Isetan Mitsukoshi Group Financial Results Explanation Meeting for the Three Months Ended June 30, 2025

August 8, 2025

Isetan Mitsukoshi Holdings

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My name is Yoshinori Makino, Chief Financial Officer. I would like to present the results for the first quarter.

1. Summary of the Results for the First Quarter of the Fiscal Year Ending March 2026 (FY2025)

- **Domestic customer sales increased more than expected, mainly from "identified customers"**
- **Overseas customer sales, which was particularly high in previous year, declined mainly due to lower per customer spending**
- **As a result of cost controls that exceeded plan, operating profit was 15.6 billion yen, tracking well in line with the full-year plan of 78.0 billion yen**

As an overview, domestic customer sales rose because purchasing by identified customer segments exceeded our expectations, while net sales to overseas customers declined year on year, chiefly because last year's April–July period was exceptionally strong.

Owing to rigorous cost control, operating profit reached JPY 15.6 billion, putting us firmly on track to achieve the full-year target of JPY 78.0 billion.

2. Consolidated Results for FY2025 Q1

- **Gross sales: Domestic customer sales remained firm, but overall sales declined due to the impact of overseas customer sales**
- **SG&A expenses: Efficiency improvement was promoted through flexible cost control**
- **Profit: Increased significantly due to the sale of shares of affiliated companies**

(0.1 billions of yen)	Q1 (April-June) results	YoY	YoY difference
Gross sales	3,012	94.8%	(166)
Net sales	1,241	95.8%	(55)
Gross profit	769	95.6%	(35)
SG&A expenses	613	99.5%	(3)
Operating profit	156	82.9%	(32)
Ordinary profit	170	80.5%	(41)
Profit	188	137.5%	+51

Turning to consolidated performance, gross sales on a consolidated basis were supported by solid domestic demand, but net sales to overseas customers fell by approximately JPY 15.0 billion.

The termination of our China business last April–June also weighed on revenue. Gross profit decreased by JPY 3.5 billion, while selling, general and administrative expenses were JPY 0.3 billion lower.

Consequently, operating profit came to JPY 15.6 billion, and ordinary profit stood at JPY 17.0 billion.

Profit was JPY 18.8 billion, substantially higher than the prior-year figure owing to a special gain on the sale of equity holdings.

3. Results of Gross Sales at Our Major Department Stores in Japan (by Store and Company)

- **The five stores in the Tokyo metropolitan area saw a revenue down at 96% YoY, but domestic customer sales increased 3% and remained firm**
- **The five major regional companies posted lower revenue at 94% YoY. A decrease in overseas customer sales, mainly at large stores, had an impact**

(0.1 billions of yen)	Gross sales	YoY	YoY difference	Total turnover*
Isetan Shinjuku Main Store	972	95.2%	(48)	980
Mitsukoshi Nihombashi Main Store	393	99.0%	(3)	421
Mitsukoshi Ginza Store	291	95.7%	(12)	316
Isetan Tachikawa Store	74	97.1%	(2)	75
Isetan Urawa Store	83	95.8%	(3)	84
Isetan Mitsukoshi Total	1,815	96.2%	(71)	1,879

(0.1 billions of yen)	Gross sales	YoY	YoY difference	Total turnover*
Sapporo Marui Mitsukoshi	136	96.1%	(5)	147
Sendai Mitsukoshi	58	94.1%	(3)	59
Nagoya Mitsukoshi	141	92.9%	(10)	200
Niigata Isetan Mitsukoshi	80	98.9%	(0)	81
Iwataya Mitsukoshi	302	91.1%	(29)	311
Total of 5 major regional companies	718	93.5%	(50)	800

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

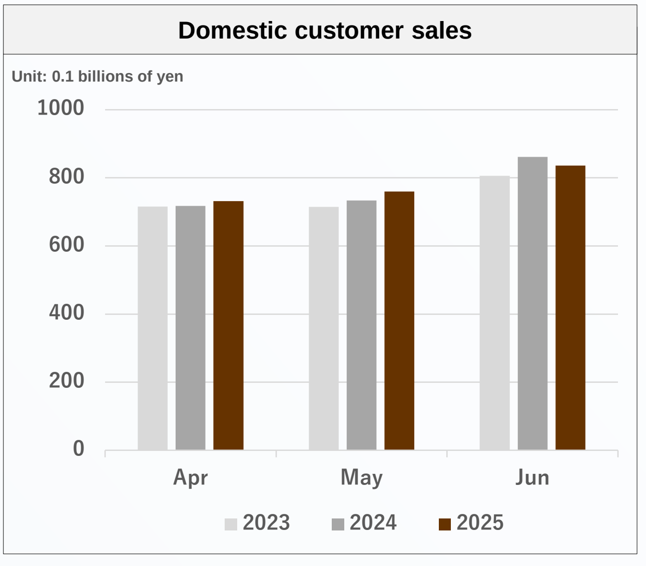
With respect to sales at the five Mitsukoshi Isetan stores in the Tokyo metropolitan area and at our key regional stores, the five metropolitan stores recorded 96 % of last year's level; however, domestic customer sales increased by 3 % and exceeded plan.

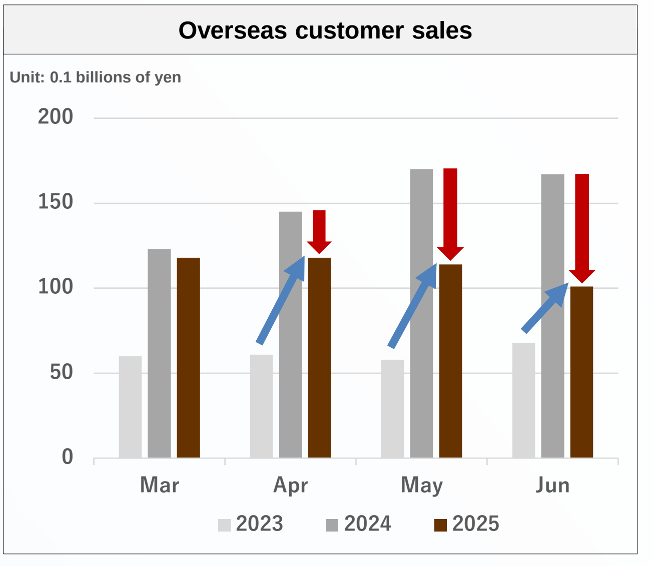
The five key regional companies achieved 94 % of last year, mainly because of lower sales to overseas customers at the larger stores.

Isetan Shinjuku main store, Mitsukoshi Ginza Store and Iwataya Mitsukoshi, all of which posted strong overseas sales last year, registered year-on-year declines.

4. Overview of Sales by Customer Segment

- [Domestic customer sales] Increased per customer spending contributed to steady growth compared to the previous year's results
In addition, growth was achieved compared to the results in the year before last
- [Overseas customer sales] From April onward, results fell substantially below the previous year's results, due to significantly decreased per customer spending
On the other hand, results compared with the year before last showed a significant increase





*FY2025 results: Clearance sales were pushed back from June to July, which had a negative impact of approximately 860 million yen on June results.

I will now supplement the operational situation and full-year outlook.

Domestic customers posted an average spend that was 105 % of last year, outpacing even the level that drove operating profit of JPY 54.3 billion in FY 2023. Overseas customers fell well short of last year after April, as average spend dropped sharply, but remained 180 % of the level two years ago.

Part of the variance reflects the postponement of our clearance sale from June to July, shifting some revenue into the second quarter.

5.Factors contributing to the increase in domestic customer sales

- The number of customers visiting stores remained virtually flat YoY
- Per customer spending increased by promoting identification measures and strengthening customer relationships

Components of sales
(Total domestic department stores)

(1) YoY change in components

Number of purchasing customers		Per customer spending		Sales
97%	×	105%	=	101%

(2) Progress in individual customer business process activity

Attracting customers	• The number of customers visiting stores was virtually flat YoY • Significant growth in the number of app members
Identification	• Significant growth in number of identified customers • In addition, the number of W member customers has also increased substantially
Expansion of use	• Identified customer gross sales grew • In addition, the share of identified customer gross sales also grew
Lifetime customerization	• Steady sales in the base network

Trends in sales by customer segment

Trends are outpacing the previous year thanks to enhanced "individual" marketing

	YoY
Identified customer sales (Customer KPIs)	103%
W member customer sales (MICARD + MITSUKOSHI ISETAN App)	112%
Sales to customers purchasing more than 3 million yen across the Group (Customer KPIs)	108%
Sales to customers purchasing more than 10 million yen across the Group	114%

Domestic customer performance should be viewed alongside progress in the Individual customer business process.

Although store traffic was broadly flat year on year, our intensified focus on customer identification and relationship-building underpinned sound sales. Customers with deeper engagement proved less sensitive to external headwinds.

Initiatives in customer acquisition, identification, usage expansion and lifetime customerization proceeded smoothly. Identified customer sales reached 103 % of last year, while double members—customers holding both a MICARD and the MITSUKOSHI ISETAN App—generated 112 %.

Customers spending over JPY 3 million annually grew sales 8 %, and those spending over JPY 10 million rose 14 %. Individual out-of-store-sales customers were also solid, led by our two flagship stores.

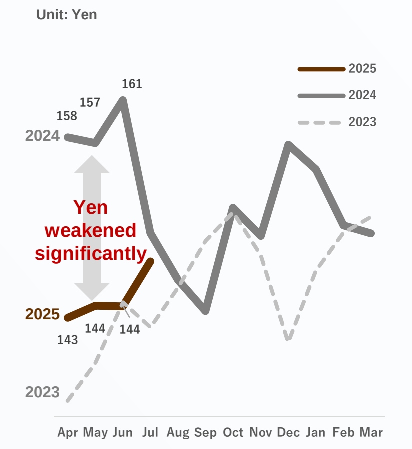
6. Factors of Decrease in Overseas Customer Sales

- In the previous year, the yen's weakness and rush demand ahead of price revisions for high-priced products led to a jump in the share of those products and a substantial uptick in per customer spending
  ➡Sales decreased due to a downturn in per customer spending associated with the special factors in the previous year

Number of purchasing customers	×	Per customer spending	=	sales
89%		77%		69%

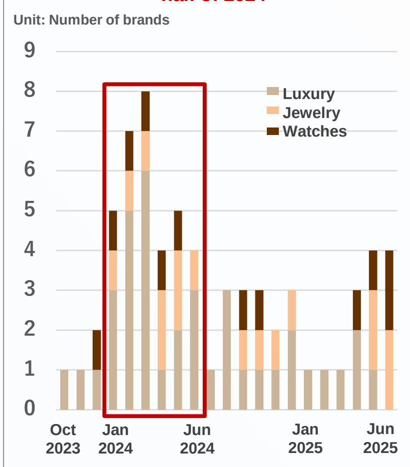
Special factor (1) Impact of foreign exchange rates

In FY2024, the yen continues to weaken significantly, making purchases in Japan relatively inexpensive for overseas customers



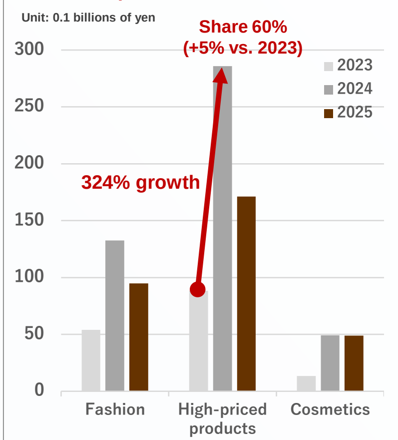
Special factor (2) Price increase for high-priced products

Price increases for high-priced products, such as specially selected items, jewelry and watches, were concentrated in the first half of 2024



Special factor (3) Change in MD balance

Rush demand ahead of price revisions for high-priced products drove a substantial increase in the share of such products in FY2024



*Fashion: Women's clothing, women's accessories, men's clothing, baby and children's clothing
*High-priced products: Specially selected items, jewelry, watches

In the first quarter, overseas customer numbers were 89 % of last year, average spend 77 %, and net sales 69 %, slightly below the 80 % we had assumed. The reasons include a correction in yen weakness after the exchange rate temporarily exceeded JPY 160, and pre-price-increase demand last year for luxury goods, jewellery and watches. Cosmetics remain firm, and we sense a gradual recovery in sales to overseas customers, especially in visitor numbers.

7. Changes in Consolidated SG&A Expenses

- Total SG&A expenses were reduced by 0.3 billion yen YOY through the promotion of cost structure reform to address increased expenses (up 0.8 billion yen) from rising prices.
- Cost structure reform is outpacing the annual plan announced in May with a reduction of 4.3 billion yen (achievement rate of approx. 40% in Q1).

			Breakdown of YoY increase/decrease				
			Current year increase/decrease				
(0.1 billions of yen)	Q1 (April–June) results	YoY changes	Cost structure reform	Linked to sales	Strategic expenditures	Impact from price changes	Others
Personnel expenses	218	(0)	(8)			+7	
Advertising expenses	19	+1	(0)				+1
Lease payments	75	(5)	(6)	(0)			
Business consignment expenses	69	(3)	(0)				(3)
Depreciation and amortization	57	+1	(0)		+0		+1
Utilities expenses	20	(0)	(1)			+1	
Others	151	+3	(2)	(1)		+1	+5
Total	613	(3)	(17)	(1)	+0	+8	+4

Regarding changes in selling, general and administrative expenses, we are targeting JPY 4.3 billion of savings for the year under our cost structure reform and have already achieved JPY 1.7 billion in the first quarter, holding total expenses below last year despite higher personnel expenses from base-pay increases. It will be ever more important to advance cost structure reform in line with the top line.

8. Results by Segment (First Quarter)

- Department store business: Operating profit decreased by 3.2 billion yen mainly due to a decrease in overseas customer sales
- Credit & financial business: Revenue increased due to an increase in members resulting from the introduction of MICARD BASIC
  Profit increased excluding special factors due to changes in accounting treatment in the previous fiscal year
- Real estate business: Profit increased due to higher rental income from leased properties

(0.1 billions of yen)	Gross sales	YoY	Net sales	Operating profit	YoY difference
Department store business	2,792	94.5%	1,022	124	(32)
Credit & finance business / Customer organization management business	95	101.5%	84	17	(4)
Real estate business	49	77.0%	49	8	+1
Other businesses	75	112.1%	84	6	+3
Total	3,012	94.8%	1,241	156	(32)

*Operating profit in the "others" segment includes an adjustment (140 million yen)

By segment, the Department store business, which had posted profit growth for several years, saw earnings decline because of the recoil in overseas demand at Mitsukoshi Isetan stores in the Tokyo area and at Iwataya Mitsukoshi.

In the Credit & finance business/Customer organization management business, the Basic Card launched at the end of March is being adopted smoothly and boosting membership, but a one-off expense reduction of about JPY 0.5 billion in the first quarter of FY 2025 produced an apparent year-on-year profit decline of JPY 0.4 billion; excluding this factor, profit rose.

The Real estate business increased profit, mainly from higher rental income.

Overall operating profit across all segments decreased by JPY 3.2 billion.

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I: Results for the First Quarter of the Fiscal Year Ending March 2026 (FY2025)

II: Full-Year Plan for the Fiscal Year Ending March 2026 (FY2025)

I would like to talk about our full-year plan.

1. Summary of FY2025 Full-Year Plan

No change from the full-year plan announced in May

Maintain the plan for operating profit of 78.0 billion yen and profit of 60.0 billion yen

- **For domestic customers, we will strengthen personalized proposals for identified customers, including out-of-store-sales, along with accelerating identification of customers using MICARD BASIC.**
- **For overseas customers, we will promote the expansion of the number of registrants for our global app to improve our CRM infrastructure, while also promoting individual marketing through overseas out-of-store-sales.**
- **Implementing flexible cost control commensurate with sales level from Q2 onward**

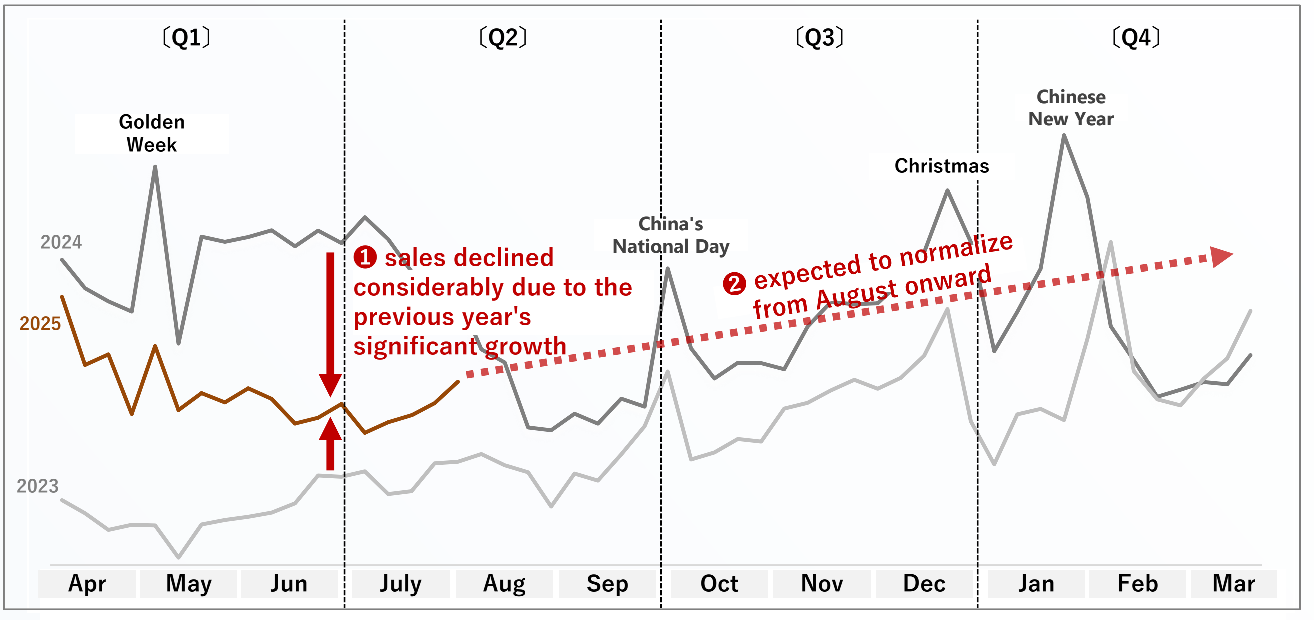
For the full-year we maintain the plan announced in May: record-high operating profit of JPY 78.0 billion and profit of JPY 60.0 billion. First-quarter operating profit of JPY 15.6 billion. This is equivalent to approximately 20% of the annual operating profit of 78 billion yen, and is a good start compared to the progress rate of past first quarters. We will work steadily toward the target.

For domestic customers, we will accelerate customer identification through the MICARD BASIC, strengthen the out-of-store-sales framework described later, and enhance personalized proposals to sustain and raise the current trend. While the first quarter last year showed the highest year-on-year growth, we intend to surpass that level this year.

For overseas customers, we will expand registrations on the global app for overseas customers launched in March 2025 and lift sales through stronger overseas out-of-store-sales. We will dynamic control according to gross sales, using both accelerator and brake appropriately, to deliver the operating profit and profit targets.

2. Domestic Department Stores: Overview of Sales by Customer Segment (Trends and Outlook for Overseas Customer Sales)

- (1) Q1: Significantly lower than the previous year's results, which had increased by over 250%. However, results were up compared with the year before last
- (2) From Q2 onward: The exceptional per customer spending in FY2024 has run its course, and recovery is expected from mid-August



The slide on overseas and domestic customer outlook contains three line graphs. The top line shows weekly overseas customer sales last year, the bottom line depicts FY 2023, and the middle line represents FY 2025.

Last year, although the first quarter is not normally a peak period, sales from Golden Week through June and July matched those of Christmas and the Lunar New Year, thanks to foreign-exchange effects and pre-price-increase demand for luxury brands. From early August, natural disasters such as earthquakes and typhoons eroded sales, and August–September was challenging.

This year we already feel a recovery in customer numbers from late July, and we expect normalization from August onward.

3. Current Status and Future Initiatives (Domestic Customers)

- **Sales remained steady thanks to the steady progress of key initiatives**
  - ➡ **We will continue to promote key initiatives with the aim of further increasing sales**

	Identification and expansion of use	Lifetime customerization
	MICARD BASIC (Credit card with no annual fee)	Domestic out-of-store-sales
Current status	Identification: • MICARD enrollment numbers are strong • The number of normal accounts has remained positive since May Expansion of use: • Card usage amounts have been higher than expected • Usage for daily necessities has stood out	• Promoting Tokyo metropolitan area customer-facing content proposals by regional out-of-store-sales representatives • Expanding individual customer demand forecasting model driven by data analysis for the out-of-store-sales representatives at both main stores
Going forward	Identification: • Promotion of identification using MICARD BASIC as a hook • Recommending credit card types according to needs Expansion of use: • Strengthening personalized approach using purchasing data	• Further expansion of content of attended sales • Gradually expanding the individual customer demand forecasting model driven by data analysis to the out-of-store-sales representatives nationwide

To bolster identification and usage expansion among domestic customers, we introduced the MICARD BASIC at the end of March 2025. Overall new MICARD enrolments are running at 150 % of the year-earlier period. Most of membership procedures are via the app, automatically creating more double members, the number of members who can provide information in both directions is increasing. Normal active accounts are trending upward, and the MICARD share of department store net sales is steadily rising.

Entry customers include younger shoppers purchasing mainly cosmetics and customers buying food at suburban stores, but we are confident that the identification platform is strengthening. We will recommend appropriate card to match customer needs. Because card categories are now clearer, Gold Card enrolments are holding steady year on year. We will enlarge membership through both existing and new campaigns and intensify approaches using purchase data from the expanding customer base.

On the right of the slide we outline out-of-store-sales initiatives aimed at lifetime customerization. Focusing on individual out-of-store-sales in the Tokyo metropolitan area, we are reinforcing a recommendation model tailored to customer needs and establishing a base network that invites customers nationwide to Tokyo or enables them to purchase Tokyo merchandise. These moves support steady performance among identified customers, high-spending annual customers and individual out-of-store-sales customers. We have piloted a customer demand-forecast model at select stores and will extend it to our two flagships and nationwide, enriching attendant-led selling content to raise wallet share among customers with whom we maintain lifelong relationships.

4. Current Status and Future Initiatives (Overseas Customers)

- Strengthened communication infrastructure for overseas customers with the launch of the global app and the establishment of Overseas Sales Division
  ➡ Moved schedule forward to this year for promoting personal communication aimed at identified customers, originally planned for next year

	Identification and expansion of use	Lifetime customerization
	Global app (App for overseas customers)	**Overseas out-of-store-sales**
Current status	Identification • Expanding membership by utilizing special benefit programs • Number of customers who registered in the app was achieved as planned	• Establishment of Overseas Sales Division (effective in April 2025) ➡Full-scale "individual" marketing ➡Total turnover: 92% compared to the previous year (197% compared to the year before last) *Recovery trend in July (YoY: 135%)
Going forward	Expansion of use • Personalized approach scheduled to start next fiscal year to be implemented from January 2026	• Establishment of a CRM infrastructure for overseas customers and development of services to be provided

Let me now discuss overseas customers. In the context of identification and usage expansion shown on the left, the global app for overseas customers launched at end-March 2025 is progressing smoothly. Membership surpassed 100,000 in the first quarter, and WeChat jurisdictions added another 120,000 members, marking a strong start in building the identified customer base targeted for FY 2026. While preparing for phases 2 and 3 of the app, we have decided to accelerate certain personalization features originally slated for next fiscal year. Specifically, we will introduce functionality in January next year to identify each customer's purchase history and then begin delivering tailored recommendations.

We have worked on overseas out-of-store-sales for the past two years and, as of April 2025, reorganized the function from a person-in-charge scheme into a formal department, enhancing stronger intra-group coordination. From April to June, sales to overseas customers were 70% of the previous year's level, but the total value of overseas out-of-store-sales reached 92% of the same period last year, showing solid performance.
July rebounded sharply, and the latter half of the month climbed to 135 % of last year, taking the April–July cumulative total above year-earlier levels. Through identification and usage-expansion initiatives we ultimately aim to achieve lifetime customerization for all customers, including app members. Overseas out-of-store-sales is an early example that is already contributing positively. For both resident and visiting overseas customers, we are developing CRM infrastructure and services, including events, and will deepen relationships going forward.

2. FY2025 Consolidated Plan

- Maintain sales plan by strengthening personalized proposals to domestic identified customers, including out-of-store-sales
- While closely monitoring sales progress, implement flexible control of SG&A expenses

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

Based on these initiatives, we are committed to the full-year targets of JPY 78.0 billion in operating profit and JPY 60.0 billion in profit . The balance among overseas customer sales, domestic customer sales and selling, general and administrative expenses may shift with various situations, but because visibility remains limited, we will first ensure the certain attainment of these profit levels.

This concludes my presentation.

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Therefore, actual performance figures and results may differ from forecasts due to factors such as future business operations and changes in economic conditions.