Isetan Mitsukoshi Holdings Ltd.

Summary of Q&A Session at WEB Briefing for the First Quarter of the Fiscal Year Ending March 31, 2027

Date: Thursday, August 13, 2026, 13:30-14:30

Q: What impact will the sale of Shin Kong Mitsukoshi shares have on ordinary profit and profit?

A: In April, we sold a portion of our Shin Kong Mitsukoshi shares, and we recorded an extraordinary gain of ¥10.4 billion, the same level as in the previous fiscal year. In addition, in the first quarter, we recorded equity in earnings as originally planned. From the second quarter onward, when the equity-method application ends, the way we recognize earnings will shift to dividend income. In this revision, we also raised our ordinary profit forecast by ¥3.0 billion, and we believe there may still be some additional upside in non-operating income.

Q: Regarding overseas customer sales, if the current trend continues, is it fair to assume that there is still further upside?

A: We believe that if the current trend continues, there is still some additional upside in overseas customer sales. In fact, as of the end of July, monthly sales have continued at a level of approximately ¥14.0 billion. Enrollment in the app by overseas customers is progressing, and from the second half onward, by linking the app with passport information, we will be able to understand customers' purchase details and communicate with them accordingly. In this way, we will gradually and step by step evolve our initiatives to reduce the volatility of overseas customer sales.

Q: How is customer acquisition progressing among customers other than out-of-store-sales clients and royal customers centered on those with annual purchases of ¥3 million or more?

A: It is true that among GCP top-tier customers with annual purchases of ¥3 million or more, higher spending per customer driven by a broader range of purchasing categories has been supporting sales. At the same time, through the introduction of MICARD BASIC last year and the renewal of the Western

confectionery section at the Isetan Shinjuku main store, we have also been steadily advancing initiatives to increase younger customers and a new generation of royal customers.

Q: What is the impact of the external environment on domestic customers and overseas customers, respectively?

A: For domestic customers, we feel that higher stock prices are boosting consumer sentiment. In addition, inflation is creating a mindset of buying desired items now, and as a result, jewelry and watches are performing well. At the same time, we are also seeing an expansion in purchases not only of products with economic asset value but also of items that contribute to personal fulfillment and self-improvement. In this regard, we believe our personal marketing is functioning effectively and that the number of customers purchasing across many product categories is increasing. For overseas customers, we recognize that it is currently quite difficult to quantify precisely how much the external environment, particularly yen depreciation, is contributing to sales. However, even if the yen were to appreciate in the future, we do not believe sales would immediately decline. By further strengthening our connections with customers around the world through the overseas branding of our stores, centered on the 3 flagship stores, we expect the volatility of overseas customer sales to decline further.

Q: Regional stores appear somewhat weak, but what is the situation?

A: As a premise, on a total turnover basis including tenant sales, the year-on-year performance is approximately 1.5 percentage points better than gross sales. In addition, sales from local customers through the base network have risen to 5% of regional store sales. Furthermore, we are carrying out large-scale renovations in several regions, including Nagoya Mitsukoshi, and in that process there have been impacts such as closures of areas under construction. Accordingly, we recognize the first-quarter results as being in line with plan.

Q: Regarding profit in the “other businesses” segment, which declined year on year, please tell us about the actual results and future outlook.

A: Mitsukoshi Isetan Nikko Travel, Ltd. posted a decline compared to the previous year due to the impact of the external environment, including the situation in the Middle East and foreign exchange trends. Although the travel business is susceptible to the external environment, our medium-term policy is to strengthen travel demand in Japan among overseas customers, and we will work to improve operating revenue going forward. As for IM Food Style LTD., while it may appear negative if viewed only on the basis of first-quarter figures, we expect it to remain firm on a full-year basis.

Q: Please explain your thinking on the outlook for selling, general and administrative expenses.

A: This time, we lowered our full-year plan for selling, general and administrative expenses by ¥1.0 billion, but we still factor in risks for uncertain items affected by the external environment, including foreign exchange. Therefore, depending on one's perspective, it may appear somewhat conservative. This revision reflects only items with a high degree of certainty, based on our approach of not incorporating too much with respect to areas beyond our control.

Q: Please tell us about the impact of Food Craft.

A: Food Craft is a company that operates the supermarket OONOYA and the specialty store OONOYA Shoten, businesses that were succeeded by our Group, and it has been newly included in the scope of consolidation from this fiscal year. We have already presented Food Craft's performance in the earnings presentation materials we disclosed. In the first quarter, both expenses and sales progressed largely in line with plan. Going forward, we plan to advance initiatives that will generate synergies between Queens Isetan and OONOYA, and we expect profit growth.

Q: Regarding the gross margin ratio, it appears to have declined somewhat versus plan, and we would like to hear your view.

A: Looking solely at the year-over-year comparison for Isetan Mitsukoshi Ltd. on a standalone basis, we recognize that the first-quarter figure of -0.47% may appear somewhat large. On the other hand, in terms of the actual rate, it was

26.2%, which represents a slight improvement from the fourth quarter of the previous fiscal year, so we consider it generally within expectations. While the gross margin ratio is of course an important indicator, in terms of overall profit efficiency we place emphasis on profit per square meter.

Q: Please tell us the background behind the strong results in the finance business and the impact of the planned revisions to the MICARD program and related measures.

A: In addition to total transaction volume across department stores, transaction volume outside department stores is also growing strongly, and revenue is increasing steadily. On top of that, installment fees has risen to nearly 110% of the previous year's level, and through a variety of combinations, performance has started the year on a solid footing. Regarding the program revisions scheduled for next February, we plan four major changes. First, we will revise the points program: in addition to the current card points, MI Points, a portion will be changed to credit points. Second, the point accrual rate for gold cards will be fixed at 10%. Third, points for cash deposits will be discontinued. Fourth, we will introduce a new card. As for the details of the program design, including annual membership fees, we hope to discuss them at the November earnings presentation, but our aim is to expand total card earnings by becoming the first card or second card for royal customers. Since the program revisions will take effect from February, however, the profit contribution is expected to be centered on the next fiscal year and beyond.

Q: In the first quarter alone, by how much did operating profit exceed plan? Also, how did this look by segment?

A: At the time we disclosed operating profit of ¥81.5 billion in May, we had planned an increase of about ¥2.0 billion year on year in the first quarter. Against that, actual results came in ¥1.5 billion above budget and ¥3.2 billion above the previous year, making for a very strong start to the first quarter. In addition, the entire upward revision of ¥2.5 billion this time came from the department store business segment. As a breakdown, you may understand this

as approximately ¥2.0 billion from Isetan Mitsukoshi Ltd. and about ¥0.5 billion from regional and overseas operations.

Q: Will the strong performance among domestic customers continue sustainably from next fiscal year onward?

A: There is an aspect in which the GCP top customer segment is driving overall sales, but we recognize that our wallet share of these customers' overall consumption remains small. If we strengthen our connection with customers and make appropriate proposals not only for what is inside our stores but also for what is outside our stores, we believe we can further increase wallet share. As part of this, we are using AI to make recommendation proposals in individual out-of-store-sales, and we are also advancing initiatives to expand this beyond individual out-of-store-sales to a broader scope. If we can continue doing this, we do not believe demand will quickly run its course.

Q: What are your prospects for purchase segments spending ¥300,000 or less annually, rather than affluent customers, and for regional stores?

A: Our business model is not aimed only at affluent customers; it targets sophisticated and high-quality consumption for everyone. The renewal of the Western confectionery section at the Isetan Shinjuku main store, which we are currently advancing, is being used particularly by younger customers. As for regional stores, we are also working to acquire new customers and deepen connections, centered on daily touchpoints such as food.

Q: Is it correct to understand that the shift to a refund-based system for duty-free purchases will not have a significant impact? Please share your view again.

A: If refunds at airports are processed smoothly, we do not expect major disruption. In addition, the abolition of the upper limit on duty-free purchases of consumables creates product categories where purchase opportunities will expand. Even if the system change has a short-term operational impact, we believe the effect on performance will level out over time.

Q: With business performance progressing well, are you considering bringing

forward Urban community development investment?

A: We are currently exploring options so that we can provide the latest information on upcoming ongoing projects in November. We are considering multiple projects related to Real Estate Development across several areas. Some projects are relatively easy for us to decide on independently, while others require coordination with partners, landowners, and government authorities. The former are easier for us to control, but the latter cannot proceed based solely on our funding situation or our own judgment. Accordingly, we are currently in the process of organizing and advancing each project while carefully assessing its individual characteristics.

Q: For overseas customers, please tell us the trends by visitors' area of origin.

A: By region, customers from mainland China had become somewhat weak from around last December, but they have been recovering since around June. Meanwhile, growth in visiting customers from other parts of Asia, such as Taiwan, Hong Kong, South Korea, and Thailand, as well as from North America, has been very strong. As for purchasing trends, while there are slight differences by region, overall growth is centered on categories such as luxury goods, jewelry and watches, and cosmetics.

Q: To what extent are you connected with customers domestically and overseas? And how much room is there for expansion?

A: For domestic customers, the ratio we can currently identify has reached approximately 70%. Going forward, by ensuring that customers with whom we establish new touchpoints properly keep the app and other tools, we aim to raise this 70% closer to 100%. For overseas customers, sales originating from the app have grown to 150% year on year, and the share of overseas customer sales accounted for by customers who have the app has also reached 71%, and here as well we see room to bring that closer to 100%. In addition, for customers who have the app, we will provide attractive content information and build relationships under which they continue to view it after returning home, while also linking this to opportunities for store visits when they revisit Japan. Ultimately, without distinction between domestic and overseas customers, we

will connect with customers around the world who seek sophisticated and high-quality experiences and promote high-level CRM.

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