Financial Results for the Second Quarter of the Fiscal Year Ending February 29, 2024 (FY2023)

October 13, 2023

Takashimaya Co., Ltd.

Agenda

I. Financial Results for Q2 of FY Ending Feb 2024 (FY2023)

II. Forecasts for FY Ending Feb 2024 (FY2023)

III. Financial Policy, Shareholder Returns

Financial Results for
Q2 of FY Ending Feb 2024 (FY2023)

1. Key Points of Q2 Performance

- Fundamentally strengthen ability to make department stores more profitable and increase Group earning power so that business is not influenced by changes in the operating environment
- Accelerate initiatives for culture dissemination and social issues that are aligned with the social role of departments stores
- Promote Group companies using Group strengths to improve competitiveness within the industry and contribute to Machi-dukuri

- On a **consolidated basis**, total operating revenue recovered to 2019 levels, prior to COVID-19. All profit categories outperformed targets thanks to continued promotion of cost-optimization program. **Achieved record highs for operating profit and ordinary profit.**

- **Domestic department stores recorded a significant increase in operating profit, outperforming targets**. Gross margin ratio improved on a recovery in net sales to domestic customers and increase net sales for fashion, among other factors, and growth in inbound traffic drove performance. Also, profit improved on the steady implementation of the cost-optimization program.

- **Group companies also recorded increased revenue and profit, also outperforming targets.** In Japan, Toshin Development Co., Ltd. was favorable. Overseas, operations in Singapore were favorable.

2. Consolidated Performance

- ✓ Total operating revenue was on par with targets, returning to 2019 levels thanks to improvements in consumption
- ✓ Improved by ¥1.7bn compared to targets by controlling increases in SG&A expenses
- ✓ Profit categories outperformed targets, achieving record highs for operating profit and ordinary profit

(billion JPY)	H1	YoY Change	Change from FY2019	Change from June 29 forecast	Q1	YoY Change	Change from FY2019	Q2	YoY Change	Change from FY2019
Total operating revenue	447.6	+8.3%	(1.2%)	(0.5%)	217.6	+7.3%	(2.7%)	230.1	+9.2%	+0.3%
Operating revenue	221.2	+5.8%	(51.2%)	(3.8%)	105.6	+4.2%	(52.8%)	115.6	+7.4%	(49.6%)
SG&A expenses	112.8	+2.6	(15.7)	(1.7)	53.7	+0.6	(9.5)	59.1	+2.0	(6.3)
SG&A to total operating revenue ratio	25.2%	(1.5)	(3.2)	(0.2)	24.7%	(1.5)	(3.6)	25.7%	(1.4)	(2.8)
Operating profit	20.8	+8.0	+7.4	+3.3	11.0	+4.4	+3.3	9.8	+3.6	+4.1
Ordinary profit	22.2	+7.6	+9.5	+3.7	11.6	+4.3	+4.5	10.6	+3.3	+5.0
Profit attributable to owners of parent	15.0	+1.4	+2.6	+3.0	8.5	+3.2	(2.1)	6.4	(1.8)	+4.6

* We apply the Accounting Standard for Revenue Recognition from FY2022. As such, operating revenue based on recording methods applied through FY2021 are indicated as total operating revenue.

3-1. Performance of Domestic Department Store Segment

- ✓ Achieved targets for total operating revenue thanks to increased sales among domestic customers and inbound tourists
- ✓ Maintained SG&A expenses to levels largely unchanged from previous FY despite increases to base pay and increased expenses related towards making the department stores more profitable
- ✓ SG&A to total operating revenue ratio improved and operating profit outperformed targets

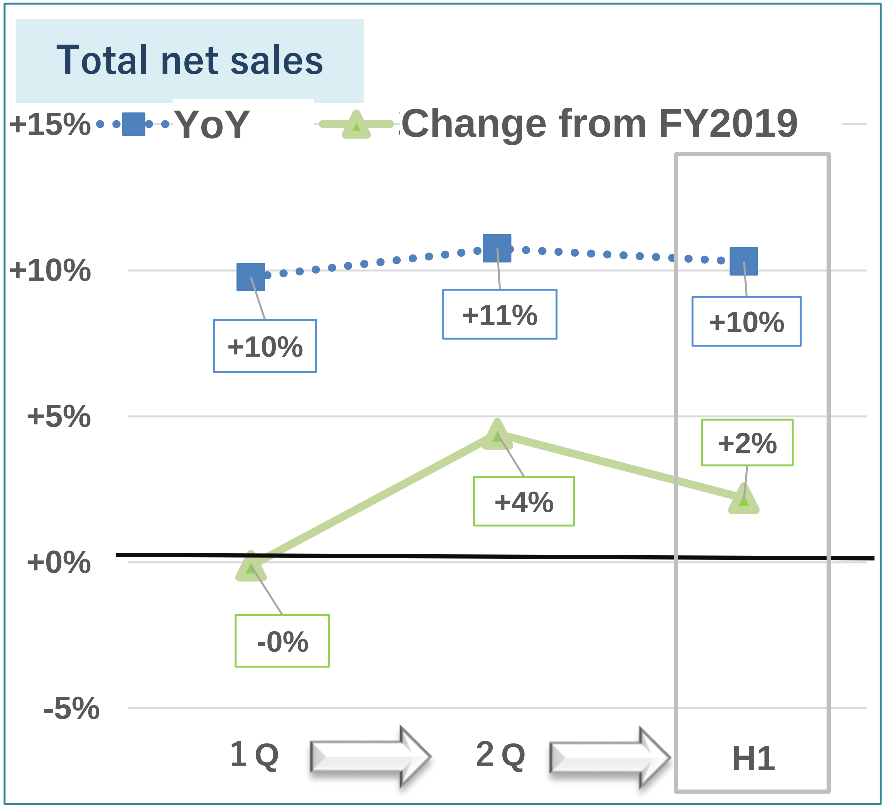
(billion JPY)	H1	YoY Change	YoY Change	Change from June 29 forecast	Q1	YoY Change	Change from FY2019	Q2	YoY Change	Change from FY2019
Total operating revenue	377.0	+6.6%	(1.3%)	+0.0%	184.2	+5.7%	(2.8%)	192.8	+7.4%	+0.1%
Operating revenue	157.4	+0.7%	(58.8%)	(5.7%)	75.6	(0.8%)	(60.1%)	81.9	+2.2%	(57.5%)
Total sales	369.6	+6.7%	(1.4%)	(0.3%)	180.5	+5.9%	(2.8%)	189.1	+7.5%	+0.1%
Gross margin ratio (% of total sales)	22.28%	(0.06)	(1.47)	(0.18)	22.16%	(0.05)	(1.57)	22.40%	(0.06)	(1.37)
SG&A	82.0	+0.0	(11.6)	(1.3)	38.7	(0.4)	(7.1)	43.3	+0.5	(4.4)
SG&A to total operating revenue ratio	21.7%	(1.4)	(2.7)	(0.4)	21.0%	(1.5)	(3.2)	22.4%	(1.4)	(2.3)
Operating profit	7.7	+4.2	+4.9	+1.2	4.2	+2.1	+2.3	3.5	+2.1	+2.6

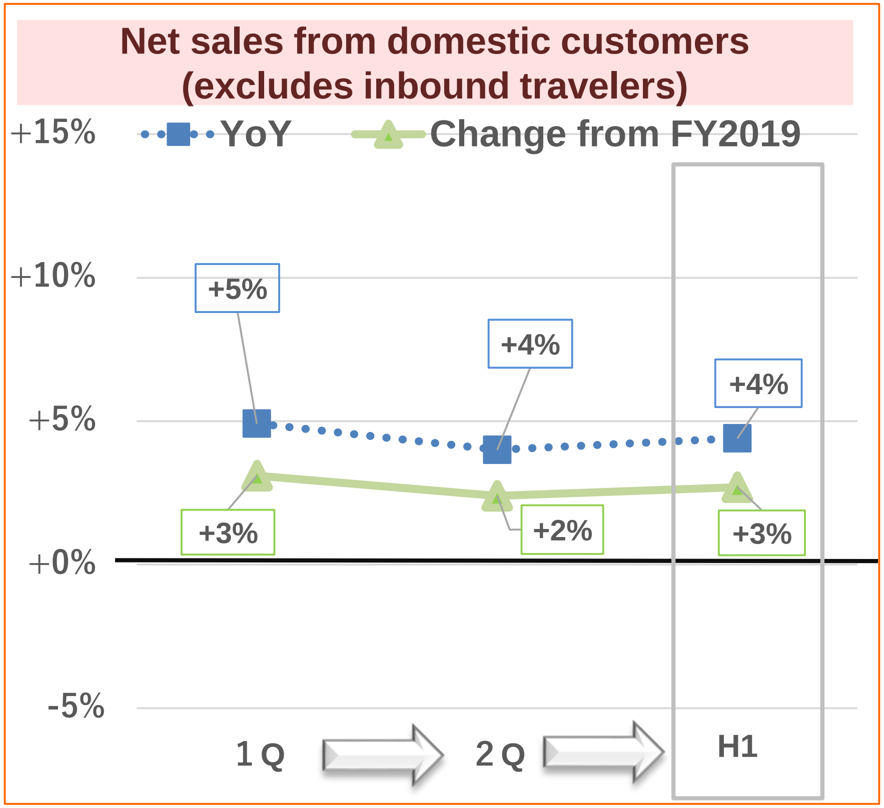
* We apply the Accounting Standard for Revenue Recognition from FY2022. As such, operating revenue and sales based on recording methods applied through FY2021 are indicated as total operating revenue and total sales, respectively.

3-2. Domestic Department Stores (In-Store) : Sales Trends

- ✓ Total net sales were on par with targets, resulting in double-digit growth YoY and outperforming 2019
- ✓ 2Q total net sales were driven by domestic customers, outperforming FY2019
- ✓ Net sales to domestic customers trended stably during both 1Q and 2Q

○**Sales trends** *Compared to previous FY and FY2019 (existing stores)





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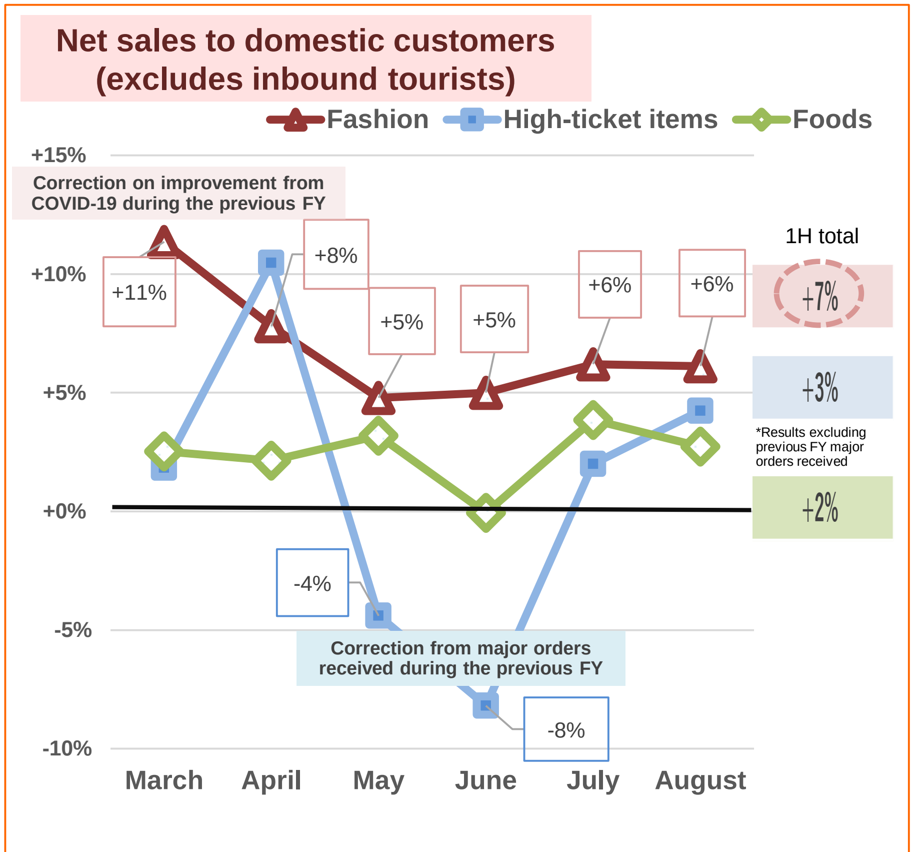
3-3. Domestic Department Stores (Domestic Customers) Trends in net sales by product

- ✓ Net sales to domestic customers outperformed previous FY in fashion, high-ticket items, and foods
- ✓ Fashion trended on level outperforming high-ticket items
- ✓ Driven by initiatives to strengthen clothing products, including new sales spaces and new product development

◯Transitions in product-specific sales *YoY comparison



Initiatives to strengthen clothing products

- ➢ Product assortment to immediately respond to changing customer needs
- ➢ New sales spaces and new product development based on collaborations with partner vendors
- ➢ Personnel development to strengthen purchasing and sales capabilities

New lifestyle sales space based on collaboration with partner vendors
“moi salon et ropé"

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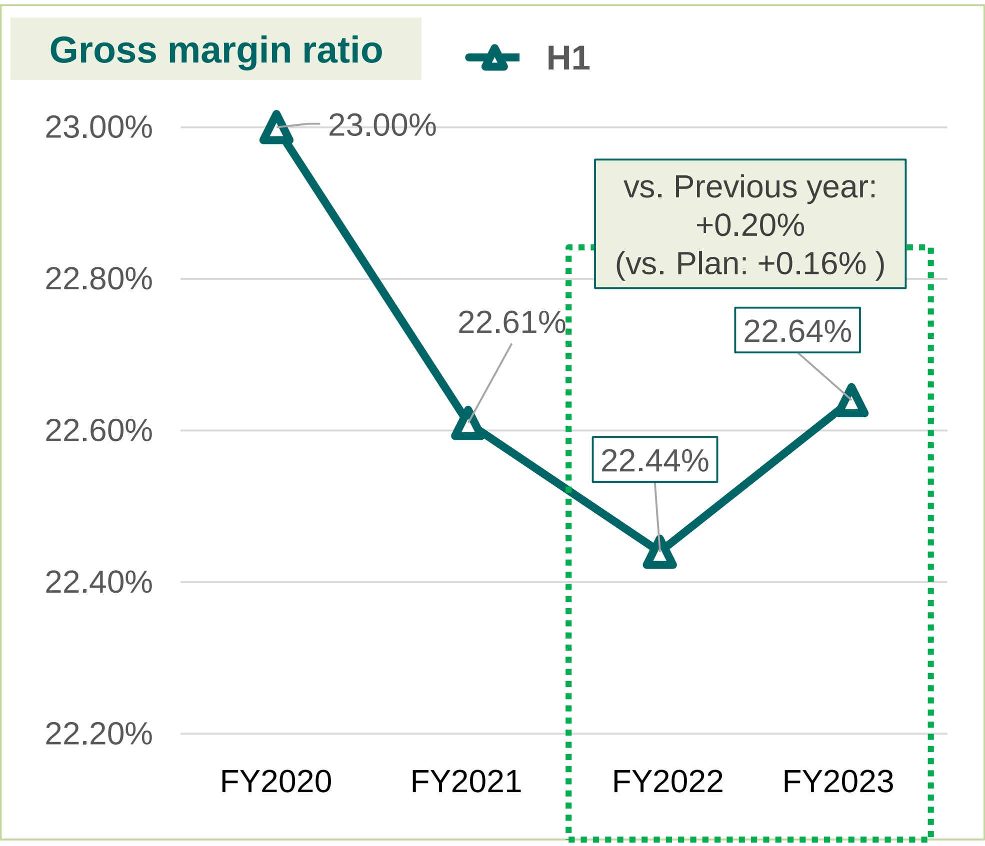
3-4. Domestic Department Stores (In-Store) Trends in gross margin ratio

- ✓ Gross margin ratio trended firmly relative to previous FY and targets
- ✓ Improved on changes in composition, including growth in sales of high margin fashion
- ✓ Initiatives to expand net sales from retail priced products contributed to improvement in margin ratio

〇Transitions in gross margin ratio (H1, by FY)



Initiatives to improve gross margin ratio

(1) Expand net sales from fashion with focus on clothing products with a high gross margin ratio

⇒ (1) **Improved on changes to composition**

(2) Expand net sales from retail priced products in each category

- Expand selection of regularly available products that reflect customer needs (products not applicable to discounts)
- Strengthen sales of retail-priced seasonable items aligned with demand

(3) With recovery in net sales, improve transaction terms previously reduced due to COVID-19

⇒ **(2) & (3)Improvements actual profit margin**

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3-5. Domestic Department Stores | Disseminating Culture

- ✓ Continue strengthening disseminating tradition, arts, and other culture, an initiative ingrained in the DNA of the Takashimaya Group
- ✓ Satisfy customer intellectual needs while fulfilling role of promoting and passing on culture
- ✓ Offer the experiential value of real stores, part of the raison d'etre of department stores

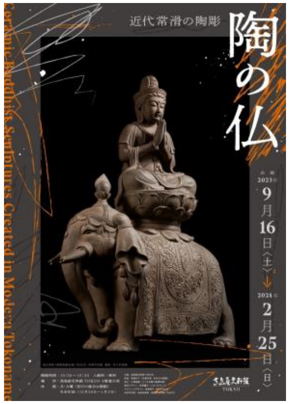
Folk Art Exhibit

The Mingei Exhibition first held in 1934 as the Modern Japanese Folk Crafts Exhibition was revived in 2012 some 80 years later, introducing the beauty of using crafts created from local products and culture.

Exhibition of works by active dye artist Samiro Yunoki and craftsmen he met through Fork Craft Movement

A collection of crafts collected by the late Shichiro Sunagawa over his lifetime.

Takashimaya Archives TOKYO



Mitsumasa Takano Collection Discovered Landscape of Japan

Tojiro Oshita "White Lily in the Bamboo Forest"

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3-6. Domestic Department Stores: SG&A

- ✓ Increased by ¥2.1bn YoY on investments towards increasing base pay and making the department stores more profitable, including by adding new events
- ✓ Cost-optimization program progressed according to plans with reductions of ¥2.1bn from the previous year
- ✓ Improved by ¥1.3bn compared to targets because increase in utility bills was minor

(billion JPY)	H1	YoY Change	Breakdown of YoY Change: Increase in variable costs	Breakdown of YoY Change: Increased costs (heating and lighting expenses pay raises)	Breakdown of YoY Change: Measures for making department stores more profitable	Breakdown of YoY Change: Cost-optimization program	Change from June 29 forecast
Personnel related expenses	24.8	(0.3)		0.5		(0.8)	(0.3)
Advertising expenses	4.8	0.7	0.2		0.5	0	+0.0
G&A expenses	37.9	(0.2)	0.5	0.2	0.2	(1.2)	(1.1)
Accounting related expenses	14.5	(0.1)				(0.1)	+0.0
Total	82.0	0	0.7	0.7	0.7	(2.1)	(1.3)
SG&A to total operating revenue ratio	21.7%	(1.4)					

Increased by 2.1

(-2.7 *Change from FY2019)

* We apply the Accounting Standard for Revenue Recognition from FY2022.

4. Performance of Key Subsidiaries (Domestic)

- ✓ Toshin Development recorded increased revenue and profit, outperforming targets thanks to increased rent revenue and efforts to rein in costs
- ✓ TFP revenues increased thanks to transaction volume growth but profit decreased slightly due to forward-looking investments
- ✓ TSC revenues increased and shifted into profitability on an increase in orders received for projects such as hotels and commercial facilities

(billion JPY)		H1	YoY Change	Change from FY2019	Change from June 29 forecast
Toshin Development Co., Ltd.	Operating revenue	32.2	+44.2%	+44.9%	+29.2%
	Operating profit	4.5	+ 1.6	+ 1.2	+ 1.1
Takashimaya Financial Partners Co., Ltd. (TFP)	Operating revenue	10.6	+1.9%	+0.1%	(1.2%)
	Operating profit	2.3	(0.0)	(0.4)	+0.2
Takashimaya Space Create Co., Ltd. (TSC)	Operating revenue	14.3	+47.0%	(22.2%)	+2.5%
	Operating profit	0.1	+0.4	(0.6)	(0.1)

*Figures indicate a comparison with FY2019 and change from FY2019 with Toshin Development Co., Ltd. figures representing the combined total with T & T Co., Ltd., Takashimaya Space Create Co., Ltd. figures representing the combined total with Takashimaya Space Create Tohoku Co., Ltd., and Takashimaya Financial Partners Co., Ltd. figures representing the combined total for Takashimaya Credit Co., Ltd. and Takashimaya Insurance Co., Ltd..

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5. Performance of Key Subsidiaries (Overseas)

- ✓ The two companies in Singapore recorded increased revenue and profit, and outperformed targets on a recovery in internal demand and inbound tourists
- ✓ Vietnam recorded steady growth on increased revenues and profit. Siam losses decreased.
- ✓ Shanghai recorded increased revenues but profit decreased slightly due to a correction after recording extraordinary losses for COVID-19-related expenses during the previous FY

(billion JPY)		H1 (Jan. to Jun.)	YoY change	(impact of foreign currency)	Change from FY2019	(impact of foreign currency)	In local currency YoY	In local currency Change from FY2019	Change from June 29 forecast
Takashimaya Singapore Ltd.	Operating revenue	11.7	+27.7%	–	+43.1%	–	+13.8%	+13.6%	+23.4%
	Operating profit	3.5	+ 1.1	(+ 0.4)	+ 1.3	(+ 0.7)	–	–	+ 0.6
Toshin Development Singapore Pte. Ltd.	Operating revenue	5.2	+20.6%	–	+17.5%	–	+7.6%	(6.7%)	+7.5%
	Operating profit	1.6	+ 0.5	(+ 0.2)	+ 0.1	(+ 0.3)	–	–	+ 0.2
Shanghai Takashimaya Co., Ltd.	Operating revenue	1.5	+25.7%	–	(7.8%)	–	+23.0%	(23.5%)	(5.8%)
	Operating profit	0.1	(0.0)	(+ 0.0)	+ 0.1	(+ 0.0)	–	–	(0.1)
Takashimaya Vietnam Ltd.	Operating revenue	1.4	+7.2%	–	+51.0%	–	(0.3%)	+21.9%	(10.7%)
	Operating profit	0.4	+ 0.1	(+ 0.0)	+ 0.3	(+ 0.1)	–	–	(0.0)
Siam Takashimaya (Thailand) Co., Ltd.	Operating revenue	1.2	+39.9%	–	+61.3%	–	+29.3%	+41.8%	+10.9%
	Operating profit	(0.3)	+ 0.1	(-0.0)	+ 0.2	(-0.0)	–	–	(0.1)

Current FY	1SGD=102.01JPY	1CNY=19.55JPY	1VND=0.0057JPY	1THB＝3.96JPY
Previous FY	1SGD=90.97JPY	1CNY=19.13JPY	1VND=0.0053JPY	1THB＝3.66JPY

6. Initiatives for Social Issues

- ✓ Improve work environment for shop staff, including business partners, through efforts such as setting holidays and improving facilities
- ✓ Increase base pay to support worker lifestyles and contribute to a positive cycle for wages and cost of living
- ✓ Promote TSUNAGU ACTION, sustainable activities undertaken with customers

Increase worker engagement

Establish store holidays

Lead industry by establishing two store holidays other than New Year's Day to improve the work environment for shop staff and business partners

Develop comfortable work environments

Conduct regular satisfaction surveys of business partner staff
Create a comfortable work environment that constantly reflects received feedback

Increase base pay

Increase motivation and respond to rising cost of living
Take lead in contributing to a positive cycle for wages and cost of living

TSUNAGU ACTION

Cyclical business model

Expand scope of Depart de Loop
Increase appeal through collaborations with popular brands

Community development

Promote local production and consumption
Develop community-specific skills and products

Support creators

Develop next-generation creator brands
Purchase-based crowdfunding

- Sustainable profitability for department stores by addressing social issues -

II Forecasts for FY Ending Feb 2024 (FY2023)

1. Key Points of Full-year Forecast
2. Consolidated Cost and Revenue Forecasts
3. Forecast for Domestic Department Stores
4. Forecast for Key Subsidiaries (Domestic)
5. Forecast for Key Subsidiaries (Overseas)

1. Key Points of Full-year Forecast

- Firm domestic and overseas consumption environment projected to continue
- Gross margin ratio reflects improvements from growth in net sales from fashion
- Sales among inbound tourists to continue growth but not expecting benefit of Chinese group tours
- Continue promoting Group-wide cost-optimization program
- Appropriately inject investments for making the department stores more profitable
- Utilize strengths of domestic and overseas Group companies to strive for additional profit growth
- **On consolidated basis, target increased revenue and profit, and new record highs for all profit categories**

2. Consolidated Cost and Revenue Forecasts

- ✓ Planning on increase in total operating revenue thanks to increased sales among domestic customers and inbound tourists
- ✓ Will promote cost reductions to improve SG&A expenses for the full year by ¥3.0bn compared to June targets
- ✓ Targeting new record high for all profit categories

(billion JPY)	Full-year forecast	YoY change	Change from FY2019	Change from June 29 forecast	H1 results	YoY change	Change from FY2019	H2 forecast	YoY change	Change from FY2019	Change from June 29 forecast
Total operating revenue	944.0	+7.1%	+2.7%	+0.4%	447.6	+8.3%	(1.2%)	496.4	+6.0%	+6.5%	+1.3%
Operating revenue	465.0	+4.9%	(49.4%)	(2.1%)	221.2	+5.8%	(51.2%)	243.8	+4.0%	(47.7%)	(0.5%)
SG&A expenses	231.5	+2.8	(28.6)	(3.0)	112.8	+2.6	(15.7)	118.7	+0.2	(12.9)	(1.3)
SG&A to total operating revenue ratio	24.5%	(1.4)	(3.8)	(0.4)	25.2%	(1.5)	(3.2)	23.9%	(1.4)	(4.3)	(0.6)
Operating profit	44.0	+11.5	+18.4	+6.5	20.8	+8.0	+7.4	23.2	+3.5	+11.0	+3.2
Ordinary profit	45.0	+10.5	+21.8	+7.5	22.2	+7.6	+9.5	22.8	+2.9	+12.3	+3.8
Profit attributable to owners of parent	29.5	+1.7	+13.5	+5.0	15.0	+1.4	+2.6	14.5	+0.2	+10.9	+2.0

* We apply the Accounting Standard for Revenue Recognition from FY2022. As such, operating revenue based on recording methods applied through FY2021 are indicated as total operating revenue.

3-1. Forecast for Domestic Department Stores

- ✓ Total operating revenue to increase on sales growth among domestic customers and inbound tourists
- ✓ Despite investments towards making the department stores more profitable, we will use cost reductions to improve SG&A expenses for the full year by ¥3.1bn compared to June targets
- ✓ Revised operating profit target by ¥4.3bn, targeting ¥17.8bn for the full year

(billion JPY)	Full-year forecast	YoY change	Change from FY2019	Change from June 29 forecast	H1 results	YoY change	Change from FY2019	H2 forecast	YoY change	Change from FY2019	Change from June 29 forecast
Total operating revenue	800.0	+6.1%	+3.2%	+0.6%	377.0	+6.6%	(1.3%)	423.0	+5.7%	+7.6%	+1.2%
Total sales	785.1	+6.2%	+3.3%	+0.7%	369.6	+6.7%	(1.4%)	415.5	+5.8%	+7.8%	+1.6%
Gross margin ratio (% of total sales)	22.30%	+0.01	(1.32)	+0.07	22.28%	(0.06)	(1.47)	22.32%	+0.08	(1.18)	+0.30
SG&A	172.6	+2.4	(17.7)	(3.1)	82.0	+0.0	(11.6)	90.6	+2.4	(6.1)	(1.8)
SG&A to total operating revenue ratio	21.6%	(1.0)	(3.0)	(0.5)	21.7%	(1.4)	(2.7)	21.4%	(0.6)	(3.2)	(0.7)
Operating profit	17.8	+6.8	+13.6	+4.3	7.7	+4.2	+4.9	10.1	+2.6	+8.6	+3.1

* We apply the Accounting Standard for Revenue Recognition from FY2022. As such, operating revenue and sales based on recording methods applied through FY2021 are indicated as total operating revenue and total sales, respectively.

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3-2. Domestic Department Stores: SG&A Expenses Targets

- ✓ Increase by ¥6.1bn YoY on investments towards making the department stores more profitable and increasing base pay
- ✓ Cost-optimization program to exceed plans and achieve reductions of ¥3.7bn while keeping increases to a minimum
- ✓ Improve by ¥3.1bn compared to June targets on decrease in utility bills

			Breakdown of YoY Change				
(billion JPY)	Full-year forecast	YoY change	Increase in variable costs	Increased costs (heating and lighting expenses pay raises)	Measures for making department stores more profitable	Cost-optimization program	Change from June 29 forecast
Personnel related expenses	51.7	+0.2		1.1		(0.9)	+0.1
Advertising expenses	10.6	+1.5	0.6		0.9	0.0	+0.1
G&A expenses	81.2	+1.2	1.7	0.9	0.9	(2.4)	(3.6)
Accounting related expenses	29.1	(0.5)				(0.5)	+0.3
Total	172.6	+2.4	2.3	2.0	1.8	(3.7)	(3.1)
			Increase by 6.1				
SG&A to total operating revenue ratio	21.6%	(1.0)	(-3.0 *Change from FY2019)				

			Breakdown of YoY Change				
(billion JPY)	H2 forecast	YoY change	Increase in variable costs	Increased costs (heating and lighting expenses pay raises)	Measures for making department stores more profitable	Cost-optimization program	Change from June 29 forecast
Personnel related expenses	26.9	+0.5		0.6		(0.1)	+0.5
Advertising expenses	5.8	+0.8	0.4		0.4	0.0	+0.1
G&A expenses	43.2	+1.4	1.2	0.7	0.7	(1.2)	(2.6)
Accounting related expenses	14.6	(0.3)				(0.3)	+0.3
Total	90.6	+2.4	1.6	1.3	1.1	(1.6)	(1.8)
			Increase of 4.0				
SG&A to total operating revenue ratio	21.4%	(0.6)	(-3.2 Change from FY2019)				

* We apply the Accounting Standard for Revenue Recognition from FY2022.

4-1. Forecast for Key Subsidiaries (Domestic)

- ✓ Increased revenues and profit for Toshin Development, upward revision to operating profit of ¥1.1bn for the full year
- ✓ TFP to see slightly decreased profit due to higher SG&A expenses related to forward-looking investments despite increased revenues
- ✓ TSC targeting increased revenues and profit on an increase in orders received

(billion JPY)		Full-year forecast	YoY change	Change from FY2019	Change from June 29 forecast
Toshin Development Co., Ltd.	Operating revenue	57.6	+25.0%	+28.4%	+12.8%
	Operating profit	7.4	+ 1.5	+ 0.7	+ 1.1
Takashimaya Financial Partners Co., Ltd. (TFP)	Operating revenue	21.7	+1.9%	(0.1%)	(1.2%)
	Operating profit	4.5	(0.1)	(0.4)	(0.0)
Takashimaya Space Create Co., Ltd. (TSC)	Operating revenue	30.4	+23.1%	(18.0%)	+1.2%
	Operating profit	0.7	+0.7	(1.1)	(0.1)

*Figures indicate a comparison with FY2019 and change from FY2019 with Toshin Development Co., Ltd. figures representing the combined total with T & T Co., Ltd., Takashimaya Space Create Co., Ltd. figures representing the combined total with Takashimaya Space Create Tohoku Co., Ltd., and Takashimaya Financial Partners Co., Ltd. figures representing the combined total for Takashimaya Credit Co., Ltd. and Takashimaya Insurance Co., Ltd..

4-2. Forecast for Key Subsidiaries (Domestic), Growth Initiatives

- ✓ Expand operating profit from domestic Group companies to ¥13.9bn to account for 1/3 of consolidated operating profit
- ✓ Group-wide promotion of Machi-dukuri Strategy to maximize value for stakeholders
- ✓ Apply strengths of each company to increase industry presence

[Commercial property development] Toshin Development

Kyoto Takashimaya S.C. T8

Opening on October 17

New development through PPP (Rokucho, Adachi-ku)

Planned for opening during FY2026

New business development taking advantage of our Machi-dukuri knowhow

[Finance] Takashimaya Financial Partners

Takashimaya NEOBANK SUGO-TSUMI

TAKASHIMAYA NEOBANK

スゴ積み

高島屋のスゴイ積立

Service launched in 2022

Business card

Began accepting member enrollment in August 2023

Expand customer base through new contacts with next generation of target customers and sole proprietors

*PPP: Public Private Partnership Scheme of a municipality and private business partnering to offer public services

5-1. Forecast for Key Subsidiaries (Overseas)

- ✓ Upward revision for two companies in Singapore on expectations of continued recovery in internal demand and inbound tourists
- ✓ Shanghai and Vietnam targeting increased revenues and profit compared to previous FY and FY2019
- ✓ Siam targeting increased revenues and reduction in losses

(billion JPY)		Full-year forecast (Jan. to Dec.)	YoY change	(impact of foreign currency)	Change from FY2019	(impact of foreign currency)	In local currency YoY	In local currency Change from FY2019	Change from June 29 forecast
Takashimaya Singapore Ltd.	Operating revenue	25.8	+20.7%	–	+51.9%	–	+12.3%	+18.3%	+12.5%
	Operating profit	7.5	+ 1.2	(+ 0.5)	+ 2.7	(+ 1.7)	–	–	+ 1.1
Toshin Development Singapore Pte. Ltd.	Operating revenue	10.5	+12.9%	–	+19.8%	–	+5.1%	(6.7%)	+8.3%
	Operating profit	3.1	+ 0.6	(+ 0.2)	(0.0)	(+ 0.7)	–	–	+ 0.3
Shanghai Takashimaya Co., Ltd.	Operating revenue	3.4	+51.4%	–	+6.9%	–	+52.0%	(12.9%)	(4.7%)
	Operating profit	0.3	+ 0.2	(0.0)	+ 0.2	(+ 0.1)	–	–	(0.2)
Takashimaya Vietnam Ltd.	Operating revenue	3.2	+8.7%	–	+60.7%	–	+4.8%	+29.7%	(1.4%)
	Operating profit	0.8	+ 0.1	(+ 0.0)	+ 0.6	(+ 0.1)	–	–	(0.0)
Siam Takashimaya (Thailand) Co., Ltd.	Operating revenue	2.8	+31.9%	–	+71.8%	–	+25.8%	+54.2%	+13.3%
	Operating profit	(0.3)	+ 0.3	(0.0)	+ 0.6	(0.0)	–	–	(0.1)

Current FY	1SGD=102.86JPY	1CNY=19.42JPY	1VND=0.0057JPY	1THB＝3.92JPY
Previous FY	1SGD=95.70JPY	1CNY=19.49JPY	1VND=0.0055JPY	1THB＝3.74JPY

5-2. Overseas Group Companies Growth Initiatives

- ✓ Overseas business operating profit of ¥12.7bn, forecasting additional growth
- ✓ Takashimaya Singapore S.C. celebrating 30th anniversary, has established local business platform
- ✓ Apply the store's presence and knowhow towards establishing the Vietnam business as a second overseas revenue source

Commercial facility model: [Department Store x Specialty Stores]

■ Takashimaya Singapore Shopping Centre

30 years old (opened in 1993)

■ Saigon Centre/ Ho Chi Minh City Takashimaya

Opened in 2016

Toshin Development participation in township development project

■ Starlake Project (Hanoi)

<Plan A>
Rental/leasing for school

School Opened in 2021

Township Development Project (Concept Image)

<Plan B>
Multi-function business combining commercial businesses, offices, and residential housing

Planning to start operations as a commercial facility from 2025 and as a multi-function facility adding office space and residential housing from 2027

III Financial Policy, Shareholder Returns

1. Roadmap to a Price-to-Book Ratio Greater Than 1
2. Our Group's Projected Cash Allocation
3. Approach to Financial Policy
4. Shareholder Returns

1. Roadmap to a Price-to-Book Ratio Greater Than 1

- ✓ Focus on profit growth (EPS) and enhancing engagement with investors (PER)
- ✓ Secure financial health and aim to rapidly improve to PBR 1x

■ Milestones toward >1 P/B ratio

	FY2022 (ended Feb 28, 2023)		FY2023 (Targets) (Feb 29, 2024)		Ref: Calculations on P/E ratio basis	
ROIC *1 (WACC)	4.4%	(4.5%)	5.3%	(4.4%)	5.3%	(4.4%)
Operating profit (EBITDA) *2	¥32.5 bn	(¥55.4 bn)	¥44.0 bn	(¥69.0 bn)	¥44.0 bn	(¥69.0 bn)
Net profit (EPS) *3	¥27.8 bn	(¥170)	¥29.5 bn	(¥187)	¥29.5 bn	(¥187)
Target stock price (PBR*4/PER*5)	¥1,896	P/B ratio 0.7 P/E ratio 11.0	¥2,430	P/B ratio 0.88 P/E ratio 13.0	¥2,800	P/B ratio 1.00 P/E ratio 15.0
Invested capital *6	¥618.1 bn		¥635.0 bn		¥635.0 bn	

*1 Return on invested capital = NOPAT / Invested capital Note: NOPAT = EBIT (Ordinary profit + Interest expenses - Interest income) x (1− Effective tax rate)

*2 EBITDA = Operating profit + Depreciation (other than depreciation of overseas subsidiaries' right-of-use assets recognized under the IFRS 16 requirements)

*3 Earnings per share = Net profit / (Number of shares issued – Average number of treasury shares for the fiscal year)

*4 Price-to-book ratio = Share price / (Net assets / Shares outstanding)

*5 Price-to-earnings ratio = Share price / EPS FY2023 based on average for July through September

*6 Invested capital = Shareholders' equity + Net interest-bearing debt (period average; includes lease liability)

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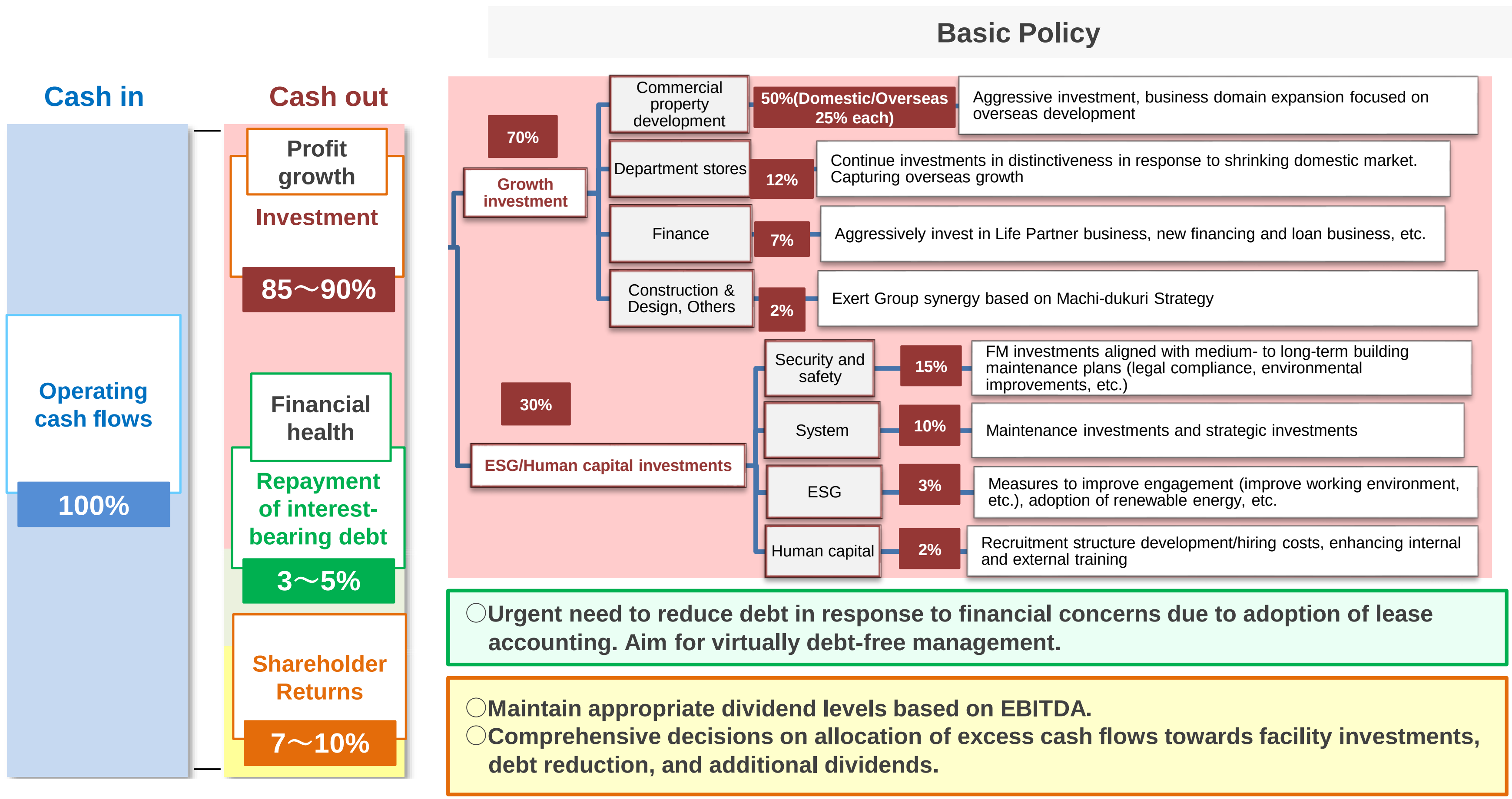
2. Our Group's Projected Cash Allocation

- ✓ We are heavily weighted in growth investments, safety investments, and personnel investments
- ✓ An urgent issue is reducing debt to address financial concerns related to the adopting of lease accounting
- ✓ Will make comprehensive judgments and apply excess CF towards re-investments, debt reduction, and shareholder returns



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3-1. Approach to Financial Policy (Profitability)

- ✓ Set WACC and ROIC for each business. Engage in management focused on investment returns for growth investments in each domain
- ✓ Aim to sustain levels above 5% by achieving ROIC that exceeds WACC for each business

	FY2022		Future Policies
Business category	WACC	ROIC	Main initiatives
Commercial property development	4%	6%	Overseas development/alliances, expansion of domestic non-commercial assets
Domestic Department Stores	3%	3%	Fundamentally make the department stores more profitable, including by increasing product appeal. Promote distinctiveness by disseminating culture aligned with social role
Overseas department stores	5%	8%	Business expansion in Vietnam and Singapore. Improve Shanghai/Siam performance
Finance	5%	8%	Expand new financing and loan business and Life Partner business
Construction & Design, Others	5%	5%	Raise investment efficiency to reflect invested capital. Continue growth investments in restaurant business.
Consolidated total	**4.5%**	**4.4%**	**Aim to sustain levels exceeding 5%**

*WACC: Set based on Takashimaya shareholder's equity and debt cost. For overseas companies, consider local interest rates, etc.

3-2. Approach to Financial Policy (KPI)

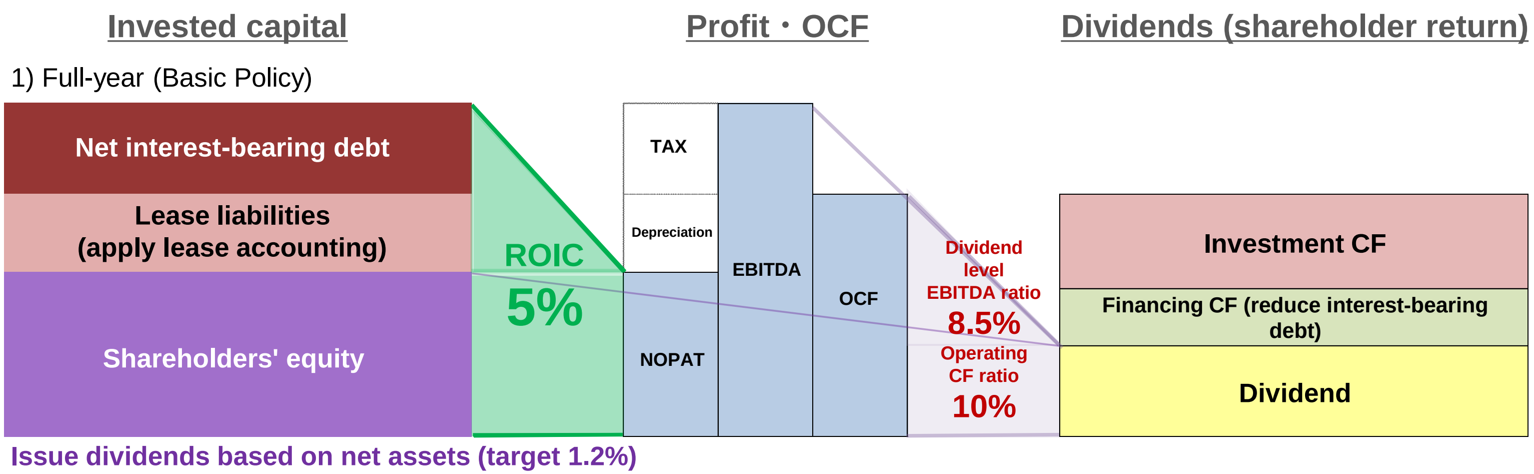
- ✓ Profit growth: Focus on ROIC for each business, aim for sustainable profit growth
- ✓ Shareholder returns: Increase total shareholder returns through medium and long-term improvements in stock price
- ✓ Financial health: Work to reduce net interest-bearing debt, increase equity ratio

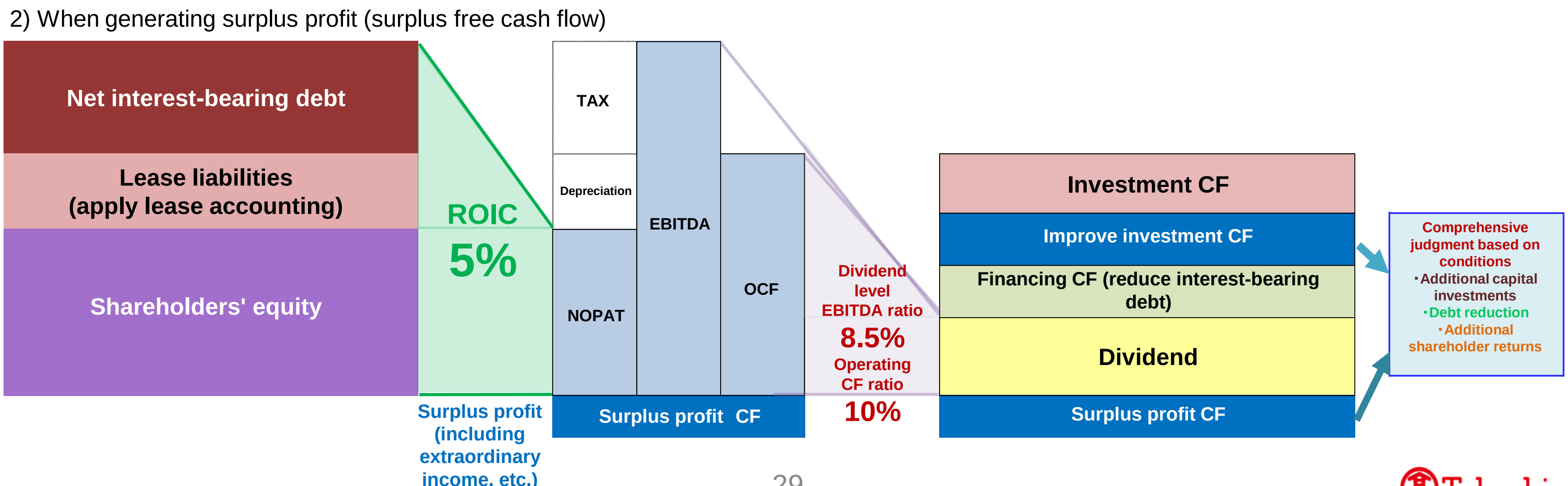
Theme	KPI	FY2019 (Results)	FY2022 (Results)	FY2023 (Forecasts)	(Goals)
Profit growth	ROIC（%）	3.2	4.4	5.3	
	Operating profit (billion JPY)	25.6	32.5	44.0	
Shareholder Returns	EPS (JPY)	93	170	187	
	DOE <Dividend on equity ratio> (%)	1.0	1.0	1.2	
	Stock price (JPY)	1,009	1,896	2,430	More than 2,800
	PBR (Multiple)	0.4	0.7	0.88	1x or higher
	TSR <Total shareholder return> (*)	51	100	130	150 or higher
Financial health	Net interest-bearing debt (billion JPY)	103.2	122.7	119.0	
	Equity ratio (%)	37.2	35.1	36.4	

(*) TSR <Total shareholder return> (Stock price for year in question + cumulative dividend amount) / Calculated using the stock price for the base year (FY2022)

4. Shareholder Returns

- ✓ Dividend standards: EBITDA of 8.5% or 10% of operating cash flows **(FY2023: 28 yen to 34 yen)**
- ✓ DOE (dividend ratio on equity): Issue dividends based on net assets with goal of 1.2%
- ✓ Excess free cash flows: Make comprehensive judgments for additional capital investments, debt reduction, and additional dividends





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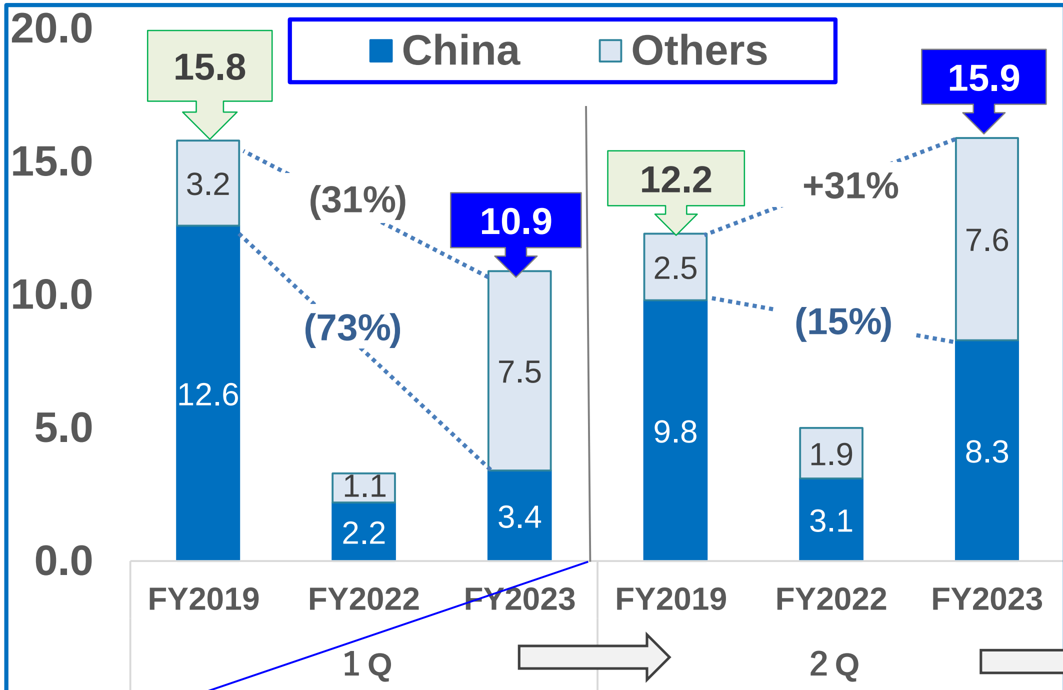
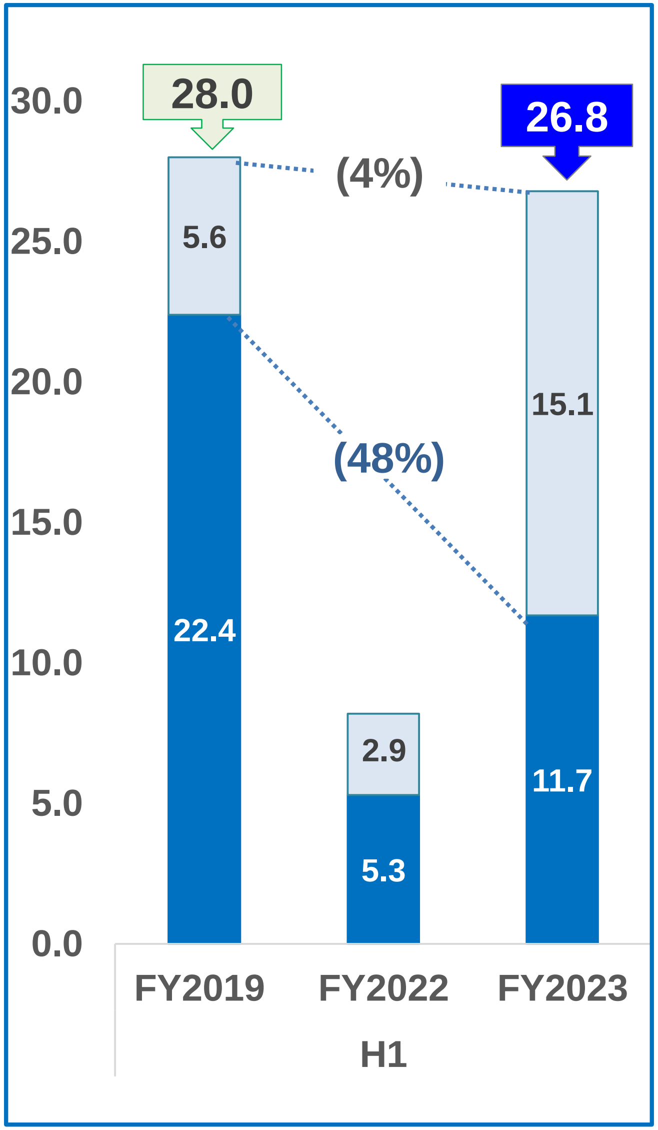
Reference Materials

1-1. Domestic Department Stores: Inbound Sales Results
1-2. Domestic Department Stores: Inbound Sales Forecasts
2-1. Segment-specific Total Operating Revenue Results
2-2. Segment-specific Total Operating Revenue Forecasts

Reference 1-1. Domestic Department Stores: Inbound Sales Results

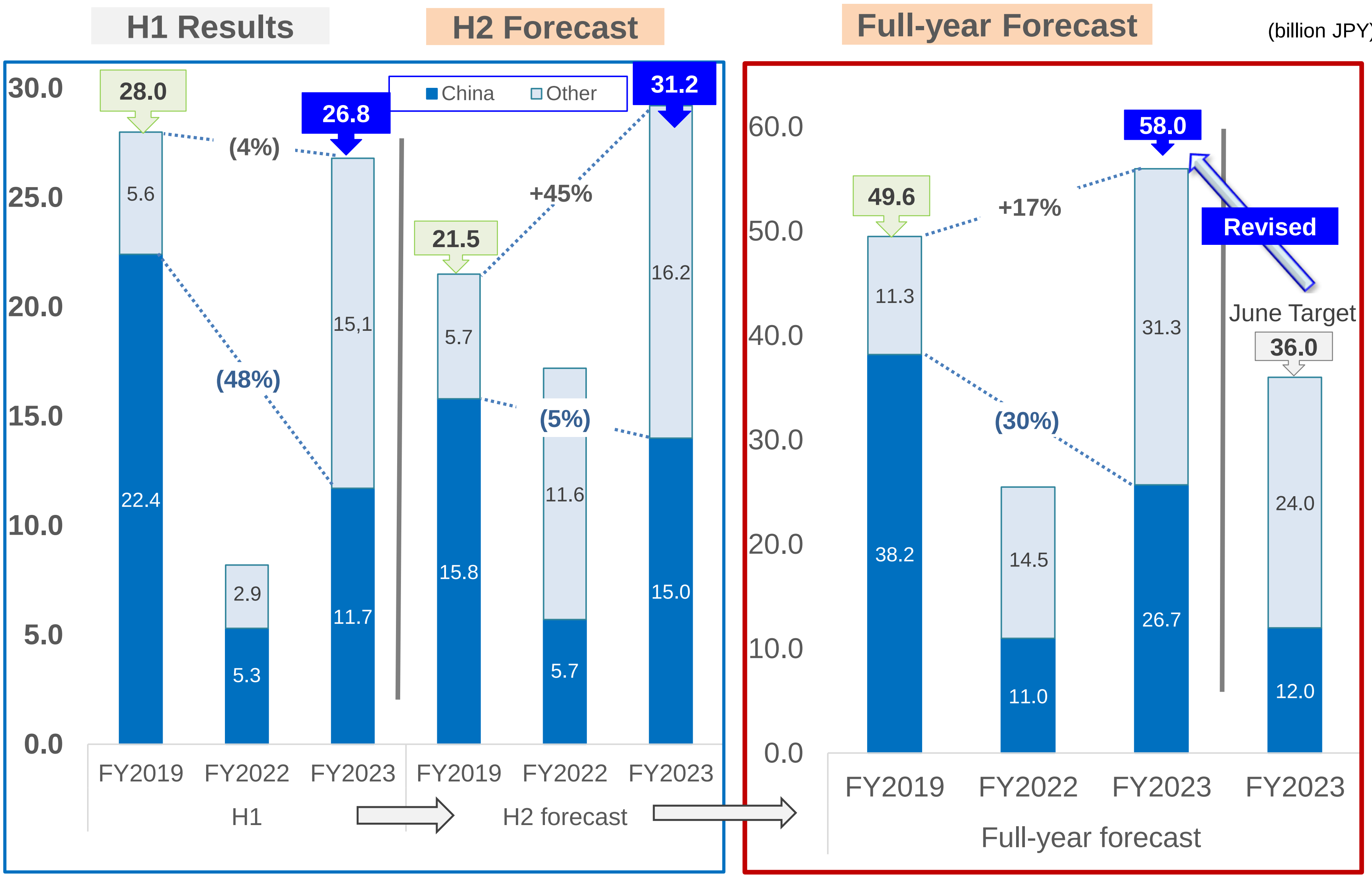
(billion JPY)





○Q2 Sales share by product

Reference 1-2. Domestic Department Stores: Inbound Sales Forecasts



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Reference 2-1. Segment-specific Total Operating Revenue Results

(billion JPY)	H1	YoY	Change from June 29 forecast	Q1	YoY	Q2	YoY
Department Store segment	386.3	+8.3%	+0.5%	188.5	+7.5%	197.8	+9.1%
Commercial Property Development segment	25.1	+10.2%	+0.1%	12.6	+12.4%	12.6	+8.1%
Finance segment	8.6	+0.2%	(3.8%)	4.5	+2.0%	4.1	(1.7%)
Construction & Design segment	13.3	+47.3%	+2.3%	4.7	+33.3%	8.6	+56.3%
Others	14.3	(13.2%)	(23.1%)	7.3	(13.0%)	7.1	(13.4%)
Consolidated Total	447.6	+8.3%	(0.5%)	217.6	+7.3%	230.1	+9.2%

* We apply the Accounting Standard for Revenue Recognition from FY2022. As such, operating revenue based on recording methods applied through FY2021 are indicated as total operating revenue.

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Reference 2-2. Segment-specific Total Operating Revenue Forecasts

(billion JPY)	Full-year forecast	YoY	Change from June 29 forecast	H1 results	YoY	H2 forecast	YoY	Change from June 29 forecast
Department Store segment	808.3	+6.7%	+0.9%	386.3	+8.3%	422.0	+5.2%	+1.2%
Commercial Property Development segment	56.5	+18.8%	+11.4%	25.1	+10.2%	31.4	+26.8%	+22.5%
Finance segment	17.5	+1.8%	(1.7%)	8.6	+0.2%	8.9	+3.3%	+0.4%
Construction & Design segment	27.9	+23.0%	+1.1%	13.3	+47.3%	14.6	+6.9%	(0.0%)
Others	33.8	(8.1%)	(20.8%)	14.3	(13.2%)	19.5	(3.9%)	(19.1%)
Consolidated Total	944.0	+7.1%	+0.4%	447.6	+8.3%	496.4	+6.0%	+1.3%

* We apply the Accounting Standard for Revenue Recognition from FY2022. As such, operating revenue based on recording methods applied through FY2021 are indicated as total operating revenue.