Isetan Mitsukoshi Group Financial Results Explanation Meeting for the Six Months Ended September 30, 2025

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November 13, 2025

Isetan Mitsukoshi Holdings

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

Due to external factors, overseas customer gross sales, which had been strong in FY2024, declined; however, this was offset by growth in domestic identified customer gross sales, limiting the overall decrease in revenue.

We continued to promote control of selling, general and administrative expenses through cost structure reform.

Operating profit fell YoY, but progress against the full-year plan is in line.

Profit increased by 16% YoY to 29.3 billion yen.

We set a new record first-half profits.

2. Consolidated Results for FY2025 Q2

- Gross sales: We continued to control SG&A expenses amid a decline in overseas customers due to a pullback from FY2024's strong performance
- Profit: We recorded a high for a first half (boosted by gains on the sale of shares of affiliated company) at 29.3 billion yen

(0.1 billions of yen)	Q2 (Apr-Sep) results	YoY	YoY difference	(Reference) Q2 (Jul-Sep)		
				Results	YoY	YoY difference
Gross sales	**5,962**	96.3%	(228)	2,949	97.9%	(62)
Net sales	**2,538**	96.1%	(102)	1,296	96.5%	(47)
Gross profit	**1,561**	96.6%	(55)	791	97.5%	(20)
SG&A expenses	**1,246**	98.3%	(21)	633	97.2%	(18)
Operating profit	**314**	90.2%	(34)	158	98.7%	(2)
Ordinary profit	**331**	85.5%	(56)	160	91.6%	(14)
Profit	**293**	115.7%	+39	105	90.1%	(11)

* Total turnover, including gross sales of department store tenants and sales of merchandise handled outside department stores, amounted to 627.2 billion yen

3. Results of Gross Sales Figures for Major Domestic Department Stores (by Store and Company)

- Mitsukoshi Nihombashi Main Store, which holds a high share of domestic customers, achieved gross sales exceeding the previous year's significant growth
- Even stores that saw a decline in revenue during H1 sustained steady domestic customer gross sales, particularly identified customers

(0.1 billions of yen)	Gross sales	YoY	YoY difference	Total turnover *
Isetan Shinjuku Main Store	1,924	97.1%	(57)	1,942
Mitsukoshi Nihombashi Main Store	771	101.1%	+8	828
Mitsukoshi Ginza Store	577	97.4%	(15)	631
Isetan Tachikawa Store	143	98.0%	(2)	144
Isetan Urawa Store	162	97.1%	(4)	163
Isetan Mitsukoshi Total	3,578	98.0%	(72)	3,711

(0.1 billions of yen)	Gross sales	YoY	YoY difference	Total turnover *
Sapporo Marui Mitsukoshi	274	95.7%	(12)	295
Sendai Mitsukoshi	117	96.3%	(4)	119
Nagoya Mitsukoshi	282	94.4%	(16)	400
Niigata Isetan Mitsukoshi	159	99.7%	(0)	161
Iwataya Mitsukoshi	606	95.7%	(27)	625
Total of 5 major regional companies	1,439	95.9%	(60)	1,602

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

4. Changes in Consolidated SG&A Expenses

- Business restructuring and SG&A expense control led to reductions from the previous year, mainly in personnel expenses and lease payments
- Progress is steady, with cumulative savings of 3.7 billion yen in H1 against a full-year reduction target of 4.3 billion yen through cost structure reforms

(0.1 billions of yen)	Q2 (Apr-Sep) results	YoY changes	Breakdown of YoY increase/decrease				
			Cost structure reform	Linked to sales	Strategic expenditures	Impact from price changes	Others
Personnel expenses	436	(6)	(18)			+11	
Advertising expenses	43	(0)	(2)				+2
Lease payments	148	(13)	(11)	(3)			
Business consignment expenses	138	(6)	(1)		+1	+3	(9)
Depreciation and amortization	114	+0	(0)		+1		(0)
Utilities expenses	48	(0)	(1)			+0	
Others	318	+6	(3)	(2)		+2	+10
Total	1,246	(21)	(37)	(5)	+2	+16	+2

5. Performance by Segment

- Department store business: Profit progress is tracking in line with plan, although there was a significant pullback from the strong overseas customer gross sales in FY2024 due to the external environment.
- Credit & financial business: Profit increased in real terms excluding the impact (approx. 0.5 billion yen) of changes in accounting treatment in FY2024 Q1
- Real estate business: In addition to increased rental income from leased properties, the construction and interior business also performed well

(0.1 billions of yen)	Gross sales	YoY	Net sales	Operating profit	Operating profit margin	YoY difference
Department store business	5,524	96.1%	2,094	254	4.6%	(41)
Credit & finance business/ Customer organization management business	182	102.9%	169	29	16.0%	(2)
Real estate business	114	86.6%	114	19	16.9%	+4
Other businesses*	140	107.2%	160	11	8.2%	+4
Total	5,962	96.3%	2,538	314	5.3%	(34)

*Operating profit in the other businesses segment includes an adjustment

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1. Summary of FY2025 Full-Year Plan

Aiming to deepen engagement with domestic identified customers through the combined power of people and digital technology, and to drive sales growth through sophisticated and high-quality proposals

Stabilize overseas customer gross sales following the conclusion of FY2024's extraordinary performance period

Strengthen CRM to achieve medium-term growth in frequency and average transaction value

Maintaining the plan for record high operating profit of 78.0 billion yen announced in May

Raising the plan for profit by 2.0 billion yen to a record high of 62.0 billion yen

2. FY2025 Consolidated Plan

- Gross sales forecast revised based on the H1 performance of overseas customers gross sales, and other factors
- Operating profit forecast reiterated at a record 78.0 billion as announced in May, following a review of SG&A expenses
- Profit is projected to be 62.0 billion yen, an increase of 2.0 billion yen from the initial plan and also a record high

(0.1 billions of yen)	Full year	YoY	YoY difference	Variance from May plan
Gross sales	13,050	100.1%	+13	(150)
Net sales	5,560	100.1%	+4	(10)
Gross profit	3,370	99.8%	(6)	(30)
SG&A expenses	2,590	99.1%	(23)	(30)
Operating profit	780	102.2%	+16	-
Ordinary profit	770	87.4%	(111)	+30
Profit	620	117.4%	+91	+20

3. Gross Sales Plan for Major Domestic Department Stores (by store and company)

- Isetan Shinjuku Main Store, Mitsukoshi Nihombashi Main Store, and Mitsukoshi Ginza Store plan to achieve further sales growth from the previous year, which saw significant expansion
- While some stores saw a decline in sales due to the pullback from the previous year's strong overseas customer gross sales, customer identification progressed steadily, helping to establish a solid foundation for future growth

(0.1 billions of yen)	Gross sales	YoY	YoY difference	Total turnover *
Isetan Shinjuku Main Store	4,250	100.9%	+37	4,290
Mitsukoshi Nihombashi Main Store	1,665	103.0%	+48	1,767
Mitsukoshi Ginza Store	1,266	101.9%	+24	1,353
Isetan Tachikawa Store	311	97.6%	(7)	314
Isetan Urawa Store	358	98.7%	(4)	361
Isetan Mitsukoshi Total	7,850	101.3%	+97	8,087

(0.1 billions of yen)	Gross sales	YoY	YoY difference	Total turnover *
Sapporo Marui Mitsukoshi	609	97.0%	(18)	655
Sendai Mitsukoshi	252	95.6%	(11)	256
Nagoya Mitsukoshi	601	95.1%	(31)	848
Niigata Isetan Mitsukoshi	343	100.9%	+3	347
Iwataya Mitsukoshi	1,325	99.7%	(4)	1,361
Total of 5 major regional companies	3,130	98.1%	(62)	3,469

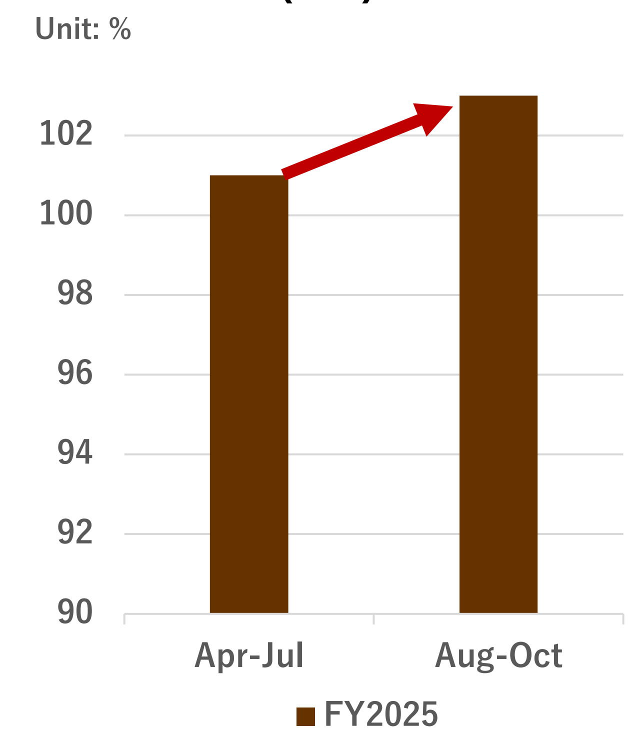
*Total turnover, including gross sales of department store tenants and sales of merchandise handled outside department stores

4. Domestic Department Stores: Overview of Gross Sales by Customer Segment (Domestic and Overseas Customer Sales)

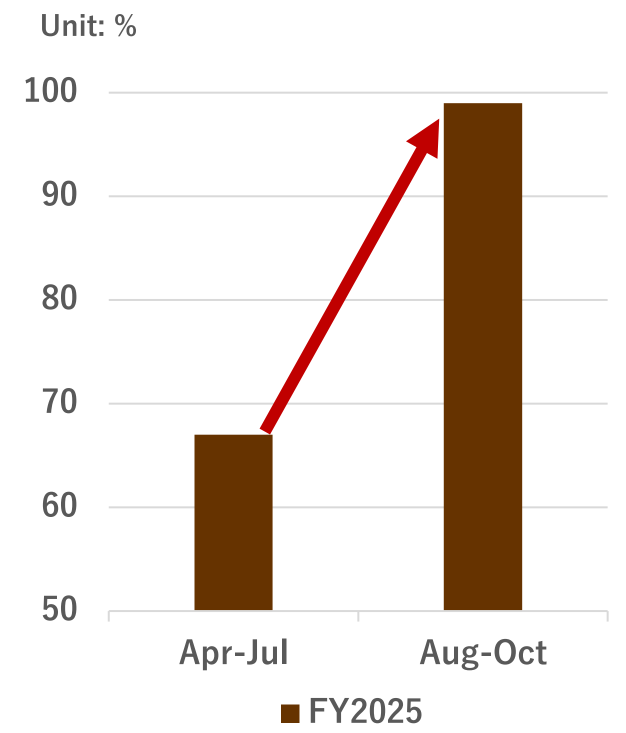
[Domestic customer gross sales] Throughout H1, identified customers drove gross sales, exceeding the previous year's results

[Overseas customer gross sales] April-July sales were sluggish due to the pullback from the previous year's exchange rates and rush demand ahead of price hikes for high-priced products
Steady recovery has been underway since August, when the extraordinary conditions of the previous fiscal year faded

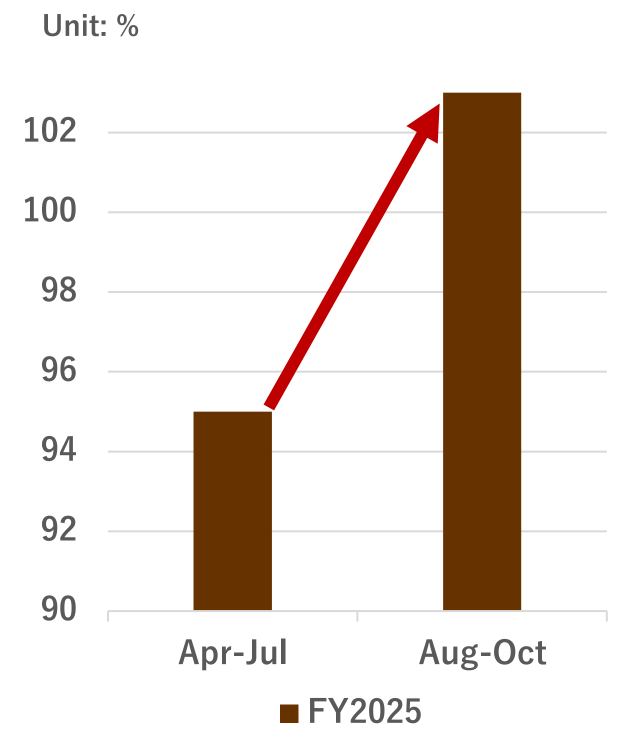
Domestic customer gross sales (YoY)



Overseas customer gross sales (YoY)



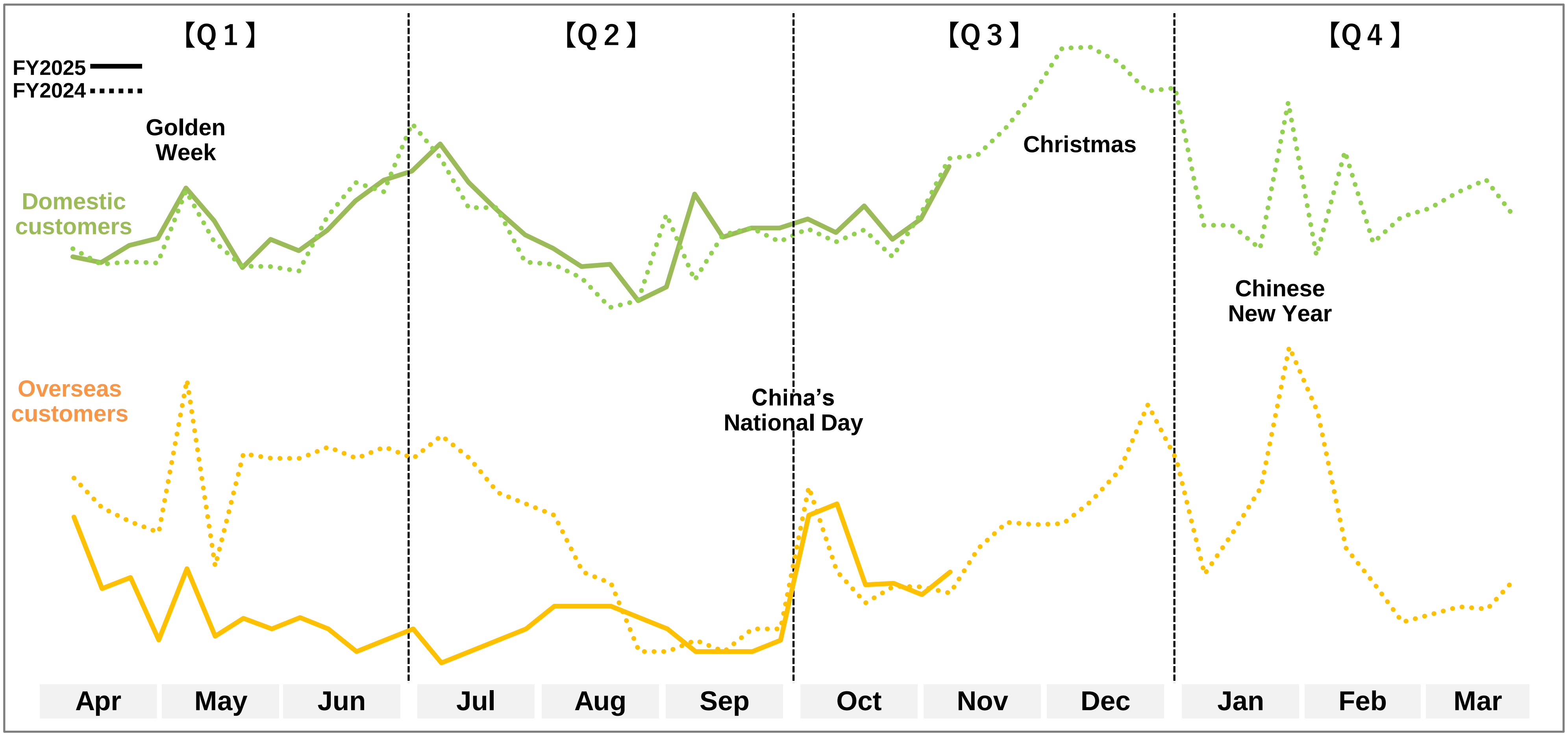
Total domestic department store gross sales (YoY)



4. Domestic Department Stores: Overview of Gross Sales by Customer Segment

[Domestic customers] Sales remained firm in H1. We plan to continue increasing the number of identified customers and expanding usage in H2, aiming for stable growth

[Overseas customers] Recovery has been underway since mid-August. To achieve stable growth, we will launch initiatives to expand usage through overseas apps starting in H2



5. Sales Plan for Department Stores in Japan

- **The forecast for domestic customer gross sales has been revised upward, reflecting the solid performance in H1 and the elevation of the individual customer business process**
- **Overseas customer gross sales are projected to recover to the previous year's level in H2. Aiming expansion of usage through the evolution of apps for overseas customers**

(0.1 billions of yen)	First half			Second half			Full year			
	Results	YoY	YoY difference	Plan	YoY	YoY difference	Plan	YoY	YoY difference	Variance from May plan
Isetan Mitsukoshi Total	3,578	98.0%	(72)	4,271	104.1%	+169	7,850	101.3%	+97	(50)
(of which) domestic customers	3,061	103.2%	+94	3,618	105.1%	+175	6,680	104.2%	+269	+95
(of which) overseas customers	517	75.7%	(166)	652	99.1%	(5)	1,170	87.2%	(172)	(145)
Total regional operating companies	1,691	95.5%	(79)	1,995	100.0%	+0	3,687	97.9%	(79)	(80)
(of which) domestic customers	1,564	98.3%	(27)	1,838	101.3%	+22	3,403	99.9%	(4)	(12)
(of which) overseas customers	127	71.0%	(52)	156	87.3%	(22)	284	79.1%	(74)	(68)
Total domestic department stores	5,270	97.2%	(152)	6,266	102.8%	+169	11,537	100.2%	+17	(130)
(of which) domestic customers	4,625	101.5%	+66	5,457	103.8%	+198	10,083	102.7%	+264	+83
(of which) overseas customers	644	74.7%	(218)	809	96.6%	(28)	1,454	85.5%	(246)	(213)

6. Changes in Consolidated SG&A Expenses

- We implement flexible SG&A control based on sales progress through scientific analysis of department stores
- "Cost structure reform" is being promoted by sharing structural reform measures throughout the Group. The annual plan was revised upward to -6.5 billion yen

(0.1 billions of yen)	Full Year Plan	YoY changes	Breakdown of YoY increase/decrease				
			Cost structure reform	Linked to sales	Strategic expenditures	Impact from price changes	Others
Personnel expenses	923	(13)	(35)			+22	
Advertising expenses	96	+1	(2)				+3
Lease payments	305	(15)	(16)	+1			
Business consignment expenses	277	(6)	(3)		+1	+4	(9)
Depreciation and amortization	226	(0)	(0)		+2		(2)
Utilities expenses	92	(0)	(2)			+1	
Others	671	+10	(6)	+1		+4	+12
Total	2,590	(23)	(65)	+3	+3	+31	+4

7. Plans by Segment

- Department store business: Continue to expand gross sales to identified customers and control SG&A expenses by upgrading individual customer business process activities
- Credit & financial business: Plan for profit increase centered on the strong performance of the credit card business, with an expanded lineup
- Real estate business: Plan for YoY profit increase reflecting increased rental income from leased properties and a strong construction and interior business

(0.1 billions of yen)	Gross sales	YoY	Net sales	Operating profit	Operating profit margin	YoY difference
Department store business	12,110	100.1%	4,600	649	5.4%	+3
Credit & finance business / Customer organization management business	384	103.9%	354	62	16.1%	+4
Real estate business	283	95.8%	283	39	13.8%	+2
Other businesses*	273	100.5%	323	30	11.0%	+6
Total	13,050	100.1%	5,560	780	6.0%	+16

* Operating profit in the other businesses segment includes an adjustment

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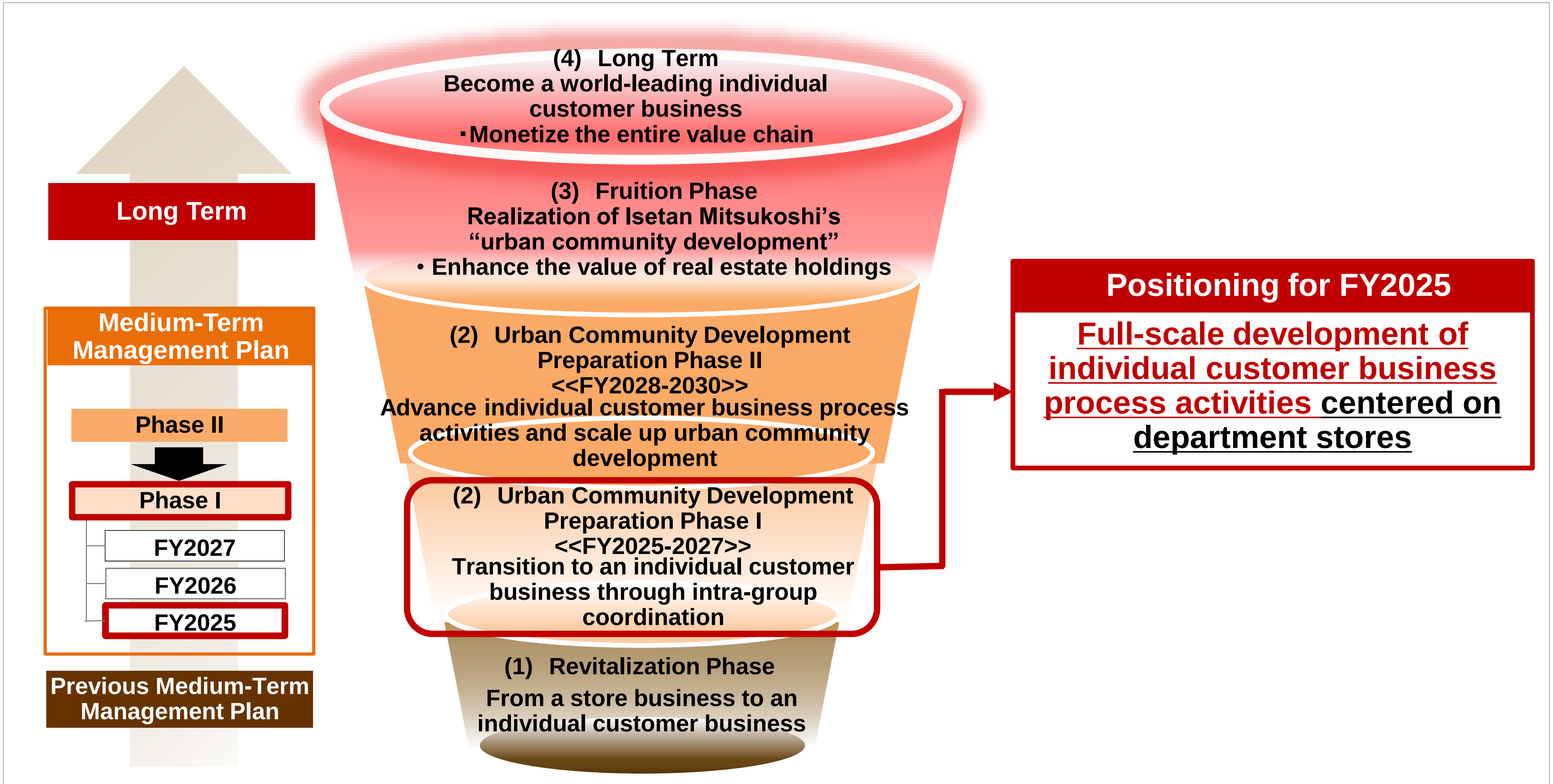
(1) Positioning of Phase I (FY2025-2027) and FY2025

Positioning of Phase I	Transformation into the "individual customer business model" using the "intra-group coordination" strategy



(2) Management Objectives "Financial KPIs"

[FY2025 plan/Operating profit]

- **Maintaining original plan of 78.0 billion yen in light of recent recovery and further SG&A expense control**

[FY2027 plan/Operating profit]

- **Maintaining original plan of 85.0 billion yen in light of steady progress in individual customer business process activities**

	FY2025				FY2027	
	H1 Results	Difference from FY2024	Full Year Plan	Difference from FY2024	Full Year Plan	Difference from FY2025
Gross sales	596.2 billion yen	-22.8 billion yen	1,305 billion yen	+1.3 billion yen	1,400 billion yen	+95 billion yen
SG&A expenses	124.6 billion yen	-2.1 billion yen	259 billion yen	-2.3 billion yen	290 billion yen	+31.0 billion yen
Operating profit	31.4 billion yen	-3.4 billion yen	78 billion yen	+1.6 billion yen	85 billion yen	+7 billion yen
Profit	29.3 billion yen	+3.9 billion yen	62 billion yen	+9.1 billion yen	62 billion yen	±0 billion yen
ROE	-	-	10.3%	+1.5%	9.8%	-0.5%

(2) Management Objectives "Customer KPIs"

- In H1 FY2025, both customer KPIs showed YoY growth, with the impact of individual customer business process activities becoming apparent
- Heading toward FY2027, we will enhance our individual customer business process activities and further expand gross sales from identified customers

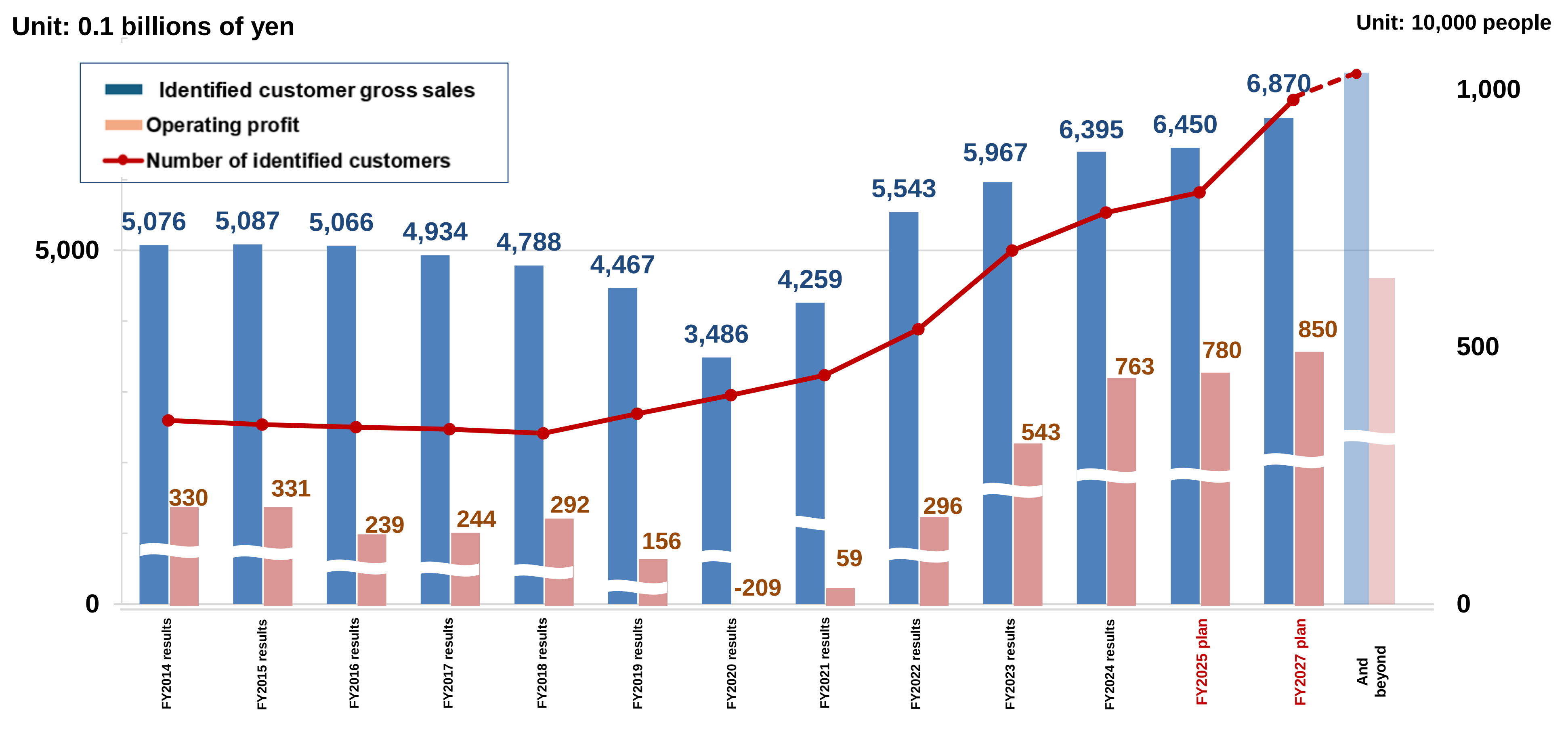
	Relationship between "individual customer business process activities" and "customer KPIs"			
Individual customer business process activities	[Attracting customers]	[Identification]	[Expansion of usage]	[Lifetime customerization]
Customer KPIs	(1) Gross sales to identified customers		(2) Gross sales to individual customers spending over ¥3 million annually groupwide	

	FY2025				FY2027	
	H1 Results	Compared to FY2024	Full Year Plan	Variance from May plan	Full Year Plan	Compared to FY2025
(1) Gross sales to identified customers	310.1 billion yen	104%	645 billion yen	±0 billion yen	687 billion yen	106%
(2) Gross sales to individual customers spending over ¥3 million annually groupwide	80.8 billion yen	111%	218 billion yen	+6 billion yen	233 billion yen	107%

1. Full-scale Individual Customer Business Process Activities

(2) Management Objectives "Trend and Results of the Number of Identified Customers / Identified Customer Sales / Operating Profit"

[Number of identified customers]	Steady growth driven by the introduction of MICARD BASIC and other initiatives ※overseas customer apps：will be counted toward the number of identified customers starting in FY2026, once two-way communication becomes available.
[Identified customer gross sales]	In addition to increasing the number of identified customers, sales have steadily expanded through individual marketing activities
[Operating profit]	Achieved significant growth by leveraging the strengths of business restructuring from a scientific perspective and our unique strategies



1. Full-scale Individual Customer Business Process Activities

[Attracting customers] → [Identification] → [Expansion of usage] → [Lifetime customerization]

(3) Individual Customer Business Process Activities "Big Picture of the Urban Community Development Preparation Phase I (FY2025-2027)"

- Through the advancement of individual customer business process activities, we will continuously enhance the **lifetime value (LTV)** of identified customers by **expanding our identified customer base** and **strengthening Group collaboration**

Started

To be started

Attracting customers

Attract customers with attractive stores and content

Started
- Promotion of sophisticated and high-quality remodeling
  - Expansion of high-touch MD development
  - Achieving the ideal MD balance
- Pursuit of original content
  - Creation of new categories in the 2.8th industry

To be started
- Food & Beverage commercialization
  - Commercialization of SPA
- Increasing the value of the owned real estate
  - Building urban community development CRM and infrastructure
  - Start working on prior projects

etc.

Identification

Connect with attracted customers through a mechanism

Started
- Expansion of identification tools
  - Issuance of MICARD BASIC
  - Release of app for overseas customers
- Promotion of conversion to
- MI W members
  - Enhanced sophistication of individual marketing

To be started
- Updating card incentives
  - Redesigning the point program
- Group ID integration
  - ID integration among Group BtoC companies

etc.

Expansion of usage

Provide a variety of value to connected customers

Started
- Revitalization of intra-group coordination
  - Expansion of financial services
  - Strengthen external sales activities
- Expansion of network activities
  - Promotion of base network activities

To be started
- Rebuilding of top-tier card
  - Issuance of new top-tier card for out-of-store-sales
  - Refreshing the Gold Card
- Evolution of REV WORLDS
  - Expansion of digital tools

etc.

Lifetime customerization

Deepen connections and maximize LTV

Started
- Promotion of ONE Group out-of-store-sales
  - Standardization of content, information and services
  - Establishment of a Group out-of-store-sales system
- Reinforcement of overseas out-of-store-sales functions
  - Individual marketing similar to that for domestic customers

To be started
- Rebuilding of customer programs
  - Redesign of membership/awards structure
- Commercialization of individual customer communication business
  - Research/advertising/sales support monetization

etc.

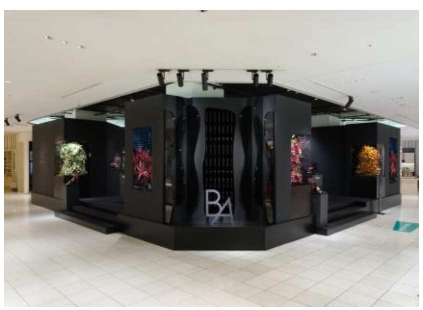
1. Full-scale Individual Customer Business Process Activities

(4) Individual Customer Business Process Activities "Attracting Customers"

Promotion of sophisticated and high-quality remodeling

Pursuit of original content

- **Maximizing attracting customers by stimulating new customer footfall** through high-impact "curation and space creation"
- Additionally, **we will acquire new customers** by **pursuing uniqueness**, **creating sophisticated and high-quality content**, and utilizing identification tools



FY2025 H1 results

- Promoted the **acquisition of new customer segments** through collaborative initiatives
- **Accelerated sophisticated and high-quality remodeling** toward the optimal MD balance

Remodeling impact of 3 flagship stores	124% YoY

*Remodeling impact: Gross sales comparison of the remodeled floor space

Future developments

[Step1]
- **Strengthening uniqueness** to attract more customers from around the world

[Step2]
- **Rollout to permanent development** of **unique content that enhances customer experiential value**

[Step3]
- Build a continuous **foundation for attracting customers**

(4) Individual Customer Business Process Activities "Attracting Customers"

[TOPICS] Pursuit of original content

- Creating **sophisticated and high-quality content** through unique events such as limited-time promotions and advance sales

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

2025 H1 Results

Number of events planned	(of which) Number of limited-time events	(of which) Number of advance sale events	Gross sales versus plan
26	10	13	104%

[Valextra]
A Touch of Softness

Recycled denim created through collaboration
Roll out of capsule collection

[Isetan Shinjuku Main Store] 1F Men's Building The Stage

2025 H1 Results

Number of events planned	(of which) Number of limited-time events	(o f which) Number of advance sale events	Gross sales versus plan
17	10	6	112%

[VISVIM]
HARMONIOUS PROCESS

An event to highlight the brand's 25th anniversary of craftmanship

1. Full-scale Individual Customer Business Process Activities

[Attracting customers] → **[Identification]** → [Expansion of usage] → [Lifetime customerization]

(5) Individual Customer Business Process Activities "Identification"

Expansion of identification tools | **Promotion of conversion to MI W members**

- **Steadily expanding the number of identified customers** through MICARD acquisition and MI W membership promotion
- In addition, **deepening relationships with each customer** by strengthening personalization measures

[MICARD BASIC]

[App for overseas customers]

FY2025 H1 results

[MICARD BASIC]

- Promote **membership via apps** by using membership benefits as a hook

[App for overseas customers]

- **Promote app downloads** with reward coupons as a hook

※overseas customer apps：will be counted toward the number of identified customers starting in FY2026, once two-way communication becomes available.

	Results	YoY
Number of identified customers	7.94 million	110%

Future developments

[Step1]

- Strengthen **identification of domestic and overseas customers**

[Step2]

- Enhanced sophistication of **"individual" marketing**

[Step3]

- **Expand personalized proposals** tailored to customer interests

(5) Individual Customer Business Process Activities "Identification"

[TOPICS] MICARD BASIC and overseas customer apps

- The introduction of the MICARD BASIC has led to progress in acquiring new members and expanding the identified customer base
- In addition, the introduction of an apps for overseas customers has expanded our touchpoints with them

MICARD BASIC

FY2025 H1 results

- Significant growth in the number of MI W members in addition to the number of MICARD acquisitions

No. of MICARDs acquired	140% YoY
No. of MI W members	122% YoY

Future developments

[Step1]
- Strengthen proposals for card types tailored to customer needs

[Step2]
- Deepen and promote the use of data

[Step3]
- Up-sell to top-tier cards to increase LTV

App for overseas customers

FY2025 H1 results

- Steady growth in member numbers through acquisition measures using the convenience of the app as a hook

No. of members	430,000

Total of overseas customers apps and WeChat

Future developments

[Step1]
- Develop new services and strengthen dissemination
  ➡ Exclusive services and brand-specific coupons

[Step2]
- Progress in two-way communication

[Step3]
- Launch of personal marketing

Expansion of network activities

(6) Individual Customer Business Process Activities "Expansion of Usage"

- Steady progress in individual customer business process activities led to YoY growth in gross sales of identified customers and high-spending customer segment
  ➡ Gross sales of identified customers: 104% YoY / Gross sales to individual customers spending over ¥3 million annually groupwide: 111% YoY

FY2025 H1 results

- Expanding product proposals to meet regional customer needs
- Strengthening customer referrals among regional stores

Transaction volume of base network	115% YoY
Volume of customer referrals between regional stores	236% YoY

Future developments

[Step1]
- Strengthen customer referrals with flagship stores at the core

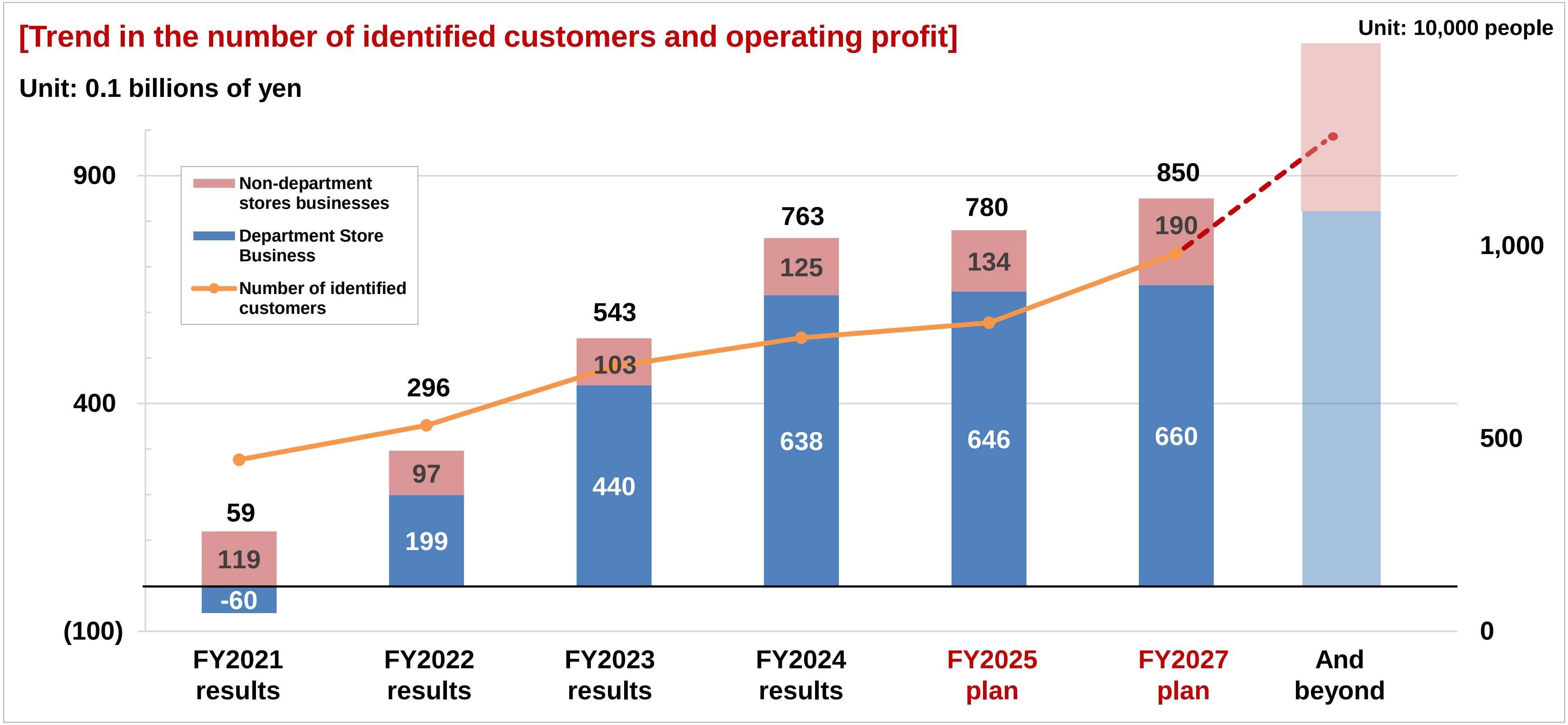
[Step2]
- Expand reciprocal customer referrals among Group companies

[Step3]
- Expand business outside the Group and create new businesses

(6) Individual Customer Business Process Activities "Expansion of Usage"

Revitalization of intra-group coordination

- Steady growth in operating profit in each business associated with expansion of the identified customer base
  ➡Furthermore, we will promote customer identification, aiming for consolidated operating profit exceeding 100 billion yen through intra-group coordination activities centered on department stores



(7) Individual Customer Business Process Activities "Lifetime Customerization"

Promotion of ONE Group out-of-store-sales

Reinforcement of overseas out-of-store-sales functions

- The **total transaction volume of out-of-store-sales increased compared to the previous year** due to the progress of the ONE Group out-of-store-sales activities.

➡Expanding personalized proposals and services through the maximum utilization of Group assets

FY2025 H1 results

Total transaction volume of out-of-store-sales remained **firm**

out-of-store-sales total transaction volume	104% YoY

Tansei-kai and Ippin-kai both are **setting new record high fall** sales

Future developments

[Step1]
- Promote **activities of** the nationwide **out-of-store-sales network**

[Step2]
- Establish **ONE Group out-of-store-sales activity system**

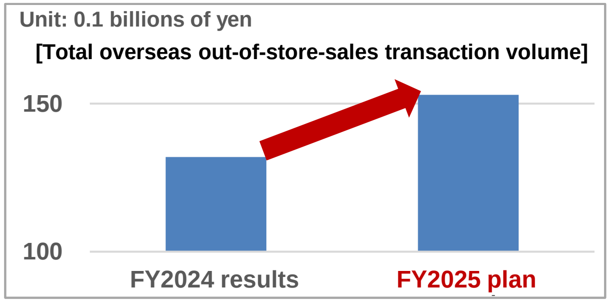
[Step3]
- Maximize the **total transaction volume of domestic and overseas out-of-store-sales customers**

(7) Individual Customer Business Process Activities "Lifetime Customerization"

[TOPICS] Strengthening of overseas out-of-store-sales functions

- Strengthening our response to overseas customer markets through **expanding dedicated teams** and **enhancing services**
- Additionally, established **a global customer service system**, including multilingual support

Purpose	Promoting the expansion of services for overseas customers and establishing a structure capable of providing a one-stop customer experience
Value provision	Enhance customer satisfaction through personalized service, fostering repeat business based on trust and convenience



FY2025 H1 results

- Enhanced services for inbound customers visiting stores
  ➡ A **"dedicated team" was launched** to expand customer touchpoints

Total overseas out-of-store-sales transaction volume	113% YoY

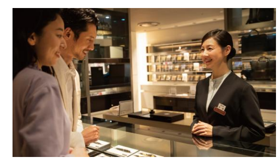
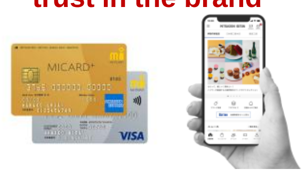
Overseas customer gross sales: 75% YoY

Future developments

- **Increased the headcount of dedicated teams** for inbound customers
- Expand out-of-store-sales services for overseas customers

(8) Four Steps in the Individual Customer Business and Management Capital

- Within the four steps of individual customer business, **management capital cultivated** over many years is leveraged, and **the expansion** of that **capital drives improved performance**

	Attracting customers	Identification	Expansion of usage	Lifetime customerization
Human capital	Innovative products and zones born from "abundant creativity" Buyer approx. 300 people 	The "spirit of omotenashi (hospitality)" that creates the feeling of "I want to connect with Isetan Mitsukoshi" In-store stylist approx. 3,300 people 	Expanding the purchasing domain through "specialized expertise of human resources" and "collaboration" Category specialist approx. 150 people 	Becoming a life partner through "sincerity and ethical values" Out-of-store-sales approx. 1,260 people 
Intellectual capital	Becoming a destination for customers around the world through "global recognition" 	The reassurance of joining the credit card and app program, born from the "trust in the brand" 	Highly precise recommendations based on "purchasing data" 	Provision of "customer programs" and "special experiences" that underpin long-term connections 

(1) DX Strategy

- Accelerating initiatives to **create new value** to realize "individual customer business" through **digital means**

[Individual customer business process activities]

[Attracting customers] → [Identification] → [Expansion of usage] → [Lifetime customerization]

Utilization of accumulated customer data

Personalization of the customer experience

Building multiple purchase prediction models based on customer information
Improved approach accuracy, including app notifications

Customer data
Purchasing information
Attribute information
→ Prediction model → Prediction score → Reflection in measures

Recommend high-scoring products to customers, even those they have not purchased, and similar actions.

[2025 H1 Results]

Personalized app notifications "Cumulative number of people"
Approx. 450,000 people (52 notifications sent, with an average of about 8,700 recipients per notification)

Isetan Mitsukoshi Group's original out-of-store-sales support tool

Enhancing customer experience and improving operational efficiency by building an out-of-store-sales work flow utilizing qualitative and quantitative data

Quantitative data + Qualitative data

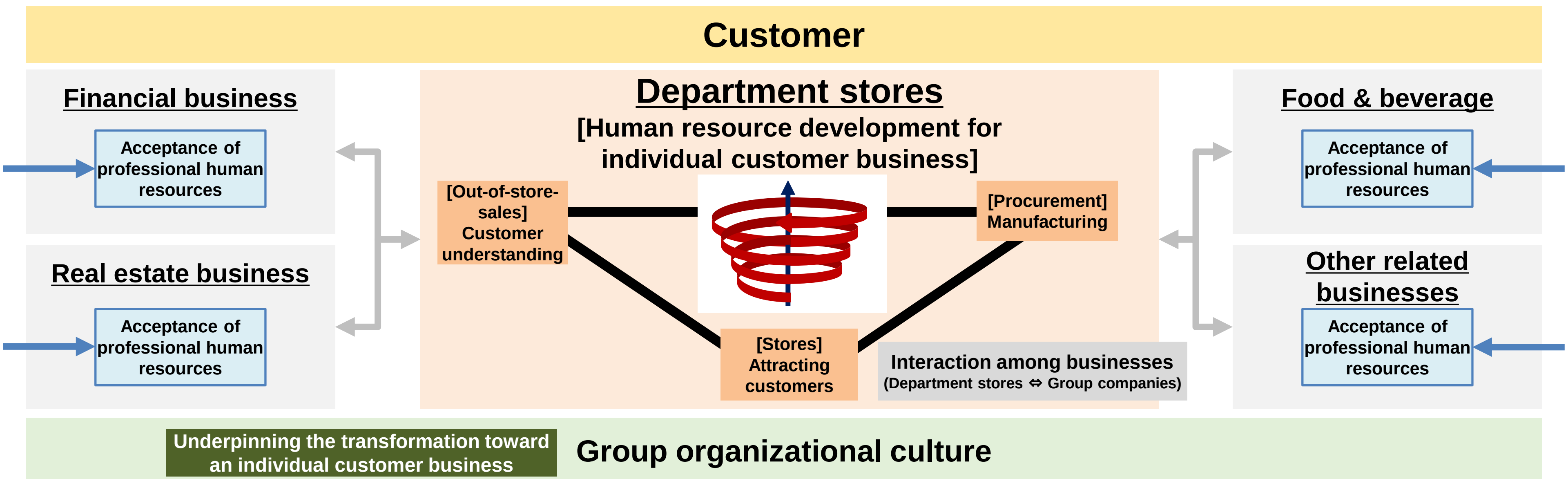
Even inexperienced salespeople achieve near-veteran performance in a short period of time

[2025 H1 Results]

Number of users utilizing out-of-store-sales support tools
approx. 300 people in 13 stores

(2) Human Resources Strategy

- We will develop **human resources who will play a role in the individual customer business**, mainly in department stores, while related businesses will accept **professional human resources** and strengthen their functions to **promote the circulation of human resources between organizations**
- **Create innovation** and **expand business** through **exchange** between **human resources who will play a role in the individual customer business** and **professional personnel for related businesses**



FY2025 H1 results	Future developments
• **Formulation of a Group human resources strategy** to promote individual customer business • Establish a foundation for **the compensation of professional human resources** required for each business	• **Creating new value** through the **exchange of human resources between businesses** • **Securing** and **developing professional human resources** to enhance the competitiveness of each business

(3) Sustainability

- Steady progress in four priority initiatives (materialities)
  ➡ "Connecting People and Local Communities" and "Contributing to a Sustainable Environment and Society" and other diverse initiatives are being realized

Priority initiatives (materialities)

	Major initiatives	Progress of Initiatives	FY2027 plan
(1)Connecting People and Local Communities	Co-creation with local communities Passing down culture and innovation etc.	• Number of business partners supporting think good: actual 490 companies, 163% of H1 plan	• Number of business partners supporting think good: 600 companies
(2) Contributing to a Sustainable Environment and Society	Environmental initiatives Supply chain management	• Obtained SBT certification for greenhouse gas reduction targets • Establishment of external contact for human rights relief	• Reduction rate in greenhouse gas emissions: -24% vs FY2023 Scope1, 2* • Ratio of renewable energy: 30%, etc.
(3) Maximizing the power of people	Autonomous career development Work-life balance etc.	• Ratio of female managers: 30.9% *As of April 1, 2025	• Ratio of female managers: 34%
(4) Group governance and communication	Strengthening corporate governance etc.	• Ratio of female directors: 33.3% *As of April 1, 2025	• Ratio of female directors: 30% or more

* Scope 1: Direct greenhouse gas emissions by the business operator (fuel combustion, industrial processes)
Scope 2: Indirect emissions associated with the use of electricity, heat, and steam supplied by other companies

November 28, 2025: Sustainability Report 2025 to be published / December 2, 2025: Fiscal 2025 Sustainability Briefing to be held

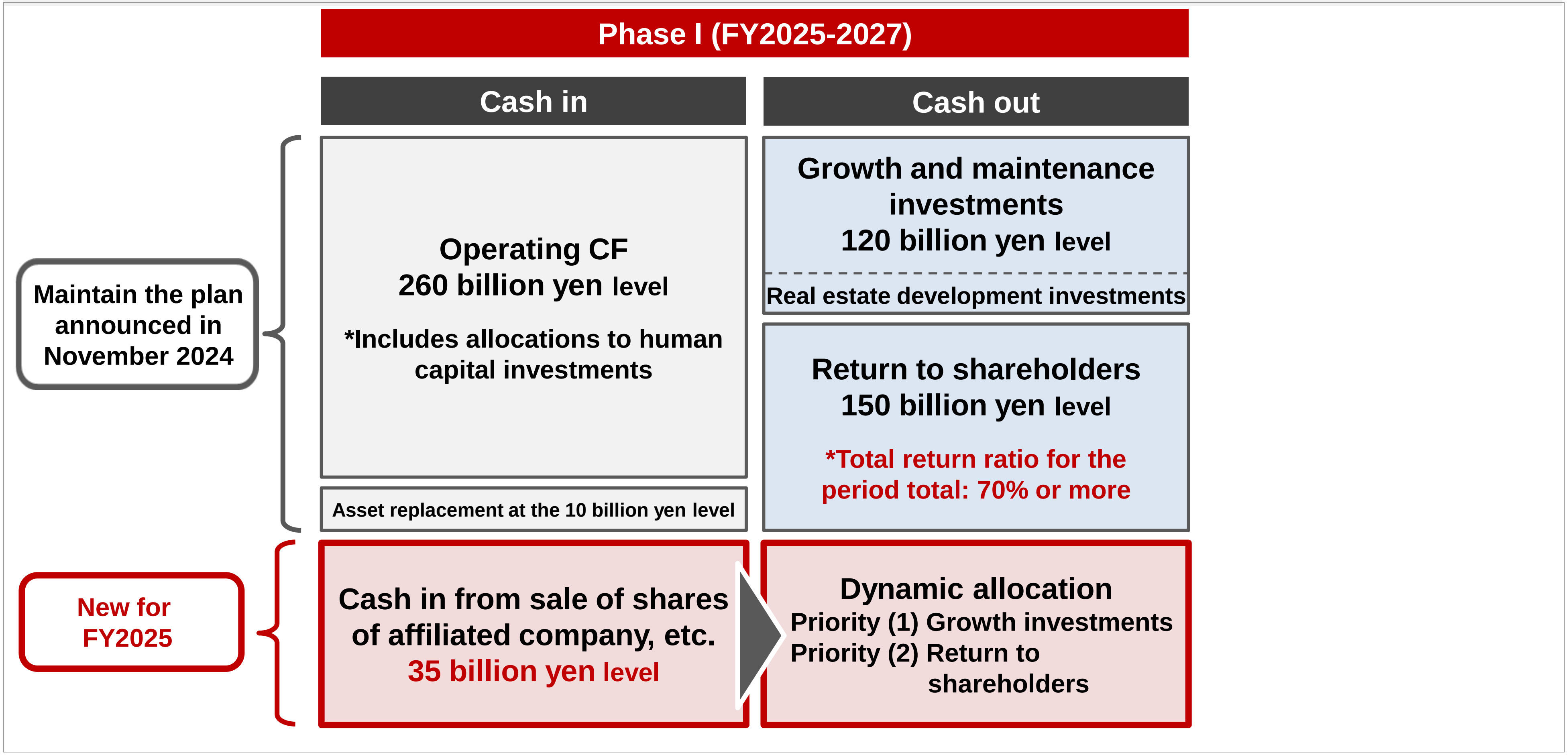
(3) Sustainability (External Evaluations)

	Initiatives we support and external evaluations	Overview	Acquisition/ Evaluation
Overall	• United Nations Global Compact	• The world's largest sustainability initiative, bringing together the UN and the private sector for the purpose of building a sustainable society	○
	• MSCI ESG rating	• Ratings that comprehensively evaluate a company's response to "Environment," "Social," and "Governance" issues.	AAA
Environment	• CDP "Climate Change"	• Framework for disclosure, survey, and ranking of information on environmental issues by companies and organizations	A⁻
	• CDP "Supplier Engagement Assessment"	• A framework for assessing companies' initiatives to address climate change in their supply chains	Highest rating
	• SBTi approval of short-term targets for greenhouse gas emission reductions	• A short-term, science-based target consistent with the 1.5° C goal in the Paris Agreement	○
	• CASBEE	• An organization that comprehensively evaluates the environmental performance of buildings, city blocks, and other elements within urban environments	○ (11 stores)
Social	• MSCI Japan Empowering Women Index (WIN)	• A share price index represents the performance of Japanese companies that promote gender diversity in the workplace	○
	• Health and Productivity Management Award	• This system recognizes policies, frameworks, and governance related to health	○
	• Next Nadeshiko Companies supporting dual careers and co-parenting	• Selects companies that promote initiatives that enable dual-career couples and those raising children to realize their desired career paths.	○

We will continue to advance our initiatives in various certifications and external evaluations to enhance corporate value and earn the trust of our stakeholders

(4) Financial Strategy "Cash Allocation"

- Additional funds obtained in the current fiscal year through the sale of shares in affiliated company will be prioritized toward growth investment expansion, while flexibly allocating resources—including additional shareholder returns—based on investment opportunities, capital efficiency, and stock price levels.
  ➡Regarding growth investments, we will expand strategic remodeling at flagship stores, including Isetan Shinjuku main store, Mitsukoshi Nihombashi main store, and Mitsukoshi Ginza store.



(4) Financial Strategy "Investment Plan"

- Maintaining discipline in financial metrics and strategic perspectives while taking an aggressive stance toward strengthening and advancing growth investments
- The investment plans for each fiscal year have been specified and are progressing steadily according to the initial plans

Investment items			Phase I total (FY2025-FY2027)	of which, FY2025
Growth investments	Content	Department store remodeling Urban community development investment (Expansion of functions and content)	53 billion yen	17 billion yen
	DX/system	System development investment Individual customer business DX investment	13 billion yen	4 billion yen
	Real estate	Increasing the value of the owned real estate	17 billion yen	7 billion yen
	Improved productivity	Human capital investment* Business reform DX investment	3 billion yen	1 billion yen
Maintenance investment	Safety and security	LCC investment (building repairs, repairs, etc.) Investment in existing system modifications	36 billion yen	13 billion yen
Total			122 billion yen	42 billion yen

*Compensation increases and human resource development are budgeted under SG&A expenses and are therefore excluded from this item

(4) Financial Strategy "Shareholder Returns"

- Based on the Phase I return policy of "total return ratio of 70% or more (total for the period)" and "implementation of progressive dividends", we have revised the year-end dividend forecast upward by ¥5 per share and increased the annual dividend forecast to ¥65, reflecting the upward revision of net income.

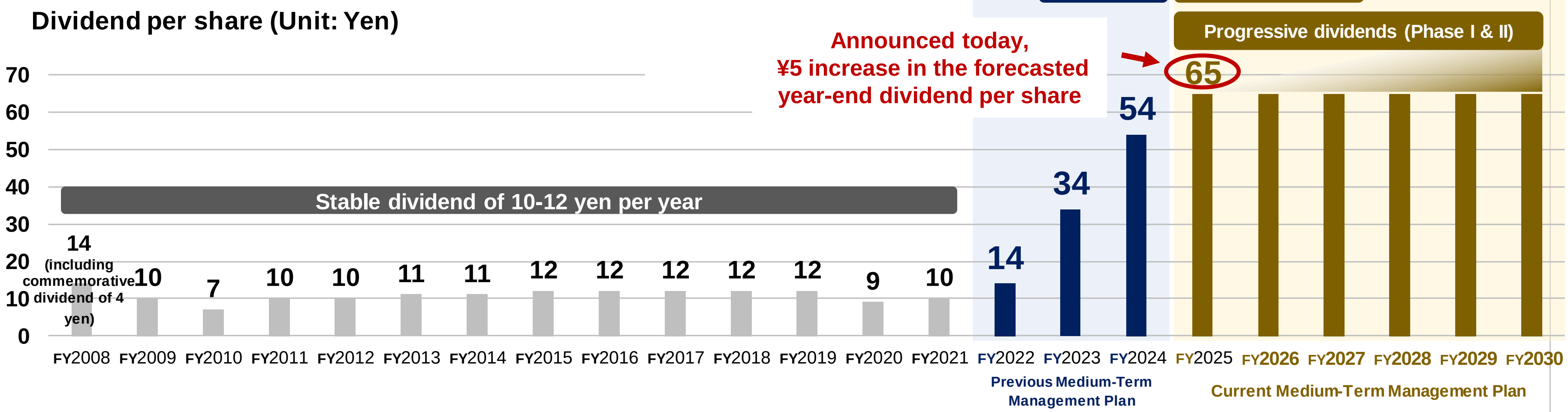
Unit: 0.1 billions of yen	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Profit	46	-635	26	588	252	211	298	265	149	-9	134	-111	-410	123	323	555	528	620
Total dividends	54	39	27	39	39	43	43	47	46	46	46	46	34	38	53	128	198	229
Acquisition of treasury stock	0	0	0	0	0	0	10	50	30	0	0	100	0	0	0	150	250	300
Total shareholder returns	54	39	27	39	39	43	53	97	76	46	46	146	34	38	53	278	448	529
Dividend payout ratio	116%	-	105%	7%	16%	21%	15%	18%	31%	-	35%	-	-	31%	17%	23%	38%	37%
Total return ratio	116%	-	105%	7%	16%	21%	18%	37%	51%	-	35%	-	-	31%	17%	50%	85%	85%

Acquisition completed (announced on October 7)

Focusing on a total return ratio of 50%

Total return ratio 70% (Phase I total)

Dividend per share (Unit: Yen)



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These statements are forecasts based on reasonable judgments made in accordance with information available to the Company at the time of disclosure and include various risks and uncertainties.

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