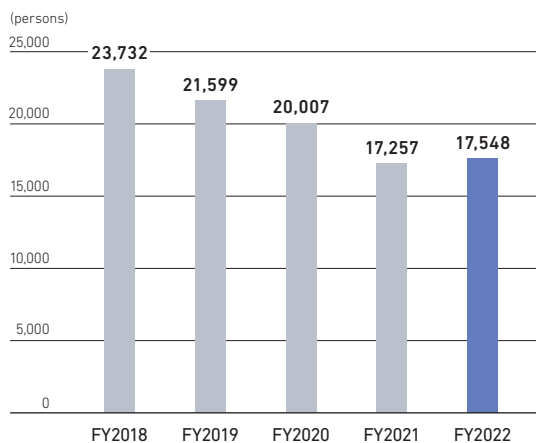


For additional non-financial information, please visit the Isetan Mitsukoshi Holdings website.
<https://imhds.disclosure.site/en/themes/138>



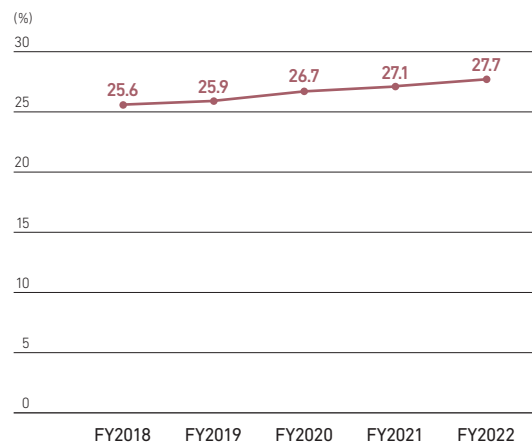
Non-Financial Highlights

Number of consolidated Group employees



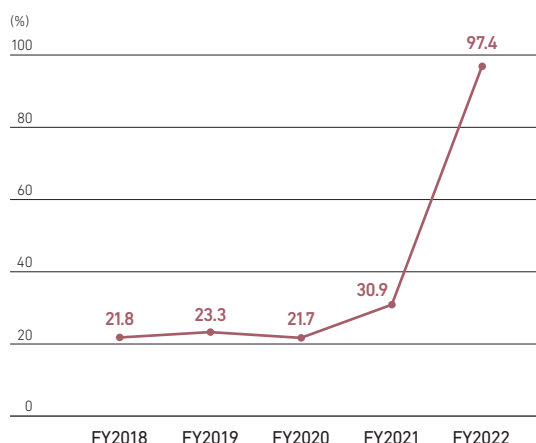
*As of the end of each fiscal year

Percentage of females in management positions
(Isetan Mitsukoshi Ltd.)



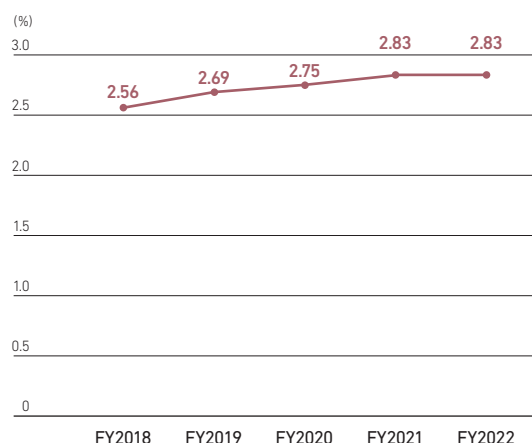
*Equivalent to section manager or above

Percentage of male employees taking childcare leave
(Isetan Mitsukoshi Ltd.)

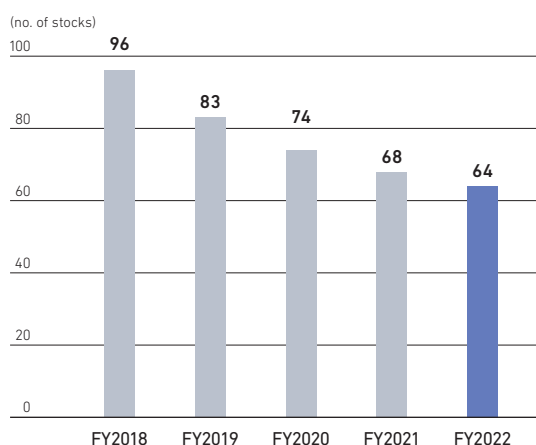


*Includes childcare leave based on company rules in FY2022 only.

Ratio of employees with disabilities (Isetan Mitsukoshi Ltd.
and major Group companies in the Tokyo metropolitan area)

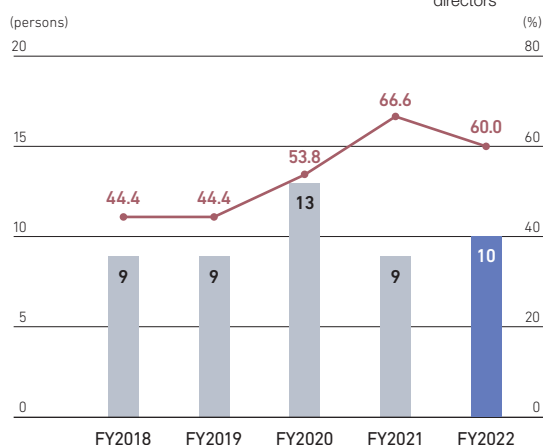


Number of cross-shareholdings (Isetan Mitsukoshi Ltd.)



*As of the end of each fiscal year

Number of directors/ratio of external
directors (Isetan Mitsukoshi Holdings Ltd.)



11-Year Financial Data

Major Financial Data

We have applied accounting standards for revenue recognition, etc., from the fiscal year ended March 31, 2022.

	FY2012	FY2013	FY2014	FY2015
Net sales	1,236,333	1,321,512	1,272,130	1,287,253
Gross profit	347,410	370,022	355,456	361,768
Selling, general and administrative expenses	320,771	335,376	322,372	328,660
Operating income	26,639	34,646	33,083	33,107
Recurring income	34,217	38,440	34,563	36,704
Net income attributable to parent company shareholders	25,292	21,166	29,886	26,506
Total assets	1,223,677	1,284,658	1,291,560	1,293,043
Shareholders' equity	491,001	524,591	560,362	563,264
Net assets	505,127	541,069	577,655	574,316
Interest-bearing debt	181,263	171,285	160,601	175,871
Cash flows from operating activities	4,438	46,022	49,448	43,099
Cash flows from investing activities	-26,312	-19,221	-34,374	-24,481
Cash flows from financing activities	2,339	-16,151	-17,372	-3,711
Capital investment	30,499	31,569	29,279	40,043
Depreciation	21,559	22,228	22,818	23,020
Net income per share (yen)	64.11	53.65	75.74	67.41
Net assets per share (yen)	1,244.54	1,329.45	1,421.72	1,438.17
Cash dividend per share (yen)	10.00	11.00	11.00	12.00
Gross profit margin	28.10%	28.00%	27.94%	28.10%
SG&A expense ratio	25.9%	25.4%	25.3%	25.5%
Operating profit margin	2.2%	2.6%	2.6%	2.6%
Return on equity (ROE)	5.3%	4.2%	5.5%	4.7%
Return on assets (ROA)	2.2%	2.8%	2.6%	2.6%
Rate of return on invested capital (ROIC)*2	2.5%	3.1%	3.0%	3.0%
Shareholders' equity ratio	40.1%	40.8%	43.4%	43.6%
Payout ratio	15.6%	20.5%	14.5%	17.8%

*In sections with "-", the value is not stated because data are not available.

*Percentage figures are shown to two decimal places for gross profit margins, and to one decimal place for other percentages.

[Millions of yen]

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
	1,253,457	1,256,386	1,196,803	1,119,191	816,009	418,338	487,407
	365,609	367,282	348,282	322,702	227,565	243,685	286,550
	341,673	342,869	319,052	307,023	248,542	237,745	256,943
	23,935	24,413	29,229	15,679	-20,976	5,940	29,606
	27,418	27,325	31,995	19,771	-17,171	9,520	30,017
	14,976	-960	13,480	-11,187	-41,078	12,338	32,377
	1,312,074	1,275,535	1,247,427	1,223,800	1,198,303	1,168,574	1,217,308
	568,858	576,396	575,531	542,345	501,936	511,796	546,120
	579,782	588,091	585,715	550,161	508,275	517,660	552,519
	186,751	139,972	136,746	175,548	208,884	175,145	164,868 ^{*1}
	35,373	72,972	28,286	16,281	1,197	37,914	66,301
	-40,913	-26,981	-22,450	-9,965	-4,737	-17,371	-27,026
	2,413	-52,753	-9,063	20,259	29,733	-39,927	-16,198
	34,200	38,446	56,526	38,055	29,484	27,767	20,307
	23,562	25,272	25,734	27,021	23,629	23,014	23,340
	38.27	-2.47	34.58	-28.90	-107.96	32.36	84.82
	1,460.32	1,478.74	1,475.74	1,426.61	1,317.23	1,341.41	1,430.07
	12.00	12.00	12.00	12.00	9.00	10.00	14.00
	29.17%	29.23%	29.10%	28.83%	27.89%	58.25%	58.79%
	27.3%	27.3%	26.7%	27.4%	30.5%	56.8%	52.7%
	1.9%	1.9%	2.4%	1.4%	-2.6%	1.4%	6.1%
	2.6%	-0.2%	2.3%	-2.0%	-7.9%	2.5%	6.1%
	1.8%	1.9%	2.3%	1.3%	-1.7%	0.5%	2.5%
	2.2%	2.3%	2.8%	1.5%	-2.0%	0.6%	2.9%
	43.4%	45.2%	46.1%	44.3%	41.9%	43.8%	44.9%
	31.4%	—	34.7%	—	—	30.9%	16.5%

^{*1} Interest-bearing debt, including lease obligations, totaled 170,237 million yen.

^{*2} Rate of return on invested capital (ROIC) = consolidated operating income after tax ÷ (interest-bearing debt + shareholders' equity).

Financial Data

Consolidated Balance Sheets

[Millions of yen]

	As of March 31, 2022	As of March 31, 2023
ASSETS		
Current assets		
Cash and bank deposits	81,194	105,692
Notes and accounts receivable trade	120,924	133,922
Marketable securities	768	859
Merchandise	24,588	24,644
Finished goods	7	401
Work in process	345	332
Raw materials and supplies	464	606
Other current assets	23,703	25,544
Allowance for doubtful accounts	-4,239	-4,266
Total current assets	247,757	287,735
Property and equipment		
Tangible fixed assets		
Buildings and structures, net	155,908	149,007
Land	527,432	528,032
Construction in progress	6,975	8,619
Right-of-use assets, net	1,725	2,167
Other tangible fixed assets, net	15,968	15,643
Total tangible fixed assets	708,010	703,470
Intangible fixed assets		
Software	17,343	17,334
Goodwill	–	10,332
Other intangible fixed assets	23,422	23,386
Total intangible fixed assets	40,765	51,052
Investments and other assets		
Investment securities	120,413	120,864
Long-term loans receivable	129	80
Guarantee deposits	40,615	40,624
Net defined benefit assets	3,553	3,538
Deferred tax assets	3,475	4,249
Other assets	3,956	5,816
Allowance for doubtful accounts	-179	-181
Total investments and other assets	171,965	174,993
Total property and equipment	920,741	929,517
Deferred assets		
Bond issue costs	75	55
Total deferred assets	75	55
Total assets	1,168,574	1,217,308

[Millions of yen]

	As of March 31, 2022	As of March 31, 2023
LIABILITIES		
Current liabilities		
Notes and accounts payable	87,102	104,802
Short-term borrowings	13,145	26,568
Commercial paper	40,000	40,000
Income taxes payable	1,637	4,969
Gift vouchers	24,369	25,054
Reserve for bonuses	7,019	10,423
Allowance for point cards	2,131	2,103
Reserve for loss from redemption of gift vouchers	16,064	14,523
Other current liabilities	59,298	64,876
Total current liabilities	359,838	403,709
Long-term liabilities		
Bonds payable	30,000	20,000
Long-term debt	82,000	68,300
Deferred tax liabilities	126,921	118,027
Net defined benefit liability	32,827	33,470
Provision for loss on business of subsidiaries and affiliates	18	9
Liabilities from application of equity method	3,466	3,520
Other long-term liabilities	15,843	17,752
Total long-term liabilities	291,075	261,079
Total liabilities	650,914	664,788

NET ASSETS

Shareholders' equity

Common stock	51,162	51,276
Capital surplus	323,812	323,609
Retained earnings	134,558	162,708
Treasury stock	-18,364	-18,159
Total shareholders' equity	491,168	519,434

Accumulated other comprehensive income

Net unrealized gains (losses) on other securities	5,450	5,514
Deferred gains (losses) on hedges	43	2
Foreign currency translation adjustments	15,501	20,931
Remeasurements of defined benefit plans	-367	237
Total accumulated other comprehensive income	20,627	26,685
Stock acquisition rights	1,115	886
Non-controlling interests	4,748	5,512

Total net assets

Total net assets	517,660	552,519
Total liabilities and net assets	1,168,574	1,217,308

*In sections with "–", the value is not stated because data are not available.

*Data for the fiscal year ended March 31, 2023 are financial data disclosed on May 9, 2023.

Consolidated Statements of Income

[Millions of yen]

	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)
Net sales	418,338	487,407
Cost of sales	174,653	200,857
Gross profit	243,685	286,550
Selling, general and administrative expenses	237,745	256,943
Operating income	5,940	29,606
Non-operating income	8,370	4,536
Non-operating expenses	4,789	4,126
Recurring income	9,520	30,017
Extraordinary gain	8,431	3,810
Extraordinary loss	6,834	5,999
Income before income taxes	11,117	27,827
Income taxes-current	1,187	6,125
Income taxes-deferred	-2,158	-10,668
Total income taxes	-970	-4,542
Net income	12,088	32,370
Loss attributable to non-controlling interests	-250	-7
Net income attributable to parent company shareholders	12,338	32,377

Consolidated Statements of Cash Flows

[Millions of yen]

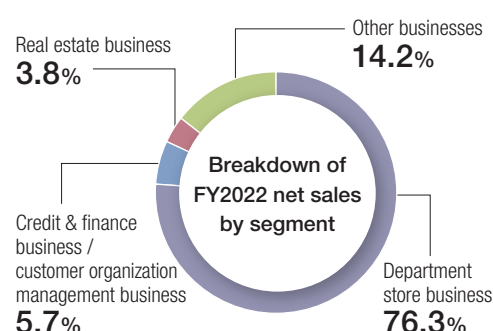
	FY2021 (From April 1, 2021 to March 31, 2022)	FY2022 (From April 1, 2022 to March 31, 2023)
Cash flows from operating activities	37,914	66,301
Cash flows from investing activities	-17,371	-27,026
Cash flows from financing activities	-39,927	-16,198
Effect of exchange rate changes on cash and cash equivalents	1,059	1,489
Net increase (decrease) in cash and cash equivalents	-18,324	24,565
Cash and cash equivalents at beginning of year	102,797	84,472
Increase or decrease in cash and cash equivalents due to changes in scope of consolidation	-	1
Cash and cash equivalents at end of year	84,472	109,039

Net Sales and Operating Income / Breakdown of Net Sales

FY2022 Net sales and operating income

Department store business	Net sales	¥416.0 billion	111.3% YoY
	Operating income	¥20.4 billion	(Operating loss of ¥6.3 billion in the previous fiscal year)
Credit & finance business / customer organization management business	Net sales	¥30.8 billion	101.1% YoY
	Operating income	¥3.7 billion	62.5% YoY
Real estate business	Net sales	¥20.5 billion	113.5% YoY
	Operating income	¥4.0 billion	71.9% YoY
Other businesses	Net sales	¥77.7 billion	156.8% YoY
	Operating income	¥1.1 billion	245.9% YoY

**"Other businesses" includes retail, manufacturing, import/export, wholesale, logistics, human resource services, information processing services, travel services, and other businesses.



Overview of the Isetan Mitsukoshi Group/Stock Information

Isetan Mitsukoshi Group Department Stores (As of September 2023)

Marui Imai

Marui Imai Sapporo Main Store
Hakodate Marui Imai

Isetan

Isetan Shinjuku Main Store
Isetan Tachikawa Store
Isetan Urawa Store
Shizuoka Isetan
Niigata Isetan
JR Kyoto Isetan*

*Includes equity method affiliates

Mitsukoshi

Mitsukoshi Nihombashi Main Store
Mitsukoshi Ginza Store
Sapporo Mitsukoshi
Sendai Mitsukoshi
Nagoya Mitsukoshi Sakae Store
Nagoya Mitsukoshi Hoshigaoka Store
Hiroshima Mitsukoshi
Takamatsu Mitsukoshi
Matsuyama Mitsukoshi
Fukuoka Mitsukoshi

Iwataya

Iwataya Main Store
Iwataya Kurume Store

The Four brands

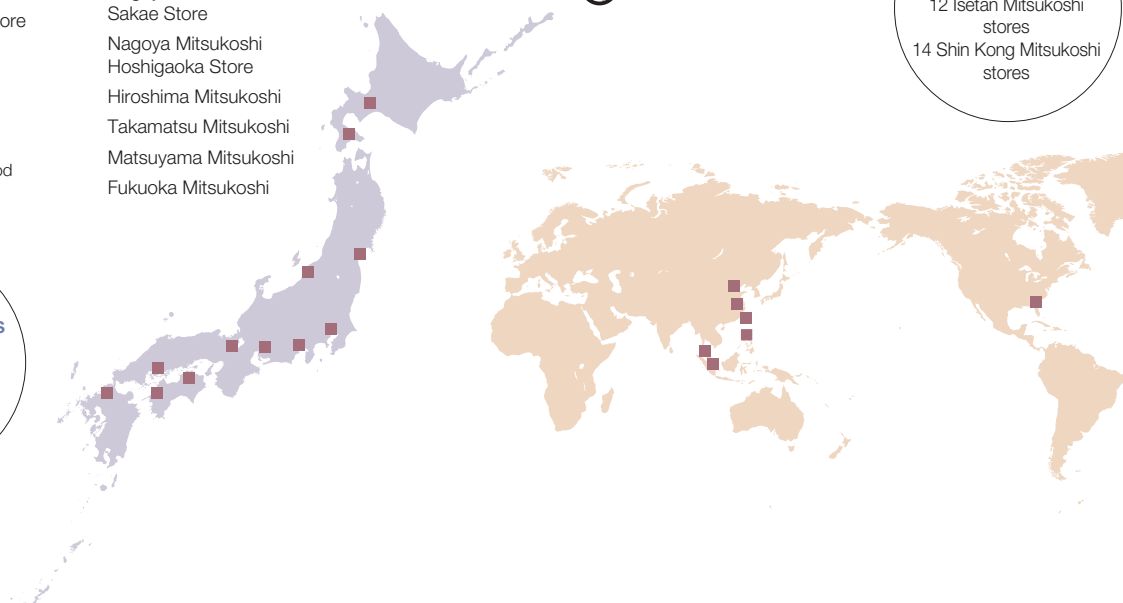


26
overseas stores

12 Isetan Mitsukoshi stores
14 Shin Kong Mitsukoshi stores

20
department stores
in Japan

Approximately 100
small and midsize
stores



List of Group Companies (As of September 2023) Consolidated subsidiaries and equity method affiliates

*Equity method affiliate

Department Store Business

Japan Isetan Mitsukoshi Ltd.
Sapporo Marui Mitsukoshi Ltd.
Hakodate Marui Imai Ltd.
Sendai Mitsukoshi Ltd.
Niigata Isetan Mitsukoshi Ltd.
Shizuoka Isetan, Ltd.
Nagoya Mitsukoshi Ltd.
Hiroshima Mitsukoshi Ltd.
Takamatsu Mitsukoshi Ltd.
Matsuyama Mitsukoshi Ltd.
Iwataya Mitsukoshi Ltd.
West Japan Railway Isetan Ltd.*

Overseas ISETAN (CHINA) CO., LTD.
ISETAN TIANJIN CO., LTD.
TIANJIN BINHAI NEW DISTRICT ISETAN CO., LTD.
Yanlord Isetan Commercial Co., Ltd.*
SHANGHAI MEI LONG ZHEN ISETAN DEPARTMENT STORE CO., LTD.
ISETAN (SINGAPORE) LTD.
ISETAN OF JAPAN SDN. BHD.
MITSUKOSHI (U.S.A.), INC.
SHIN KONG MITSUKOSHI DEPARTMENT STORE CO., LTD.*
Itm Clover Co., Ltd.*

Credit & Finance Business / Customer Organization Management Businesses

MICARD Co. Ltd
MI TOMONOKAI Co., Ltd.

Retail & Specialty Store Business

IM Food Style Ltd.
MITSUKOSHI FEDERAL RETAIL, INC.

Manufacturing, Import / Export and Wholesale Businesses

IMGS CO., LTD.
Century Trading Co., Ltd.
Isetan Mitsukoshi (Italia) S.r.l.

Human Resources and Service Business

Isetan Mitsukoshi Human Solutions Company Limited

Real Estate Business

Isetan Mitsukoshi Property Design Ltd.
ISETAN KAIKAN co., Ltd
Mitsukoshi Isetan Im Facilities Co., Ltd.*
Shinjuku Subnade Ltd.*
NOMURA FUDOSAN MITSUKOSHI ISETAN KAIHATSU GODO KAISYA*

Logistics Business

Isetan Mitsukoshi Business Support Ltd.

Information Processing and Media Businesses

Isetan Mitsukoshi System Solutions Ltd.
Studio Alta Co., Ltd.

Travel Business

Mitsukoshi Isetan Nikko Travel, Ltd.
Lime Tree Cruises B.V.
Lime Tree Shipping AG

Corporate Venture Capital Business

Isetan Mitsukoshi Innovations Ltd.

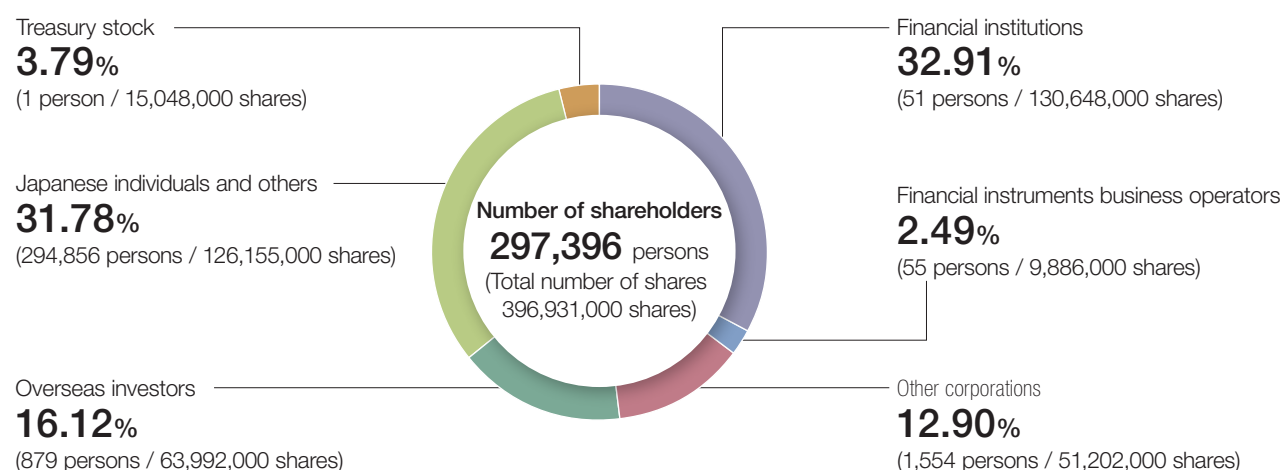
The Group has non-consolidated subsidiaries other than those listed above.

Stock Information (As of March 31, 2023)

Number of shares authorized	1,500,000,000
Number of shares per unit	100
Number of shares issued	396,931,154
Number of shareholders	297,396

◆ Shareholding ratio

*Shareholding ratio is expressed in units of one thousand shares (rounded down to the nearest thousand).



◆ Major shareholders

Name of Shareholders	Number of Shares Held	Voting Rights Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	66,217,700	17.34
Custody Bank of Japan, Ltd. (Trust account)	30,314,700	7.94
The Mitsukoshi Health and Welfare Foundation	13,067,832	3.42
Isetan Mitsukoshi Group's partner holding companies	8,333,178	2.18
SHIMIZU CORPORATION	6,200,000	1.62
Meiji Yasuda Life Insurance Company	5,697,279	1.49
RBC IST 15 PCT LENDING ACCOUNT-CLIENT ACCOUNT	5,021,859	1.32
Isetan Mitsukoshi Group Employees Shareholding Association	4,588,586	1.20
STATE STREET BANK WEST CLIENT-TREATY 505234	4,089,600	1.07
TAIJU LIFE INSURANCE COMPANY LIMITED	3,806,300	1.00

• Treasury shares (15,048,154 shares) is deducted from Voting Rights Percentage.

Corporate Information

Company name:	Isetan Mitsukoshi Holdings Ltd.
Established:	April 1, 2008
Address of main store (registered):	5-16-10, Shinjuku, Shinjuku-ku, Tokyo 160-0022, Japan
Address of head office:	3-2-5, Nishishinjuku, Shinjuku-ku, Tokyo 160-0023, Japan
URL:	https://www.imhds.co.jp/en/index.html
Capital:	JPY 51.0 billion
Business year:	From April 1 to March 31 of the following year



ISETAN MITSUKOSHI HOLDINGS

Contact for Inquiries:

Isetan Mitsukoshi Holdings Ltd.

General Affairs Department
Corporate Communication and IR Division

<https://www.imhds.co.jp/en/inquiry>