Translation

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Summary of Consolidated Financial Results for the Year Ended February 29, 2024 (Based on Japanese GAAP)

April 12, 2024

Company name:	Takashimaya Company, Limited		
Stock exchange listing:	Tokyo		
Stock code:	8233 URL https://www.takashimaya.co.jp		
Representative:	President	Yoshio Murata	
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Scheduled date of ordinary general meeting of shareholders:	May 21, 2024
Scheduled date to file Securities Report:	May 23, 2024
Scheduled date to commence dividend payments:	May 22, 2024
Preparation of supplementary material on financial results:	Yes
Holding of financial results meeting:	Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 29, 2024 (from March 1, 2023 to February 29, 2024)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 29, 2024	466,134	5.1	45,937	41.3	49,199	42.5	31,620	13.6
Year ended February 28, 2023	443,443	–	32,519	–	34,520	–	27,838	–

Notes: 1. Comprehensive income For the Year ended February 29, 2024 47,638 million yen [24.8 %]
For the Year ended February 28, 2023 38,177 million yen [－%]

2. Because we have applied the Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31,2020) and relevant ASBJ regulations from the beginning of the previous fiscal year, the percentage of year-on-year changes of each figure for the year ended February 28, 2023, is not shown.

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 29, 2024	200.47	170.54	7.3	4.0	11.9
Year ended February 28, 2023	169.78	145.27	6.9	3.0	8.8

Reference: Share of profit of entities accounted for using equity method For the Year ended February 29, 2024 3,223 million yen
For the Year ended February 28, 2023 2,689 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 29, 2024	1,270,475	478,802	35.7	2,878.82
As of February 28, 2023	1,178,201	436,482	35.1	2,620.43

Reference: Equity As of February 29, 2024 454,079 million yen
As of February 28, 2023 413,326 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 29, 2024	59,536	(38,501)	(20,600)	92,898
Year ended February 28, 2023	36,497	(10,707)	(32,428)	88,631

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 28, 2023	—	12.00	—	14.00	26.00	4,209	15.3	1.0
Year ended February 29, 2024	—	17.00	—	20.00	37.00	5,836	18.5	1.3
Year ending February 28, 2025 (Forecast)	—	20.00	—	10.00	—		—	

Note: Regarding the year-end dividend per share for the fiscal year ending February 28, 2025 (forecast)
The Company plans to conduct a 2-for-1 stock split of shares of common stock, effective September 1, 2024. Therefore, the year-end dividend per share for the fiscal year ending February 28, 2025 (forecast) takes into account the effect of this stock split, and the total amount of annual dividends per share is displayed as "-." Without considering the stock split, the year-end dividend per share forecast for the fiscal year ending February 28, 2025 is 20 yen, resulting in an annual dividend per share of 40 yen. For details, please refer to "Explanation of Appropriate Use of Earnings Forecasts and Other Special Instructions."

3. Forecast of consolidated financial results for the year ending February 28, 2025 (from March 1, 2024 to February 28, 2025)

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2024	243,600	10.1	23,600	13.4	23,700	6.8	14,600	(2.4)	92.56
Full year	497,000	6.6	50,000	8.8	53,000	7.7	34,000	7.5	147.48

Note: Earnings per share in the forecast for the fiscal year ending February 28, 2025 takes into account the effect of the stock split. For details, please refer to "Explanation of Appropriate Use of Earnings Forecasts and Other Special Instructions."

4. Notes

(1) Changes in significant subsidiaries during the year ended February 29, 2024 (changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of February 29, 2024	177,759,481 shares	As of February 28, 2023	177,759,481 shares

Number of treasury shares at the end of the period

As of February 29, 2024	20,028,578 shares	As of February 28, 2023	20,027,587 shares

Average number of shares during the period

Year ended February 29, 2024	157,731,475 shares	Year ended February 28, 2023	163,962,974 shares

Reference: Overview of non-consolidated financial results

Non-consolidated financial results for the year ended February 29, 2024 (from March 1, 2023 to February 29, 2024)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 29, 2024	313,047	1.3	19,580	90.3	32,152	102.1	25,031	46.9
Year ended February 28, 2023	309,147	–	10,291	–	15,908	–	17,036	–

Note: Because we have applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the previous fiscal year, the percentage of year-on-year change of each figure for the year ended February 28, 2023 is not shown.

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended February 29, 2024	158.69	134.98
Year ended February 28, 2023	103.90	88.86

(2) Non-consolidated financial position

	Total assets	Net assets	Equity Ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 29, 2024	842,001	252,779	30.0	1,602.59
As of February 28, 2023	813,538	229,266	28.2	1,453.51

Reference: Equity As of February 29, 2024 252,779 million yen

As of February 28, 2023 229,266 million yen

* Summary is exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Cautionary statement regarding forward-looking statements, etc.)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Group and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Group. Actual business and other results may differ substantially due to various factors. Please refer to 1, Overview of Operating Results and Others, (4) Future Outlook on page 7 of the attached materials for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

(Dividend and Earnings Forecast after Stock Split)

At the Board of Directors meeting held on April 12, 2024, the Company passed a resolution concerning a stock split, determining to implement a 2-for-1 stock split (2 shares for each share of common stock) with an effective date of September 1, 2024. As a result, the dividend forecast and forecast of consolidated financial results for the fiscal year ending February 28, 2025, as calculated prior to consideration of the stock split, are as follows.

1. Dividend forecast for the fiscal year ending February 28, 2025

Dividends per share	2nd quarter-end 20 yen (Note 1)	fiscal year-end 20 yen (Note 2)

Annual dividends per share for the fiscal year ending February 28, 2025 (before consideration of stock split) will be 40 yen.

2. Forecast of consolidated financial results for the fiscal year ending February 28, 2025

Earnings per share fiscal year-end 147.48 yen

(Note 1) Dividends at 2nd quarter-end are paid on the number of shares before the stock split.

(Note 2) The dividend amount is calculated before the stock split.

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1. Overview of Operating Results and Others

(1) Overview of Operating Results for the Fiscal Year

During the fiscal year under review, the Japanese economy further moved towards normalization as the government downgraded COVID-19 to a Class 5 infectious disease in May 2023.

Looking at consumer sentiment, consumer spending recovered gradually despite negative real wage growth that has not kept pace with the rising cost of living. Furthermore, yen depreciation drove increases in inbound demand. At the same time, there are concerns of a deceleration in spending driven by increasing consumer sentiment towards thrift despite the current rebound following a period of constrained spending due to COVID-19. With market price per share at high levels and the trend towards yen depreciation, there remains a continued need to carefully examine the external factors influencing spending.

Amid this environment, we (Takashimaya Group) positioned the fiscal year under review, the final year of our Medium-Term Management Plan (FY2021-2023), as an extremely important year for creating the management platform necessary to transition from the phase of recovering from COVID-19 to achieving new sustainable growth and taking our next leap forward. Applying our Group-wide Machi-dukuri Strategy, we worked towards enhancing the value of the Takashimaya brand by promoting our management goals: 1) Making the department stores more profitable, 2) Promoting human capital management, 3) Group companies building a competitive advantage, and 4) Taking ESG strategy further.

With respect to ESG management, which is particularly rooted in value provision, we engaged in our role as a platform for supporting lifestyles, culture, and local communities by working with customers, vendors, and the local communities to promote initiatives aimed at realizing fulfilling and enriched lifestyles.

Some of our major initiatives included enhancing efforts related to TSUNAGU ACTION, sales activities proposing sustainable lifestyles by offering products and services focused on themes of eco & ethical. Through Depart de Loop, a sustainable/circular business for collecting unwanted clothing to be renewed into new products, we began selling products made from denim collected the previous fiscal year and also expanded products eligible for collection to include cosmetics and cosmetic containers.

To promote decarbonization, Takashimaya concluded a new agreement for procuring electricity derived from renewable energy directly from the operator. Through this scheme, we began providing a portion of the electricity consumed at the Yokohama Store since April 2023.

As initiatives related to social issues, we increased store closure days for Group commercial facilities with the intent of securing human resources by improving work environments for employees, including vendor employees, and increasing our attractiveness as a place to work. In response to the 2024 Problem in Logistics (*1), we are reevaluating late-night product inspections and switching delivery times, which previously were scheduled for prior to the store opening, to after business hours. Through these industry-leading initiatives, we are working to mitigate driver fatigue.

Our earnings for the fiscal year under review and non-consolidated performance, which mainly consists of earnings from department stores in Japan, resulted in increased revenues and profits. In addition to significantly outperforming the target figures for our Medium-Term Management Plan (FY2021 to FY2023), we also achieved record highs for all profit categories (operating profit, ordinary profit, profit attributable to owners of parent).

Our earnings for the fiscal year under review were operating revenue of 466,134 million yen (increase of 5.1% YoY), operating profit of 45,937 million yen (increase of 41.3% YoY), ordinary profit of 49,199 million yen (increase of 42.5% YoY), and profit attributable to owners of parent of 31,620 million yen (increase of 13.6% YoY).

ROE was 7.3%, EBITDA (*2) to total assets ratio was 5.6%, and net interest-bearing debt to EBITDA was 1.7 times.

Non-consolidated performance for the fiscal year under review was net sales of 287,325 million yen (increase of 1.1% YoY), operating profit of 19,580 million yen (increase of 90.3% YoY), ordinary profit of 32,152 million yen (increase of 102.1% YoY), and net profit of 25,031 million yen (increase of 46.9% YoY).

Segment-specific earnings for each business are as follows.

<Department Store>

The Department Store segment recorded operating revenue of 338,521 million yen (increase of 5.4% YoY) and operating profit of 29,650 million yen (increase of 61.1% YoY).

Looking at domestic department stores, the number of customers visiting stores increased with the normalization of socioeconomic activities. Domestic net sales (excluding inbound net sales) were firm, particularly for fashion-related products such as women’s clothing, men’s clothing, and cosmetics. Inbound net sales were favorable on luxury brands and other high-ticket items as sales were propelled by an increase in per-customer sales due to yen depreciation. Throughout the year, many customers were attracted by regional product exhibits such as the Great Hokkaido Fairs, special exhibitions held in collaboration with popular television programs, and events planned to coincide with the seasons. Takashimaya Group also made efforts related to disseminating history and culture. Takashimaya Archives (Osaka) conducted activities related to collecting and preserving art and documents relevant to Takashimaya’s history. Takashimaya Archives TOKYO provided information related to new lifestyle and culture. In addition to these activities, held folk art exhibits and various special cultural events. As an initiative to increase the appeal of shops and attract new customers, Takashimaya also opened lifestyle shops in major stores as part of a collaborative effort with vendors.

In response to consumer trends following COVID-19, we steadily advanced initiatives aimed at making the department stores more profitable, including by offering merchandise that balances trends with quality to quickly respond to customer needs and by planning and developing highly innovative events and promotional campaigns.

Takashimaya Group also addressed the gross margin ratio of department store shops, which is recovering. In addition to net sales growth for fashion-related products, which have a high margin ratio, efforts to increase net sales from retail priced products with high profit margins in each category contributed to overall performance.

Also, the cost-optimization program implemented at major stores during the previous fiscal year was expanded to all stores this fiscal year to promote cost reductions.

Increasing net sales by strengthening merchandise appeal, improving product margin ratio, and various cost reduction initiatives are producing results as the Takashimaya Group converts to a management structure that is capable of generating stable profits.

For e-commerce, Takashimaya Group engaged in various efforts to increase the appeal of our online store, including expanding cosmetics merchandise and reducing delivery lead times by shifting to a centralized warehouse for shipping previously managed by each store. However, net sales fell short of goals due in part to the impact of increased visitors to brick-and-mortar stores. On the other hand, as a new initiative, Takashimaya Group exhibited an independent booth at Virtual Market, one of the world's largest Metaverse (*3) events, for the first time. Our booth welcomed many visitors, particularly customers from younger generations as the event helped increase brand recognition for the Takashimaya Online Store.

In June 2023, R.T. Corporation, Ltd., which develops and operates restaurants and cafes, reopened Restaurant Rose in the Yokohama Store following renovations. Restaurant Rose meets the diverse needs of local customers by offering a menu featuring Western, Japanese, and Chinese cuisine. In November 2023, R.T. Corporation opened a Din Tai Fung restaurant in the Jiyugaoka neighborhood of Tokyo, marking the 28th location in Japan for the dim sum restaurant based in Taipei, Taiwan. The Din Tai Fung in Jiyugaoka uniquely features a menu offering xiao long bao made from Japanese black pork and an assortment of the most popular dishes that Din Tai Fung serves in Taiwan. The Din Tai Fung brand represents a strong commitment to ingredients and restaurant designs that capture market trends and customer needs, with some locations even offering private rooms and outdoor terrace seating, making Din Tai Fung a beloved choice for many customers.

Looking at overseas department stores, Takashimaya Singapore, which marked its 30th anniversary, propelled the overall segment by recording significant increases in net sales and operating profit thanks to firm net sales from domestic customers and a recovery in tourists. Takashimaya Ho Chi Minh City also recorded steady growth in increased revenue and profit thanks to an initiative involving incorporating Japanese brands, a first for Vietnam. Siam Takashimaya saw a decrease in losses thanks to a recovery in net sales driven by an increase in customers visiting stores, including tourists. Shanghai Takashimaya saw a significant increase in revenue thanks to a rebound in sales figures after store closures (67 days) the previous fiscal year due to COVID-19. On the other hand, cost increases were equally significant, resulting in a decrease in profit. We will work to achieve growth for overseas business by focusing on the economic environment and consumer trends in each country.

<Commercial Property Development>

Operating revenue from the Commercial Property Development segment was 51,948 million yen (increase of 9.3% YoY) and operating profit of 12,042 million yen (increase of 30.0% YoY), representing increased revenue and profit for both business in Japan and overseas.

Business in Japan for Toshin Development Co., Ltd. was strong on increased net sales from commercial facilities and a recovery in rent income.

T8, the specialty shop zone adjacent to the Kyoto store opened in October 2023, marking the opening of the Kyoto Takashimaya Shopping Center. Floors ranging from the Basement 1st floor to the 7th floor featuring everything from modern art and Japan's world-famous subculture to entertainment and food offer eight distinct spaces for customers to enjoy. Since its opening, the Kyoto Takashimaya S.C. has been visited by a great many customers, both from within Japan and overseas. The Kyoto store is also seeing an increase in younger customers and customers from farther away, indicating that the department store and T8 are generating a positive synergy effect. The Takashimaya Group engages in a wide range of attractive operations, including department stores, specialty stores, finance, and dining. Operating commercial facilities that flexibly combine these various products and services is our unique business model, and we will continue applying this business model towards achieving sustainable growth by rapidly responding to the characteristics of each local community and future market changes.

We also completed renovations and reopened Tachikawa Takashimaya Shopping Center in November 2023. We are working to offer products and services that address the needs of the local community through a facility featuring tenants that address daily needs and by offering experiential content.

In March 2023, Toshin Development Co., Ltd. concluded a Comprehensive Partnership Agreement on Community Revitalization with Nagareyama City in Chiba Prefecture. We are partnering with the local government on revitalization efforts in the local region by strengthening collaborations in areas such as city development, child-rearing, and disaster response. At the Nagareyama Otakanomori Shopping Center, in May 2023 we completed renovations and reopened a commercial facility based on the space under the elevated Tsukuba Express station. In June 2023, we opened a new local community center that provides local residents a space and opportunities to interact.

As a new business, Toshin Development Co., Ltd. will participate in a PPP project (*4) involving the utilization of land in front of the Rokucho Station in Adachi Ward, Tokyo. This represents the Group's first participation in a PPP project. Tsukuba Express Rokucho Station area land will be used to develop a multifunction commercial facility and bicycle parking. Takashimaya Group will use this project as an opportunity to expand our involvement in projects involving partnerships with local governments.

Overseas, Toshin Development Singapore Pte. Ltd. performed strongly on a recovery in rent income. In Vietnam, the Group expanded our local business foundation through a property leasing business specializing in educational facilities and a mixed-use development featuring housing, office space, and commercial space.

<Finance>

Operating revenue in the Finance segment was 17,437 million yen (increase of 1.3% YoY) and operating profit was 4,609 million yen (increase of 2.1% YoY).

Takashimaya Financial Partners Co., Ltd. recorded increased revenue and profit thanks to growth in net card transactions in the Card business, a profit pillar for the business, and the benefits of expanding its customer base in the Life Partner business.

The Card business recorded growth in net card transactions on efforts to increase the member enrollment amid an increase in customers visiting department stores and specialty stores as well as efforts to promote use at external partner stores. In August 2023, the business also began offering the Takashimaya Card (Business Platinum) American Express®, a credit card targeting business owners and sole proprietors. The Group is steadily increasing member enrollment and increasing customer satisfaction by generating synergy with department stores.

In the Life Partner business, the Group conducted seminars covering themes such as the new NISA scheme (*5) started this year and life planning for the 100-year life era. The business also established a help desk that covers both NISA and insurance. These efforts have led to a steady increase in consultations and enrollment applications.

In the Social Lending business, in October 2023 Takashimaya Group formed a business alliance with Bankers Co., Ltd., which possesses vast experience and know-how related to lending-based crowdfunding (*6). The first fund based on this alliance was formed in January and a second fund was formed in February 2024. Takashimaya Group will use this alliance as an opportunity to expand new transactions as Takashimaya Funding as we work to expand revenues from the Finance business and increase customer contact points for the Group.

SUGO-TSUMI (*7), which is offered through Takashimaya NEOBANK, began seeing customers whose accounts reach maturity use funds towards payment settlement. This service is seeing greater use from younger customers and male customers, and these customers have high average savings balances. The Group promoted an approach aligned with these characteristics to increase member numbers and the retention rate, and promote use towards payment settlement.

<Construction & Design>

Operating revenue from the Construction & Design segment was 27,945 million yen (increase of 23.2%) and operating loss was 731 million yen (same period of previous FY was operating profit of 16 million yen).

Takashimaya Space Create Co., Ltd. recorded increased revenue on an increase in orders received for commercial facilities, particularly hotels and other large-scale properties and luxury brand projects. However, the business recorded losses due in part to the impact of a temporary increase in costs for large-scale properties.

<Others>

Operating revenue from other businesses was 30,281 million yen (decrease of 13.0% YoY) and operating profit was 1,491 million yen (increase of 5.1% YoY).

Although revenue from the Cross Media business decreased on a recovery in in-store net sales at department stores, profit increased at Takashimaya Transcosmos International Commerce PTE. LTD. Overall, other businesses resulted in decreased revenue and increased profit.

Regarding the year-end dividend for the fiscal year under review, the basic stance of the Takashimaya Group is to maintain stable dividend levels while comprehensively evaluating earnings and our operating environment. As a result, the Group has decided to increase the year-end dividend by 6 yen per share to 20 yen. As a result, annual dividends per share will be 37 yen per share when combined with the previously issued interim dividend of 17 yen per share. This represents an increase of 11 yen over annual dividends of 26 yen per share for the previous year.

(*1) 2024 Problem in Logistics

Problems associated with the June 2018 revisions to the Act to Promote Work Style Reform. As of April 2024, an upper limit of 960 hours per year (not including holiday work hours) will be applied to overtime for vehicle driver operations. Furthermore, with the Notice on Improvement Standards defining on-duty time for truck drivers (subject to administrative punishment in accordance with the Motor Truck Transportation Business Act), the regulation of on-duty hours will be further strengthened.

(*2) EBITDA

A metric used to evaluate the company net ability to generate cash.

For the Takashimaya Group this is calculated as the sum of consolidated operating profit and consolidated depreciation (excludes depreciation for the lease assets of overseas Group companies based on the application of IFRS 16).

(*3) Metaverse

A virtual space created on a communications network that can be accessed by multiple people and in which participants can move freely.

(*4) Public Private Partnership (PPP)

Projects where the government and the private sector partner on construction, maintenance, management, and operation of public facilities to utilize the creativity and ingenuity of the private sector to promote the efficient use of public funds and administrative efficiency.

(*5) New NISA scheme
Normally, when you invest in a financial product such as a stock or investment trust, a tax rate of roughly 20% is assessed against gains earned from the sale of the product and dividends received through the product. NISA is a scheme through which profits earned from financial products purchased through a NISA account (untaxed account) during a given year up to a certain amount to be untaxed. From January 2024, this scheme has been switched to a new framework with various new characteristics, including an unlimited tax-free retention period, the establishment of permanent accounts, and an expanded annual investment limit.

(*6) Lending-based crowdfunding
A service that links companies seeking to procure capital with investors seeking to lend money and earn interest. A middle-risk/middle-return financial product that allows investments beginning from small amounts, this type of funding is drawing attention from investors.

(*7) SUGO-TSUMI
Stands for Takashimaya no Sugoi Tsumitate ("Takashimaya's amazing savings scheme"), one of the services offered through the Takashimaya NEOBANK app. Members who make monthly deposits of a specified amount for twelve months receive a bonus equivalent to one month's deposit. This bonus is charged to their app as a shopping balance that can be used when shopping at Takashimaya.

(2) Explanation of Financial Position

Total assets as of February 29, 2024 amounted to 1,270,475 million yen, up 92,274 million yen from the end of the previous fiscal year. This was mainly due to an increase of 46,849 million yen in right-of-use assets relating to the renewal of lease contracts at overseas subsidiaries and impact of foreign currency exchange due to the weak yen, an increase of 22,796 million yen in investment securities relating to rises in share prices, additional purchases of shares of affiliates, and growth in financial performance of entities accounted for using equity method, and an increase of 13,503 million yen in notes and accounts receivable – trade, and contract assets relating to increased sales.

Liabilities amounted to 791,673 million yen, up 49,954 million yen from the end of the previous fiscal year. This was mainly due to an increase of 46,636 million yen in lease liabilities relating to the renewal of lease contracts at overseas subsidiaries and impact of foreign currency exchange due to the weak yen, despite a decrease of 4,631 million yen in interest-bearing debt.

Net assets amounted to 478,802 million yen, up 42,319 million yen from the end of the previous fiscal year. This was mainly due to an increase of 26,738 million yen in retained earnings as a result of an increase of 31,620 million yen in profit attributable to owners of parent, a decrease of 4,889 million yen in dividends paid, among others, an increase of 5,238 million yen in foreign currency translation adjustment relating to the weak yen, an increase of 5,196 million yen in remeasurements of defined benefit plans relating to changes to the discount rate resulting from a rise in interest rate, and an increase of 3,578 million yen in valuation difference on available-for-sale securities resulting from rises in share prices.

(3) Overview of Cash Flows for the Fiscal Year

Net cash provided by operating activities was 59,536 million yen, an increase of 23,039 million yen from 36,497 million yen provided in the same period of the previous fiscal year. This was mainly due to an increase of 5,645 million yen in profit before income taxes.

Net cash used in investing activities was 38,501 million yen, an increase of 27,794 million yen (decrease in cash provided) from 10,707 million yen used in the same period of the previous fiscal year. This was mainly due to a decrease of 11,344 million yen in proceeds from sale and redemption of short-term and long-term investment securities and an increase of 11,235 million yen in purchase of shares of subsidiaries and associates.

Net cash used in financing activities was 20,600 million yen, a decrease of 11,828 million yen from 32,428 million yen used in the same period of the previous fiscal year. This was mainly due to a decrease of 16,693 million yen in purchase of treasury shares.

When exchange differences are added to the above cash flows, cash and cash equivalents as of February 29, 2024 amounted to 92,898 million yen, up 4,267 million yen from the end of the previous fiscal year.

(Reference) Cash Flow-Related Indicators

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Equity ratio (%)	37.2	34.3	34.8	35.1	35.7
Equity ratio based on market value (%)	14.4	15.7	16.4	25.4	28.0
Interest-bearing debt to cash flow ratio (years)	4.8	4.7	10.2	5.9	3.5
Interest coverage ratio (times)	7.6	9.3	4.5	7.0	10.4

Equity ratio : equity / total assets
Equity ratio based on market value : market capitalization / total assets
Interest-bearing debt to cash flow ratio : interest-bearing debt / operating cash flow
Interest coverage ratio : operating cash flow / interest expense

*All of the above indicators are calculated based on consolidated financial statement data.

*Market capitalization is calculated by multiplying the closing stock price on the last day of the fiscal year by the number of outstanding shares (net of treasury stock) at the end of the fiscal year.

*Operating cash flow uses the cash flow from operating activities from the consolidated statements of cash flows. Interest-bearing debt includes short-term borrowings, current portion of bonds payable, bonds payable, long-term borrowings and commercial papers posted on the consolidated balance sheets. Interest payment uses interest paid on the consolidated statement of cash flows.

(4) Future Outlook

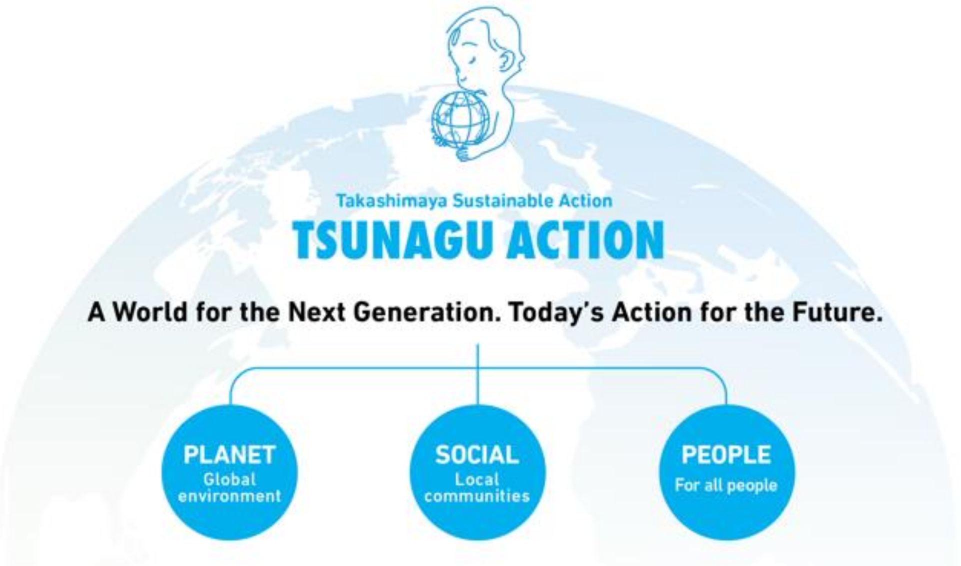
In March 2024, the Bank of Japan ended its policy of negative interest rates, raising interest rates for the first time in 17 years. As a result of this and other factors, the Japanese economy is gradually shifting away from a long period of deflation towards a favorable cycle that will lead to an increase in cost of living and wages. We (Takashimaya Group) will use this opportunity to steadily conduct forward-looking growth investments towards making qualitative improvements in our sales capability so that the Group is not influenced by external environment factors such as yen depreciation, high stock prices, or inbound traffic.

In 2031, the Takashimaya Group will celebrate the 200th anniversary of its founding. For over a year, we have been engaged in Group-wide discussions concerning the ideal position for the Takashimaya Group to ensure our ability to remain a meaningful existence in society and continue achieving sustainable growth in 2031 and beyond. As part of this process, we define our ideal vision as being "A familiar platform that helps achieve fulfilling lifestyles for all our stakeholders, including our customers, employees, shareholders, and local communities." For customers, the Takashimaya Group provides unique products and services that offer opportunities to have moving experiences. For employees, we are improving labor conditions and environments to provide desirable workplaces that offer motivation and advancement. We want to remain an invaluable part of the lives of each of our stakeholders.

To achieve this vision, the Takashimaya Group has formulated a new Medium-Term Management Plan for 2024 to 2026, and we position the first fiscal year as a critical period during which we will steadily implement policies towards realizing sustainable growth that is not influenced by changes in our external environment. The Group also designated management issues as: 1) Promoting ESG management, 2) Securing, developing, and promoting the success of our human resources , and 3) Advancing Machi-dukuri Strategy.

For the Takashimaya Group to continue achieving growth, it will be necessary for us to carefully examine the future value of our tangible and intangible management resources, and rapidly redistribute resources towards business segments projected to see growth. To achieve this, we will adopt ROIC, which represents returns on invested capital, throughout the Group as the metric for evaluating the effectiveness of management resources. We will increase management efficacy by setting and pursuing goals for ROIC that exceed the cost of capital for each business.

-Promoting ESG management



With ESG management, which is the basis of our value provision, as a corporation and member of society, the Takashimaya Group believes it is our responsibility to contribute to resolving social issues through our business activities. We also believe that it is impossible to maintain a sustainable business without creating a framework that allows all stakeholders to benefit and profit from those activities.

For TSUNAGU ACTION, a cornerstone of Takashimaya Group ESG management, we will strengthen efforts on a Group-wide level to further increase recognition of this initiative and achieve a balance between resolving social issues and achieving business growth. We outlined three core themes for TSUNAGU ACTION: 1) PLANET - Global environment - Protecting our beautiful Earth and vast nature, and leaving it for the future, 2) SOCIAL - Local communities - Inheriting and developing Japanese national and local traditions and culture, and 3) PEOPLE - For all people - Protecting and embracing freedom, equality, and happiness for all. The Takashimaya Group will expand the number of projects related to these themes and implement them throughout the year. We will also set numerical targets and implement the PDCA cycle to ensure that efforts directly lead to increases in corporate value and profits. Specifically, as a theme related to local communities, we are considering culture exhibits and specialty goods sales to support the reconstruction efforts related to the 2024 Noto Earthquake that occurred on January 1, 2024.

From the perspective of diversity, equity, and inclusion, the Takashimaya Group will reinforce compliance and strive to respect the human rights and values of all people towards realizing a society in which we leave no one behind, which is the goal of the SDGs. The Group will work proactively towards creating a system that provides opportunities for all, regardless of race, age, sexual orientation/gender identity, or physical disability. As a corporation closely connected to consumers, the Takashimaya Group will also work actively to improve and develop facility environments, products, and services that allow all customers to enjoy their time and shopping experience.

As our business activities, which include the operation of large-scale commercial facilities, have a large impact on the environment, the Takashimaya Group will also work to contribute to the realization of a recycling-oriented society and the preservation of the global environment through initiatives such as expanding our adoption of renewable energy.

- Securing, developing, and promoting the success of our human resources

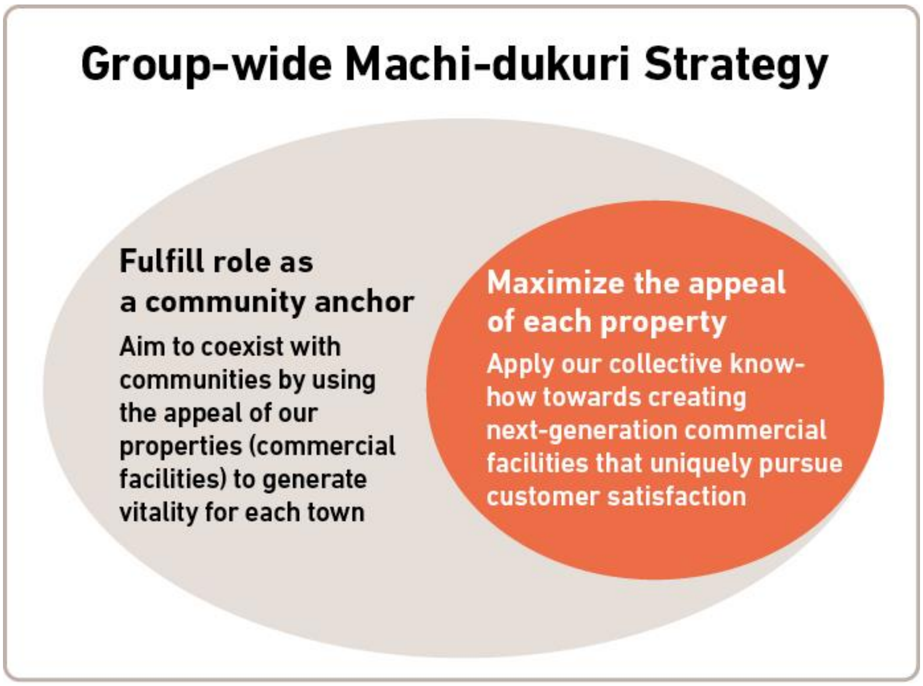
As a corporation that has always operated business based on valuing people, the management philosophy of the Takashimaya Group is “Putting People First.” As human resources shortages become a serious social issue, one of our highest priorities for ensuring our ability to achieve sustainable growth is proactively investing in human resources based on the concept of human capital management, including securing, developing, and promoting the success of our human resources.

The Takashimaya Group’s business model is to develop commercial facilities, primarily department stores. Making the Group more profitable will require that we secure and develop human resources to support the sales activities of department stores. To achieve this, we will develop sales professionals who are capable of identifying the latent needs of customers and making proposals for stores and sales spaces.

As a corporation comprised of a diverse group of companies, it is important that we strengthen our expertise in all operations in order to ensure the sustainability and competitiveness of our people and know-how. The Takashimaya Group will promote initiatives to develop specialists in each business, including human resources responsible for marketing and purchasing, as well as financial business experts and digital personnel.

The Takashimaya Group has adopted a new policy concerning commercial facility business hours for the New Year’s holiday. From next year, in addition to January 1, January 2 will also be set as a business holiday. To increase Takashimaya's brand value, it is also important that we create environments that enable employees to enjoy long-term employment while maintaining their pride and sense of fulfillment. We work to improve engagement by sharing our ideal vision for the future and by fostering a positive workplace culture.

- Advancing Machi-dukuri Strategy



Under the Group-wide Machi-dukuri strategy, the Takashimaya Group has adopted “value provision through Machi-dukuri, in which every Group member plays a leading role” as the core concept of the business strategy we will implement to achieve our ideal vision.

Machi-dukuri is based on two concepts. The first is to fulfill our role as a community anchor. Specifically, we view areas where people gather as large “towns,” with the Takashimaya Group taking a central role by collaborating with local communities and governments to generate vitality and enhance the attractiveness of these towns. The second is to maximize the appeal of each commercial facility. Specifically, we view each property as a “town,” and work to maximize the appeal of each commercial facility by applying the collective know-how of each Group business, including commercial development, finance, dining, and e-commerce, to promote commercial facility development that pursues customer satisfaction. In other words, Takashimaya Group Machi-dukuri does not simply refer to real estate development. All products, services, and spaces provided by the group are a part of Machi-dukuri.

Promoting digital transformation (DX) is essential to realizing Machi-dukuri based on these two ideas. As society inevitably faces domestic market contraction and labor shortages due to population decline, digital technology is evolving at an accelerated pace and having a major impact on corporate business operations and people's lives. Starting this year, we will launch a Group-wide DX promotion project headed by the president to promote transformation through digital technology. After analyzing and optimizing existing operations, we will digitize operations to improve productivity and allocate management resources freed through this to optimization towards our sales force. The Group will also consider how to utilize digital technology in sales and marketing, and further promote Machi-dukuri by creating new shopping experiences and improving convenience for customers.

Segment-specific initiatives are as follows.

Starting from the first year of the new Medium-Term Management Plan (FY2024), the Takashimaya Group will change reporting segments with the goal of pursuing sustainable growth by further promoting ROIC management, which enables business portfolio optimization and clarifies business-specific investment efficiency and profitability.

Specifically, the domestic and overseas department stores previously reported under the “Department Store” segment will be divided into two segments: “Department Stores in Japan” and “Overseas Department Stores.” Domestic and overseas commercial development, previously reported under the “Commercial Property Development” segment, will be divided into “Commercial Property Development in Japan” and “Overseas Commercial Property Development” segments. Furthermore, R.T. Corporation Ltd., which is involved in the development and operation of restaurants and cafes, etc., previously reported under the “Department Store” segment, will be shifted to the “Others” segment.

<Department Stores in Japan>

Department Stores in Japan will offer a one-stop shopping experience, targeting all customers by expanding the lineup of high-quality products and services offered to meet diverse needs, and by promoting cultural dissemination to satisfy intellectual needs. Specifically, the Group will proactively conduct growth investments towards improving the attractiveness of shops and increasing net sales by incorporating new brands based on changes in consumer trends, developing new events, and rebuilding sales floors to offer open sales spaces and self-curated spaces unique to the department store experience.

For e-commerce, the Takashimaya Group will continue to expand the range of brands offered to suit customer needs while also promoting initiatives to make our website and app more distinctive and convenient. We will leverage the strength of the brick-and-mortar experience to create points of contact with customers through mutual customer referrals between shops and e-commerce channels, which will lead to gaining new customers and increasing profitability.

The Group will work to expand profits by simultaneously pursuing improvements in gross margin through efforts such as increasing net sales from retail priced products, further optimizing our shop management structure, and engaging in initiatives to reduce costs.

<Overseas Department Stores>

In the Overseas Department Stores segment, the Takashimaya Group will respond to the needs of customers in each region by appropriately investing management resources based on a careful analysis of economic and consumer trends in each country. Takashimaya Singapore will strengthen its merchandise such as fashion-related products and food to attract more domestic customers and tourists. At Shanghai Takashimaya, amid the risk of a slowdown in consumption due to economic stagnancy, we will continue working to establish a revenue base that adapts to market changes. At Takashimaya Ho Chi Minh City, we will increase in net sales by reorganizing product categories and brands and strengthening events to improve the store's ability to attract customers. We position Vietnam as a promising market, and will aim to further expand sales opportunities. At Siam Takashimaya, we will improve profitability by strengthening Japanese brand merchandise.

<Commercial Property Development in Japan>

In the Commercial Property Development in Japan segment, Kashiwa Takashimaya Station Mall, for which Toshin Development Co., Ltd. is conducting gradual renovations, will be reopened with in-demand tenants and community functions. We will continue to improve the value unique to the brick-and-mortar experience and develop new customer bases by creating attractive shopping centers that are rooted in the local communities.

<Overseas Commercial Property Development>

In the Overseas Commercial Property Development segment, the Group is utilizing our track record in Singapore and successes in Ho Chi Minh City, Vietnam, to gradually advance development projects in Hanoi. We are projecting to see significant returns from our efforts in Vietnam, including mixed-use development projects combining residential, office, and commercial aspects. We will continue to invest intensively in the development of Vietnam, leading to its sustainable growth as the second pillar of earnings after Singapore.

<Finance>

In the Finance business, the Group will work to increase new member enrollment and promote the use of the new business cards and existing cards for the credit card business, which is a revenue pillar for Takashimaya Financial Partners Co., Ltd. In the Life Partner business, we will work to improve profitability by expanding customer contact points. We will also explore M&A and alliances as methods to expand business and develop new fields. In March 2024, we entered into a new partnership with Fanta, Inc., which is involved in real estate investment and asset management. In the future, the two companies will collaborate towards increasing profits and contributing to solving social issues in this era of population aging by creating an investment corporation targeting healthcare facilities.

<Construction & Design>

At Takashimaya Space Create Co., Ltd., a construction and design company, we will work to increase orders from luxury brands and hotels by training and increasing specialized human resources to further strengthen approach-based proposal sales. The business will also strengthen its business management system, including cost control, which still has issues, and strive to build a stable revenue platform.

<Others>

At R.T. Corporation Ltd., which operates in the dining industry, we will start operations at a new central kitchen this autumn. Together with the existing facility, this new production base will improve the efficiency of manufacturing, processing and procurement logistics, as well as promote the development of unique products. We will also improve quality and service to gain support on the Japanese market for Din Tai Fung and LINA STORES, with whom we have exclusive contracts to operate locations in Japan.

For the Cross Media Division, which operates mail-order businesses, we will strengthen our revenue platform. We will increase satisfaction among existing customers by strengthening merchandise and improving our editorial capabilities to increase catalog appeal. At the same time, we will promote customer development through collaborations with our department stores.

Each group company will engage in initiatives aimed at achieving growth. All Takashimaya Agency Co., Ltd., an advertising business, will work to strengthen its expertise in the digital field. Century & Co., Ltd., a staffing business, will leverage its high-quality business management capabilities cultivated in department stores to increase orders received.

(5) Basic Strategy for Capital Policy

The Company will enhance its financial soundness by increasing equity and reducing interest-bearing debt to prepare for future business risks and procure capital for sustainable growth investments.

The Company sets Return On Invested Capital (ROIC), EBITDA, equity ratio, Dividend On Equity ratio (DOE), and Total Shareholder Return (TSR) as key performance indicators (KPI). For ROIC, to engage in management focused on capital costs, the company assumes WACC for each business and sets ROIC targets that exceed those assumptions. This promotes business management focused on achieving investment returns for each business. As of the end of FY2023, the WACC was 4.6% but we will aim to achieve a level that continuously exceeds 5%. For EBITDA, the Company sets a value for net interest-bearing debt to EBITDA to promote financial stability and also sets a value for EBITDA to total assets to ensure the Group’s ability to generate cash.

All KPI are disclosed in financial results briefing materials*.

* https://www.takashimaya.co.jp/corp/english/ir/financial/.

〈Assumptions concerning cash allocation〉

The Company assumes that allocation towards investments for sustainable growth will account for approximately 80% to 90% of cash flows from operating activities. As a breakdown, roughly 70% will be allocated to growth investments in Japan and overseas with a focus on commercial property development while roughly 30% will be allocated towards investments in store safety and security, ESG, and human capital.

To address financial soundness, the Company assumes 3% to 5% of cash flows from operating activities will be expenditures towards reducing interest-bearing debt ahead of new lease accounting standards expected to be adopted from FY2027.

The Company assumes 7% to 10% of cash flows from operating activities will be allocated towards shareholder returns.

〈Shareholder returns〉

Dividends will consist of progressive dividends based on increases in net assets with consideration also given to EBITDA and cash flows from operating activities. In times of favorable performance trends or other factors that result in free cash flow outperforming assumptions, the Company will make a comprehensive decision on whether to increase investment amounts, further reduce interest-bearing debt, or issue additional shareholder returns.

2. Basic Policy Regarding Selection of Accounting Standards

The Group prepares its consolidated financial statements in accordance with Japanese accounting standards.
The Group’s policy regarding the future adoption of International Financial Reporting Standards (IFRS) is to respond appropriately in line with the situation in Japan and overseas and industry trends.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
Assets		
Current assets		
Cash and deposits	※6 90,841	※6 94,752
Notes and accounts receivable - trade, and contract assets	※5 143,477	※5 156,981
Merchandise and finished goods	35,201	35,904
Work in process	284	243
Raw materials and supplies	869	987
Other	※5 31,625	※5 39,709
Allowance for doubtful accounts	(770)	(733)
Total current assets	301,530	327,845
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	※1, ※3 184,336	※1, ※3 191,580
Machinery, equipment and vehicles, net	※1 514	※1 715
Tools, furniture and fixtures, net	※1, ※3 11,340	※1, ※3 11,557
Land	※2 419,938	※2 419,852
Leased assets, net	※1 1,625	※1 829
Construction in progress	10,895	9,075
Right-of-use assets, net	※1 76,867	※1 123,628
Total property, plant and equipment	705,517	757,240
Intangible assets		
Goodwill	2,394	2,467
Leasehold interests in land	11,125	11,269
Right-of-use assets	6,477	6,566
Other	17,086	15,269
Total intangible assets	37,084	35,574
Investments and other assets		
Investment securities	※4 78,699	※4 101,495
Guarantee deposits	※6 27,075	※6 25,948
Deferred tax assets	23,746	17,062
Other	6,909	7,470
Allowance for doubtful accounts	(2,361)	(2,162)
Total investments and other assets	134,069	149,815
Total non-current assets	876,670	942,629
Total assets	1,178,201	1,270,475

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	110,663	124,137
Short-term borrowings	9,660	43,580
Lease liabilities	10,368	8,346
Income taxes payable	3,219	4,574
Contract liabilities	96,912	98,646
Gift certificates	43,571	41,868
Deposits received	55,543	66,408
Provision for point card certificates	2,201	2,190
Provision for bonuses for directors (and other officers)	48	140
Other	33,542	27,422
Total current liabilities	365,731	417,315
Non-current liabilities		
Bonds payable	80,173	80,143
Long-term borrowings	123,750	85,228
Lease liabilities	79,856	128,515
Asset retirement obligations	5,872	6,635
Retirement benefit liability	50,206	39,103
Provision for retirement benefits for directors (and other officers)	248	264
Provision for environmental measures	16	−
Deferred tax liabilities	2,218	2,268
Deferred tax liabilities for land revaluation	※2 9,049	※2 9,049
Other	24,593	23,149
Total non-current liabilities	375,987	374,357
Total liabilities	741,718	791,673
Net assets		
Shareholders' equity		
Share capital	66,025	66,025
Capital surplus	54,790	54,790
Retained earnings	294,129	320,867
Treasury shares	(32,690)	(32,692)
Total shareholders' equity	382,255	408,991
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,366	11,944
Deferred gains or losses on hedges	(1)	3
Revaluation reserve for land	※2 3,972	※2 3,972
Foreign currency translation adjustment	19,811	25,050
Remeasurements of defined benefit plans	(1,079)	4,116
Total accumulated other comprehensive income	31,070	45,087
Non-controlling interests	23,155	24,722
Total net assets	436,482	478,802
Total liabilities and net assets	1,178,201	1,270,475

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Operating revenue	443,443	466,134
Net sales	368,863	385,830
Cost of sales	182,262	187,578
Gross profit	186,601	198,252
Other operating revenue	74,579	80,303
Operating gross profit	261,180	278,555
Selling, general and administrative expenses		
Advertising expenses	9,097	10,730
Provision for point card certificates	2,201	2,190
Distribution and operational expenses	33,259	32,326
Supplies expenses	2,855	3,063
Provision of allowance for doubtful accounts	744	681
Remuneration, salaries and allowances for directors (and other officers)	59,811	61,587
Retirement benefit expenses	1,129	815
Provision for bonuses for directors (and other officers)	48	140
Provision for retirement benefits for directors (and other officers)	54	65
Welfare expenses	12,833	12,869
Heating and lighting expenses	12,494	11,655
Commission expenses	8,318	9,665
Rent expenses on real estate	22,825	22,818
Rent expenses on machines	955	933
Depreciation	33,287	34,207
Amortization of goodwill	279	311
Other	28,463	28,552
Total selling, general and administrative expenses	228,660	232,618
Operating profit	32,519	45,937
Non-operating income		
Interest income	810	2,140
Dividend income	1,141	1,194
Subsidy income	389	–
Gain on adjustment of unused certificates	1,420	1,500
Foreign exchange gains	614	329
Share of profit of entities accounted for using equity method	2,689	3,223
Other	634	922
Total non-operating income	7,700	9,310
Non-operating expenses		
Interest expenses	5,177	5,691
Other	522	357
Total non-operating expenses	5,699	6,049
Ordinary profit	34,520	49,199

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Extraordinary income		
Gain on sale of non-current assets	※1 4,805	–
Subsidy income	83	–
Gain on forgiveness of lease liabilities	13	94
Gain on sale of investment securities	2,857	–
Gain on reversal of loss on store closings	–	87
Other	20	12
Total extraordinary income	7,781	194
Extraordinary losses		
Loss on retirement of non-current assets	※2 1,906	※2 2,904
Impairment losses	※3 5,018	※3 5,591
Loss related to COVID-19	※4 46	–
Other	423	345
Total extraordinary losses	7,394	8,840
Profit before income taxes	34,907	40,553
Income taxes - current	3,482	4,801
Income taxes - deferred	2,533	2,738
Total income taxes	6,016	7,539
Profit	28,891	33,013
Profit attributable to non-controlling interests	1,052	1,392
Profit attributable to owners of parent	27,838	31,620

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Profit	28,891	33,013
Other comprehensive income		
Valuation difference on available-for-sale securities	1,423	3,844
Deferred gains or losses on hedges	(0)	4
Foreign currency translation adjustment	5,976	3,421
Remeasurements of defined benefit plans, net of tax	(1,367)	5,189
Share of other comprehensive income of entities accounted for using equity method	3,254	2,165
Total other comprehensive income	9,286	14,625
Comprehensive income	38,177	47,638
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	36,108	45,637
Comprehensive income attributable to non-controlling interests	2,069	2,001

(3) Consolidated statements of changes in Equity
Fiscal year ended February 28, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	66,025	54,790	271,973	(15,994)	376,795
Cumulative effects of changes in accounting policies			(514)		(514)
Restated balance	66,025	54,790	271,459	(15,994)	376,280
Changes during period					
Dividends of surplus			(4,001)		(4,001)
Profit attributable to owners of parent			27,838		27,838
Purchase of treasury stock and disposal of treasury stock		0		(16,695)	(16,695)
Reversal of revaluation reserve for land			(1,026)		(1,026)
Change in scope of consolidation			(139)		(139)
Net changes in items other than shareholders' equity					—
Total changes during period	—	0	22,670	(16,695)	5,974
Balance at end of period	66,025	54,790	294,129	(32,690)	382,255

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	7,429	(0)	2,945	10,995	403	21,773	21,919	420,489
Cumulative effects of changes in accounting policies								(514)
Restated balance	7,429	(0)	2,945	10,995	403	21,773	21,919	419,974
Changes during period								
Dividends of surplus								(4,001)
Profit attributable to owners of parent								27,838
Purchase of treasury stock and disposal of treasury stock								(16,695)
Reversal of revaluation reserve for land								(1,026)
Change in scope of consolidation								(139)
Net changes in items other than shareholders' equity	936	(0)	1,026	8,816	(1,482)	9,296	1,236	10,532
Total changes during period	936	(0)	1,026	8,816	(1,482)	9,296	1,236	16,507
Balance at end of period	8,366	(1)	3,972	19,811	(1,079)	31,070	23,155	436,482

Fiscal year ended February 29, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	66,025	54,790	294,129	(32,690)	382,255
Cumulative effects of changes in accounting policies					—
Restated balance	66,025	54,790	294,129	(32,690)	382,255
Changes during period					
Dividends of surplus			(4,889)		(4,889)
Profit attributable to owners of parent			31,620		31,620
Purchase of treasury stock and disposal of treasury stock				(2)	(2)
Reversal of revaluation reserve for land					—
Change in scope of consolidation			7		7
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	26,738	(2)	26,736
Balance at end of period	66,025	54,790	320,867	(32,692)	408,991

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	8,366	(1)	3,972	19,811	(1,079)	31,070	23,155	436,482
Cumulative effects of changes in accounting policies								—
Restated balance	8,366	(1)	3,972	19,811	(1,079)	31,070	23,155	436,482
Changes during period								
Dividends of surplus								(4,889)
Profit attributable to owners of parent								31,620
Purchase of treasury stock and disposal of treasury stock								(2)
Reversal of revaluation reserve for land								—
Change in scope of consolidation								7
Net changes in items other than shareholders' equity	3,578	4	—	5,238	5,196	14,016	1,566	15,583
Total changes during period	3,578	4	—	5,238	5,196	14,016	1,566	42,319
Balance at end of period	11,944	3	3,972	25,050	4,116	45,087	24,722	478,802

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Cash flows from operating activities		
Profit before income taxes	34,907	40,553
Depreciation	33,301	34,216
Impairment losses	5,018	5,591
Amortization of goodwill	279	311
Increase (decrease) in allowance for doubtful accounts	234	(237)
Increase (decrease) in retirement benefit liability	(3,317)	(3,633)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(8)	15
Increase (decrease) in provision for point card certificates	1,251	(11)
Interest and dividend income	(1,951)	(3,334)
Interest expenses	5,177	5,691
Share of loss (profit) of entities accounted for using equity method	(2,689)	(3,223)
Loss (gain) on sale of non-current assets	(4,800)	–
Loss on retirement of non-current assets	1,906	2,904
Subsidy income	(83)	–
Loss related to COVID-19	46	–
Loss (gain) on sale of investment securities	(2,857)	–
Decrease (increase) in trade receivables	(47,295)	(13,428)
Decrease (increase) in inventories	3,225	(571)
Increase (decrease) in trade payables	15,523	12,457
Increase (decrease) in advances received	(118,420)	–
Increase (decrease) in deposits received	31,407	10,763
Increase (decrease) in accounts payable - other	1,058	(6,253)
Increase (decrease) in contract liabilities	97,056	1,145
Other, net	(9,624)	(17,948)
Subtotal	39,345	65,009
Interest and dividends received	3,100	4,943
Interest paid	(5,207)	(5,712)
Subsidies received	83	–
Loss related to COVID-19 paid	(65)	–
Income taxes paid	(759)	(4,704)
Net cash provided by (used in) operating activities	36,497	59,536
Cash flows from investing activities		
Payments into time deposits	(276)	(1)
Proceeds from withdrawal of time deposits	–	523
Purchase of short-term and long-term investment securities	(1,737)	(1,926)
Proceeds from sale and redemption of short-term and long-term investment securities	11,344	–
Purchase of property, plant and equipment and intangible assets	(26,014)	(27,857)
Proceeds from sale of property, plant and equipment and intangible assets	6,756	3
Payments for asset retirement obligations	(171)	(380)
Purchase of shares of subsidiaries and associates	(836)	(12,072)
Net decrease (increase) in short-term loans receivable	978	1,967
Long-term loan advances	(2,016)	(1)
Other, net	1,264	1,243
Net cash provided by (used in) investing activities	(10,707)	(38,501)

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(10,000)	–
Proceeds from long-term borrowings	12,000	–
Repayments of long-term borrowings	(3,160)	(4,660)
Redemption of bonds	(60)	–
Repayments of lease liabilities	(10,122)	(10,500)
Purchase of treasury shares	(16,695)	(2)
Dividends paid	(4,001)	(4,889)
Other, net	(388)	(547)
Net cash provided by (used in) financing activities	(32,428)	(20,600)
Effect of exchange rate change on cash and cash equivalents	6,272	3,832
Net increase (decrease) in cash and cash equivalents	(365)	4,267
Cash and cash equivalents at beginning of period	88,996	88,631
Cash and cash equivalents at end of period	※1 88,631	※1 92,898

(5) Notes to Consolidated Financial Statements

[Notes on Premise of Going Concern]

Not applicable.

[Changes in Significant Subsidiaries During the Year Ended February 29, 2024]

(1) Significant changes in the scope of consolidation

In the year ended February 29, 2024, The Tamagawa Institute., Ltd., which was a consolidated subsidiary of the Company, was excluded from the scope of consolidation due to the absorption-type merger with Toshin Development Co., Ltd., which is also a consolidated subsidiary of the Company, as the company surviving the absorption-type merger.

Also, Fashion Plaza Sunroser Co., Ltd., which was a consolidated subsidiary of the Company, was excluded from the scope of consolidation due to the completion of its liquidation after its real estate business was taken over by Toshin Development Co., Ltd., which is also a consolidated subsidiary of the Company, through an absorption-type company split.

Furthermore, NSland Viet Nam Joint Stock Company was included in the scope of consolidation, because VNOP Holdings Pte. Ltd., a wholly owned subsidiary of Toshin Development Co., Ltd., which is a consolidated subsidiary of the Company, acquired the shares of the said company.

Please note that the above changes in subsidiaries do not correspond to a change in specified subsidiaries.

(2) Significant changes in the scope of application of the equity method

Not applicable.

[Notes on Consolidated Balance Sheets]

Note 1, Accumulated depreciation of property, plant and equipment is as follows.

(Millions of yen)

	Previous fiscal year ended February 28, 2023	Current fiscal year ended February 29, 2024
Accumulated depreciation of property, plant and equipment	357,468	384,222

Note 2, In accordance with the Law Concerning Revaluation of Land, land used for business owned by the Company and two consolidated subsidiaries was revalued. The unrealized gains, net of deferred tax, were excluded from earnings and reported as “Revaluation reserve for land” in net assets, and the relevant deferred tax was included as “Deferred tax liabilities related to land revaluation” in non-current liabilities.
Related information is shown as follows:

Revaluation method

The revaluations are calculated by performing reasonable adjustments to the standard taxable value of fixed assets as stipulated in Article 2 paragraph 3 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119 promulgated on March 31, 1998) and to the roadside land prices of those lands assumed from merged companies that have roadside land prices as stipulated in Article 2 paragraph 4 of the same Order.

Date of revaluation:	
The Company	December 31, 2000 and February 28, 2001
A consolidated subsidiary	February 28, 2001
A consolidated subsidiary	March 31, 2002

Note 3, Reduction Entry
Due to acceptance of national subsidies, the following amounts of reduction entry were deducted directly from the acquisition costs of property, plant and equipment.

(Millions of yen)

	Previous fiscal year ended February 28, 2023	Current fiscal year ended February 29, 2024
Buildings and structures, net	84	92
Tools, furniture and fixtures, net	7	11
Total	91	104

Note 4, Items for non-consolidated subsidiaries and equity-method affiliates are as follows. (Millions of yen)

	Previous fiscal year ended February 28, 2023	Current fiscal year ended February 29, 2024
Investment securities (shares)	57,398	72,735

Note 5, The balances of notes and accounts receivable-trade and other current assets decreased due to the liquidation (transfer method) of notes and accounts receivable-trade and accounts receivable-other, respectively. (Millions of yen)

	Previous fiscal year ended February 28, 2023	Current fiscal year ended February 29, 2024
Notes and accounts receivable-trade	17,300	23,000
Other current assets	2,000	－
Total	19,300	23,000

Note 6, Deposited assets based on the Installment Sales Act are as follows. (Millions of yen)

	Previous fiscal year ended February 28, 2023	Current fiscal year ended February 29, 2024
Cash and deposits	1,705	1,477
Guarantee deposits	10	10
Total	1,715	1,487

Note 7, Contingent liabilities (Millions of yen)

	Previous fiscal year ended February 28, 2023	Current fiscal year ended February 29, 2024
Guarantees on loans from financial institutions		
Keppel Land Watco II Co., Ltd.	1,437	3,096
Keppel Land Watco III Co., Ltd.	847	774
Edusmart Tay Ho Education Co., Ltd. (*1, 2)	575	424
TAN PHU LONG JOINT STOCK COMPANY	648	–
VNLL Holdings Pte.Ltd.	3,172	3,172
Loan guarantees made for employees	3	2
Total	6,684	7,470

＊1 ¥431 million of ¥575 million for guarantees on loans from financial institutions for the year ended February 28, 2023 have been counter-guaranteed from Edufit International Education Corporation Joint Stock Company.

＊2 ¥318 million of ¥424 million for guarantees on loans from financial institutions for the year ended February 29, 2024 have been counter-guaranteed from Edufit International Education Corporation Joint Stock Company.

[Notes on Consolidated Statements of Income]

Note 1, Gain on sale of non-current assets in the previous fiscal year was due mainly to the sale of buildings and land.

Note 2, Details of loss on retirement of non-current assets are as follows.

(Millions of yen)

	Previous fiscal year ended February 28, 2023	Current fiscal year ended February 29, 2024
Buildings and structures, net	805	696
Other non-current assets	102	159
Cost of restoration	998	2,048
Total	1,906	2,904

Note 3, Impairment Loss

Previous fiscal year (February 28, 2023)

Impairment loss is recognized for the following asset groups. (Millions of yen)

Location	Category by use	Assets	Impairment loss
Kashiwa Store of the Company Kashiwa, Japan	Stores	Buildings	2,557
		Others	363
Omiya Store of the Company Saitama, Japan	Stores	Buildings	1,321
		Others	117
Sakai Store of the Company Sakai, Japan	Stores	Buildings	7
		Others	11
Senboku Store of the Company Sakai, Japan	Stores	Buildings	33
		Others	21
FoodMaison ShinYokohama of the Company Yokohama, Japan	Stores	Buildings	446
		Others	20
Others	Stores	Buildings	90
		Others	26
		Total	5,018

The Company and its consolidated subsidiaries group their assets mainly by stores as the basic unit, which is the smallest unit that generates cash flow.

Among these, the book value of asset groups that are expected to continuously generate negative profit (loss) from operating activities is reduced to the recoverable amount, and the amount of the reduction was recorded as an impairment loss of 5,018 million yen in extraordinary losses.

The recoverable amount is calculated based on the value in use or net realizable value. The value in use is calculated to be zero because no future cash flow is expected. Net realizable value is calculated based on real estate appraisal value, etc.

Current fiscal year (February 29, 2024)

Impairment loss is recognized for the following asset groups. (Millions of yen)

Location	Category by use	Assets	Impairment loss
EC Division of the Company Tokyo, Japan	Business operating	Software	1,849
		Others	24
Omiya Store of the Company Saitama, Japan	Stores	Buildings	597
		Others	237
Cross media Division of the Company Tokyo, Japan	Business operating	Software	384
		Others	35
Gifu Takashimaya Co., Ltd. Gifu, Japan	Stores	Buildings	321
		Others	552
Toshin Development Co., Ltd. Tokyo, Japan	Stores	Buildings	680
		Others	21
Shanghai Takashimaya Co., Ltd. Shanghai, China	Stores	Buildings	353
		Others	51
Others	Stores	Buildings	297
		Others	183
		Total	5,591

The Company and its consolidated subsidiaries group their assets mainly by stores as the basic unit, which is the smallest unit that generates cash flow.

Among these, the book value of asset groups with a recoverable amount lower than the book value due to deterioration in performance has been reduced to the recoverable amount, and this reduction has been recorded as an impairment loss of 5,591 million yen in extraordinary losses.

The recoverable amounts of the asset groups belonging to the Company and the domestic consolidated subsidiaries are measured based on the value in use or net realizable value. The value in use is calculated to be zero because no future cash flow is expected. Net realizable value is calculated based on real estate appraisal value, etc.

The recoverable amounts of the asset groups belonging to the overseas consolidated subsidiaries are measured based on the value in use in accordance with International Financial Reporting Standards. The value in use is calculated to be zero because no future cash flows is expected.

Note 4, Loss related to COVID-19

Loss related to COVID-19 in the previous fiscal year is fixed expenses (personnel expenses, rent expenses, depreciation, etc.) arising from temporarily suspending operation of the Group’s commercial facilities at the request of the national and local governments.

[Notes on Consolidated Statements of Cash Flows]

Note 1, Relationship between the balance of cash and cash equivalents at end of period and the amounts of items listed on the consolidated balance sheets.

(Millions of yen)

	Previous fiscal year ended February 28, 2023	Current fiscal year ended February 29, 2024
Cash and deposits	90,841	94,752
Time deposits with maturities exceeding three months	(2,210)	(1,853)
Cash and cash equivalents at end of period	88,631	92,898

[Segment Information]

1. General information about reportable segments

The Companies' reportable segments are components of the Companies whose operating results are regularly reviewed by the Board of Directors when making resource allocation and performance assessment decisions, and for which discrete financial information is available.

The Companies consist of segments identified by services based on "Department Store", and four major business segments, "Department Store," "Commercial Property Development," "Finance" and "Construction & Design" are identified as reportable segments.

The Department Store segment is engaged in retailing operations of clothing, accessories, home furnishings, foods and others.

The Commercial Property Development segment develops commercial properties that generate synergies with the department store business, and manages and operates assets and facilities.

The Finance segment is engaged in the brokerage of financial products such as installment investment savings and group insurance, as well as the issuance of credit cards and financial services for group companies. The Construction & Design segment is engaged in taking orders for interior design work and its construction.

2. Method of calculating the amounts of operating revenue, profit or loss, assets, liabilities, and other items by reportable segment

The method of accounting treatment of reportable segments is in accordance with the accounting policies adopted to prepare consolidated financial statements.

Profit of reportable segments is based on operating profit.

Intersegment revenue or transfers are based on current market prices.

3. Reportable segment information

Reportable segment information for the previous fiscal year (February 28, 2023)

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Department Store	Commercial Property Development	Finance	Construction & Design	Total				
Operating revenue:									
Outside customers	321,220	47,512	17,205	22,691	408,630	34,812	443,443	–	443,443
Intersegment revenue or transfers	16,498	11,272	4,051	1,956	33,778	10,506	44,285	(44,285)	–
Total	337,719	58,785	21,257	24,647	442,409	45,319	487,728	(44,285)	443,443
Segment profit (loss)	18,410	9,266	4,513	16	32,206	1,418	33,624	(1,104)	32,519
Segment assets	685,911	283,193	124,223	18,767	1,112,096	23,900	1,135,996	42,204	1,178,201
Others:									
Depreciation	20,730	11,181	60	117	32,089	392	32,481	820	33,301
Goodwill amortization	–	277	–	1	279	–	279	–	279
Investment expenditures for affiliated company accounted for by the equity method	17,709	31,825	–	–	49,534	–	49,534	–	49,534
Increase in property, plant and equipment and intangible assets	12,074	12,462	48	67	24,652	311	24,964	22	24,986

Note 1, The “Others” segment refers to the segments not included in reportable segments such as the home shopping business, the wholesale business and advertising and promotion business.

Note 2, Adjustments are as follows.

(1) Adjustments to segment profit of (1,104) million yen consist of (3) million yen in eliminations of intersegment transactions and (1,101) million yen in depreciation of company-wide assets not allocated to each reportable segment.

(2) Adjustments to segment assets of 42,204 million yen include (115,660) million yen in eliminations of intersegment receivables and payables and 157,864 million yen in company-wide assets not allocated to each reportable segment. Company-wide assets consist mainly of assets not belonging to the reportable segments such as the Company's surplus funds (cash and deposits, securities) and long-term investment funds (investment securities), as well as assets related to the administrative operations.

(3) Adjustments to depreciation of 820 million yen include (280) million yen in adjustments for unrealized intersegment profit and 1,101 million yen in depreciation of company-wide assets not allocated to each reportable segment.

(4) Adjustments to increases in property, plant and equipment, and intangible assets of 22 million yen include (145) million yen in adjustments for unrealized intersegment profit and 167 million in increases in property, plant and equipment, and intangible assets for company-wide assets not allocated to each reportable segment.

Note 3, Segment profit is adjusted with operating profit in the consolidated statements of income, and segment assets are adjusted with total assets in the consolidated balance sheets.

Reportable segment information for the current fiscal year (February 29, 2024)

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
	Department Store	Commercial Property Development	Finance	Construction & Design	Total				
Operating revenue:									
Outside customers	338,521	51,948	17,437	27,945	435,853	30,281	466,134	–	466,134
Intersegment revenue or transfers	17,238	19,009	4,172	3,082	43,503	12,333	55,836	(55,836)	–
Total	355,759	70,957	21,610	31,028	479,356	42,614	521,971	(55,836)	466,134
Segment profit (loss)	29,650	12,042	4,609	(731)	45,570	1,491	47,061	(1,124)	45,937
Segment assets	684,568	372,914	133,684	19,655	1,210,824	25,465	1,236,289	33,925	1,270,214
Others:									
Depreciation	21,236	11,680	69	93	33,078	218	33,296	919	34,216
Goodwill amortization	–	310	–	1	311	–	311	–	311
Investment expenditures for affiliated company accounted for by the equity method	19,605	33,988	–	–	53,594	–	53,594	–	53,594
Increase in property, plant and equipment and intangible assets	22,798	64,039	60	41	86,940	440	87,381	1,006	88,387

Note 1, The “Others” segment refers to the segments not included in reportable segments such as the home shopping business, the wholesale business and advertising and promotion business.

Note 2, Adjustments are as follows.

(1) Adjustments to segment profit of (1,124) million yen consist of (13) million yen in eliminations of intersegment transactions and (1,110) million yen in depreciation of company-wide assets not allocated to each reportable segment.

(2) Adjustments to segment assets of 33,925 million yen include (131,075) million yen in eliminations of intersegment receivables and payables and 165,000 million yen in company-wide assets not allocated to each reportable segment. Company-wide assets consist mainly of assets not belonging to the reportable segments such as the Company's surplus funds (cash and deposits, securities) and long-term investment funds (investment securities), as well as assets related to the administrative operations.

(3) Adjustments to depreciation of 919 million yen include (190) million yen in adjustments for unrealized intersegment profit and 1,110 million yen in depreciation of company-wide assets not allocated to each reportable segment.

(4) Adjustments to increases in property, plant and equipment, and intangible assets of 1,006 million yen include 324 million yen in adjustments for unrealized intersegment profit and 681 million in increases in property, plant and equipment, and intangible assets for company-wide assets not allocated to each reportable segment.

Note 3, Segment profit is adjusted with operating profit in the consolidated statements of income, and segment assets are adjusted with total assets in the consolidated balance sheets.

4. Changes in Reportable Segments

Beginning in the first year (fiscal year ending February 28, 2025) of the new Medium-Term Management Plan, the Company will change the reportable segments in order to optimize the business portfolio and further promote ROIC management that clarifies investment efficiency, profitability and other items by business. Specifically, the department stores in Japan and overseas that were included in the “Department store” segment will be separated into the “Department Stores in Japan” and “Overseas Department Stores” segments. In addition, the commercial property development in Japan and overseas that were included in the “Commercial Property Development” segment will likewise be separated into the “Commercial Property Development in Japan” and “Overseas Commercial Property Development” segments. Furthermore, R.T. Corporation Ltd., which is involved in the development and operation of restaurants and cafes, etc., previously included in the “Department Store” segment will be moved to the “Others” segment as “Restaurants.”

(Related information)

Previous fiscal year (February 28, 2023)

1. Information by product and service

Information by product and service as at February 28, 2023 has been omitted, because similar information is disclosed as above.

2. Information by geographical area

(1) Operating revenue

This information as at February 28, 2023 has been omitted as operating revenue from customers inside Japan accounts for more than 90% of the operating revenue recorded in the Consolidated Statements of Income.

(2) Property, plant and equipment

Information as at February 28, 2023 has been presented below as the amount of property, plant and equipment located overseas accounts for more than 10% of the amount recorded in the Consolidated Balance Sheets.

(Millions of yen)

Japan	Singapore	Others	Total
611,131	70,003	24,382	705,517

3. Information by major customer

This information as at February 28, 2023 has been omitted because there are no customers accounting for over 10% of the operating revenue on the Consolidated Statements of Income.

Current fiscal year (February 29, 2024)

1. Information by product and service

Information by product and service as at February 29, 2024 has been omitted, because similar information is disclosed as above.

2. Information by geographical area

(1) Operating revenue

(Millions of yen)

Japan	Singapore	Others	Total
418,414	36,668	11,051	466,134

(2) Property, plant and equipment

(Millions of yen)

Japan	Singapore	Others	Total
615,104	117,193	24,942	757,240

3. Information by major customer

This information as at February 29, 2024 has been omitted because there are no customers accounting for over 10% of the operating revenue on the Consolidated Statements of Income.

(Information about impairment loss of non-current assets by reportable segments)

Previous fiscal year (February 28, 2023)

(Millions of yen)

	Reportable Segments					Others	Adjustments	Consolidated
	Department Store	Commercial Property Development	Finance	Construction & Design	Total			
Impairment loss	5,018	–	–	–	5,018	–	–	5,018

Current fiscal year (February 29, 2024)

(Millions of yen)

	Reportable Segments					Others	Adjustments	Consolidated
	Department Store	Commercial Property Development	Finance	Construction & Design	Total			
Impairment loss	4,420	750	–	–	5,171	419	—	5,591

(Amortization of goodwill and unamortized balance by reportable segments)

Previous fiscal year (February 28, 2023)
(Goodwill)

(Millions of yen)

	Reportable Segments					Others	Adjustments	Consolidated
	Department Store	Commercial Property Development	Finance	Construction & Design	Total			
Amortization	–	277	–	1	279	–	–	279
Unamortized balance	–	2,389	–	4	2,394	–	–	2,394

(Negative goodwill)
Not applicable.

Current fiscal year (February 29, 2024)
(Goodwill)

(Millions of yen)

	Reportable Segments					Others	Adjustments	Consolidated
	Department Store	Commercial Property Development	Finance	Construction & Design	Total			
Amortization	–	310	–	1	311	–	–	311
Unamortized balance	–	2,464	–	3	2,467	–	–	2,467

(Negative goodwill)
Not applicable.

[Per share information]

1. Per share information (Yen)

Previous fiscal year ended February 28, 2023		Current fiscal year ended February 29, 2024	
Net assets per share	2,620.43	Net assets per share	2,878.82
Basic earnings per share	169.78	Basic earnings per share	200.47
Diluted earnings per share	145.27	Diluted earnings per share	170.54

2. Basis of calculation

(1) Net assets per share

		Previous fiscal year ended February 28, 2023	Current fiscal year ended February 29, 2024
Total net assets	(Millions of yen)	436,482	478,802
Adjusted net assets	(Millions of yen)	413,326	454,079
Main details of the difference between total net assets on the consolidated balance sheet and net assets at the end of the current fiscal year related to common shares used in the calculation of net assets per share Non-controlling interests	(Millions of yen)	23,155	24,722
Issued number of shares	(Shares)	177,759,481	177,759,481
Treasury shares	(Shares)	20,027,587	20,028,578
Outstanding number of shares	(Shares)	157,731,894	157,730,903

(2) Basic earnings per share and Diluted earnings per share

		Previous fiscal year ended February 28, 2023	Current fiscal year ended February 29, 2024
Profit attributable to owners of parent	(Millions of yen)	27,838	31,620
Profit attributable to owners of parent concerning common stock	(Millions of yen)	27,838	31,620
Amounts not belonging to common shareholders	(Millions of yen)	–	–
Weighted average number of shares	(Shares)	163,962,974	157,731,475
Main breakdown of net profit adjustments used to calculate diluted earnings per share Other non-operating income (after deducting the tax-equivalent amount)	(Millions of yen)	(20)	(20)
Adjusted profit attributable to owners of parent	(Millions of yen)	(20)	(20)
Main breakdown of increase in number of common shares used to calculate diluted earnings per share Assumed conversion of convertible bonds	(Shares)	27,522,935	27,554,535
Increase in number of common shares	(Shares)	27,522,935	27,554,535
Overview of potential shares not included in the calculation of diluted earnings per share due to having no dilutive effect		–	–

[Significant Subsequent Events]

(Cancelation of Treasury Shares)

The Company resolved to cancel the treasury shares it holds based on the provisions in Article 178 of the Companies Act at a Board of Directors' meeting held on April 12, 2024.

1. Type of Shares to Be Canceled
   The Company's ordinary shares

2. Number of Shares to Be Canceled
   13,931,873 shares
   (Percentage of the total number of outstanding shares before the cancelation: 7.8%)

3. Scheduled Date of Cancelation
   April 26, 2024

Reference

Total number of outstanding shares after the cancelation:	163,827,608 shares
Number of treasury shares after the cancelation:	6,096,705 shares

(Stock Split and a Partial Revision of the Articles of Incorporation due to the Stock Split)

The Company resolved to perform a stock split and to make a partial revision to the Articles of Incorporation due to the stock split at a Board of Directors' meeting held on April 12, 2024.

1. Stock Split

(1) Purpose of the stock split

The Company is aiming to improve the liquidity of its shares and to further expand its investor base through the creation of an environment where it is even easier for individual investors to invest by lowering the investment unit level with a stock split.

(2) Overview of the stock split

(i) Method of the stock split

The Company will split each ordinary share owned by shareholders recorded in the final shareholder register on Saturday, August 31, 2024 (this day is a business holiday for the shareholder register administrator, so this will actually be on Friday, August 30, 2024) into two.

(ii) Number of shares to be increased with the stock split

Total number of outstanding shares before the stock split	163,827,608 *1
Number of shares to be increased with this stock split	163,827,608 *2
Total number of outstanding shares after the stock split	327,655,216
Total number of authorized shares after the stock split	600,000,000

*1: This gives the total number of outstanding shares after the cancelation of treasury shares by the Company. The Company has calculated this figure by subtracting the number of treasury shares scheduled to be canceled on Friday, April 26, 2024 (13,931,873 ordinary shares) as determined at the meeting of the Board of Directors convened on April 12, 2024 from the total number of outstanding shares as of the same date (177,759,481).

*2: The number of shares to be increased may change in the future.

(iii) Schedule of the stock split

Record date announcement date (planned)	Friday, August 16, 2024
Record date	Saturday, August 31, 2024 *Actually, Friday, August 30
Effective date	Sunday, September 1, 2024

(3) Other

(i) Change in the amount of capital

There will be no change in the amount of capital when the Company performs this stock split.

(ii) Year-end dividend for the fiscal year ended February 2024

The effective date of this stock split will be September 1, 2024. Therefore, shares before the stock split will be eligible to receive the year-end dividend for the fiscal year ended February 2024 with February 29, 2024 serving as the record date.

(iii) Adjustment of the conversion price of convertible bonds

The conversion price of Zero Coupon Convertible Bonds due 2028 issued by the Company will be adjusted according to the conversion price adjustment clause in the corporate bond terms due to this stock split. The Company will inform you of the adjusted conversion price after the conclusion of its 158th Ordinary General Meeting of Shareholders scheduled to be held on May 21, 2024.

2. Partial Revision of the Articles of Incorporation

(1) Reason for the revision

The Company will revise as follows part of its Articles of Incorporation on Sunday, September 1, 2024 based on the provisions in Article 184, Paragraph 2 of the Companies Act due to this stock split.

(2) Details of the revision

(Underlining indicates a revision)

Current Articles of Incorporation	Revised Articles of Incorporation
Article 6: Total Number of Authorized Shares The total number of authorized shares in the Company shall be <u>300 million</u>.	Article 6: Total Number of Authorized Shares The total number of authorized shares in the Company shall be <u>600 million</u>.

(3) Schedule of the revision

Date on which the resolution was made at a Board of Directors' meeting	Friday, April 12, 2024
Effective date	Sunday, September 1, 2024

4. Non-consolidated Financial Statements and Major Notes

(1) Non-consolidated Balance sheets

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
Assets		
Current assets		
Cash and deposits	36,344	41,901
Notes receivable - trade	133	274
Accounts receivable - trade	※1 61,786	※1 70,138
Merchandise	28,469	28,636
Supplies	563	647
Advance payments to suppliers	771	494
Prepaid expenses	3,091	2,918
Short-term loans receivable	※1 8,440	※1 9,687
Advances paid	※1 6,042	※1 6,467
Other	※1 21,522	※1 25,299
Allowance for doubtful accounts	(1,714)	(6,775)
Total current assets	165,452	179,690
Non-current assets		
Property, plant and equipment		
Buildings	※3 108,275	※3 113,383
Structures	1,490	1,380
Vehicles	2	0
Tools, furniture and fixtures	6,330	6,371
Land	355,626	355,516
Leased assets	1,198	525
Construction in progress	1,032	621
Total property, plant and equipment	473,955	477,799
Intangible assets		
Leasehold interests in land	3,769	3,777
Share of joint facilities	3,914	4,213
Software	7,848	7,914
Other	3,964	1,585
Total intangible assets	19,496	17,491
Investments and other assets		
Investment securities	17,942	22,791
Shares of subsidiaries and associates	47,943	46,499
Long-term loans receivable	※1 58,410	※1 66,846
Guarantee deposits	※1 19,168	※1 17,853
Deferred tax assets	15,910	12,702
Other	639	594
Allowance for doubtful accounts	(5,381)	(268)
Total investments and other assets	154,633	167,019
Total non-current assets	648,085	662,310
Total assets	813,538	842,001

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	※1 64,418	※1 72,492
Short-term borrowings	※1 108,922	※1 146,398
Lease liabilities	731	377
Accounts payable - other	※1 18,269	※1 13,809
Income taxes payable	817	787
Accrued expenses	880	886
Contract liabilities	12,888	14,539
Gift certificates	43,564	41,862
Deposits received	※1 58,301	※1 67,282
Provision for bonuses for directors (and other officers)	48	96
Provision for point card certificates	2,201	2,190
Other	※1 6,218	※1 3,771
Total current liabilities	317,262	364,494
Non-current liabilities		
Bonds payable	80,173	80,143
Long-term borrowings	123,000	84,500
Lease liabilities	644	266
Provision for retirement benefits	44,039	40,516
Provision for environmental measures	16	－
Provision for loss on business of subsidiaries and associates	876	1,337
Long-term deposits received	※1 7,482	※1 7,223
Deferred tax liabilities for land revaluation	8,372	8,372
Other	2,405	2,368
Total non-current liabilities	267,010	224,727
Total liabilities	584,272	589,222

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024
Net assets		
Shareholders' equity		
Share capital	66,025	66,025
Capital surplus		
Legal capital surplus	36,634	36,634
Other capital surplus	17,393	17,393
Total capital surplus	54,028	54,028
Retained earnings		
Legal retained earnings	60	60
Other retained earnings		
Reserve for tax purpose reduction entry of non-current assets	32,047	29,965
General reserve	72,070	72,070
Retained earnings brought forward	27,505	49,729
Total retained earnings	131,683	151,824
Treasury shares	(32,849)	(32,851)
Total shareholders' equity	218,887	239,026
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	7,156	10,525
Deferred gains or losses on hedges	(1)	3
Revaluation reserve for land	3,223	3,223
Total valuation and translation adjustments	10,379	13,752
Total net assets	229,266	252,779
Total liabilities and net assets	813,538	842,001

(2) Non-consolidated Statements of Income

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024
Operating revenue	※1 309,147	※1 313,047
Net sales	※1 284,067	※1 287,325
Cost of sales	※1 138,295	※1 133,475
Gross profit	145,772	153,849
Other operating revenue	※1 25,079	※1 25,722
Operating gross profit	170,851	179,572
Selling, general and administrative expenses	※1, ※2 160,559	※1, ※2 159,991
Operating profit	10,291	19,580
Non-operating income		
Interest and dividend income	※1 7,029	※1 13,711
Subsidy income	0	–
Gain on adjustment of unused certificates	1,022	1,001
Other	※1 358	※1 632
Total non-operating income	8,410	15,345
Non-operating expenses		
Interest expenses	※1 1,808	※1 1,816
Provision of allowance for doubtful accounts	214	9
Provision for loss on business of subsidiaries and associates	81	413
Cost of collecting adjusted unused certificates	435	402
Other	※1 252	※1 132
Total non-operating expenses	2,793	2,773
Ordinary profit	15,908	32,152
Extraordinary income		
Gain on sale of non-current assets	※3 4,794	–
Gain on sale of investment securities	※4 2,857	–
Subsidy income	83	–
Gain on reversal of loss on store closings	–	87
Other	–	8
Total extraordinary income	7,735	96
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	0	1,521
Loss on retirement of non-current assets	※5 1,598	※5 2,288
Impairment losses	※6 4,947	※6 3,361
Other	238	45
Total extraordinary losses	6,784	7,217
Profit before income taxes	16,859	25,031
Income taxes - current	(2,282)	(1,732)
Income taxes - deferred	2,105	1,732
Total income taxes	(177)	0
Profit	17,036	25,031

(3) Non-consolidated Statements of Changes in Equity

Fiscal year ended February 28, 2023

(Millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other retained earnings			
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of period	66,025	36,634	17,393	54,028	60	30,005	72,070	18,991	121,127
Cumulative effects of changes in accounting policies								(1,451)	(1,451)
Restated balance	66,025	36,634	17,393	54,028	60	30,005	72,070	17,540	119,675
Changes during period									
Dividends of surplus								(4,001)	(4,001)
Provision of reserve for tax purpose reduction entry of non-current assets						2,062		(2,062)	—
Reversal of reserve for tax purpose reduction entry of non-current assets						(20)		20	—
Profit								17,036	17,036
Purchase of treasury stock and disposal of treasury stock			0	0					—
Reversal of revaluation reserve for land								(1,028)	(1,028)
Net changes in items other than shareholders' equity									—
Total changes during period	—	—	0	0	—	2,041	—	9,965	12,007
Balance at end of period	66,025	36,634	17,393	54,028	60	32,047	72,070	27,505	131,683

	Shareholders' equity		Valuation and translation adjustment				
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustment	Total net assets
Balance at beginning of period	(16,153)	225,027	5,932	(0)	2,195	8,127	233,154
Cumulative effects of changes in accounting policies		(1,451)					(1,451)
Restated balance	(16,153)	223,575	5,932	(0)	2,195	8,127	231,703
Changes during period							
Dividends of surplus		(4,001)					(4,001)
Provision of reserve for tax purpose reduction entry of non-current assets		—					—
Reversal of reserve for tax purpose reduction entry of non-current assets		—					—
profit		17,036					17,036
Purchase of treasury stock and disposal of treasury stock	(16,695)	(16,695)					(16,695)
Reversal of revaluation reserve for land		(1,028)					(1,028)
Net changes in items other than shareholders' equity		—	1,224	(0)	1,028	2,251	2,251
Total changes during period	(16,695)	(4,688)	1,224	(0)	1,028	2,251	(2,437)
Balance at end of period	(32,849)	218,887	7,156	(1)	3,223	10,379	229,266

Fiscal year ended February 29, 2024

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other retained earnings			
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of period	66,025	36,634	17,393	54,028	60	32,047	72,070	27,505	131,683
Cumulative effects of changes in accounting policies									
Restated balance	66,025	36,634	17,393	54,028	60	32,047	72,070	27,505	131,683
Changes during period									
Dividends of surplus								(4,889)	(4,889)
Provision of reserve for tax purpose reduction entry of non-current assets									
Reversal of reserve for tax purpose reduction entry of non-current assets						(2,082)		2,082	
Profit								25,031	25,031
Purchase of treasury stock and disposal of treasury stock									
Reversal of revaluation reserve for land									
Net changes in items other than shareholders' equity									
Total changes during period	—	—	—	—	—	(2,082)	—	22,223	20,141
Balance at end of period	66,025	36,634	17,393	54,028	60	29,965	72,070	49,729	151,824

	Shareholders' equity		Valuation and translation adjustment				Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustment	
Balance at beginning of period	(32,849)	218,887	7,156	(1)	3,223	10,379	229,266
Cumulative effects of changes in accounting policies		—					—
Restated balance	(32,849)	218,887	7,156	(1)	3,223	10,379	229,266
Changes during period							
Dividends of surplus		(4,889)					(4,889)
Provision of reserve for tax purpose reduction entry of non-current assets		—					—
Reversal of reserve for tax purpose reduction entry of non-current assets		—					—
profit		25,031					25,031
Purchase of treasury stock and disposal of treasury stock	(2)	(2)					(2)
Reversal of revaluation reserve for land		—					—
Net changes in items other than shareholders' equity		—	3,369	4	—	3,373	3,373
Total changes during period	(2)	20,139	3,369	4	—	3,373	23,512
Balance at end of period	(32,851)	239,026	10,525	3	3,223	13,752	252,779

(4) Notes to Non-consolidated Financial Statements

[Notes on Premise of Going Concern]
Not applicable.

[Notes on Non-consolidated Balance Sheets]

Note 1, Monetary claims and liabilities to subsidiaries and associates (excluding items presented separately) (Millions of yen)

	Previous fiscal year ended February 28, 2023	Current fiscal year ended February 29, 2024
Short-term monetary claims	50,388	54,572
Long-term monetary claims	63,693	69,586
Short-term monetary liabilities	158,725	165,962
Long-term monetary liabilities	4,730	4,477

2, Guarantee liabilities (Millions of yen)

	Previous fiscal year ended February 28, 2023	Current fiscal year ended February 29, 2024
Loan guarantees made for employees	3	2

Note 3, Reduction entry

Due to acceptance of national subsidies, the following amounts of reduction entry were deducted directly from the acquisition costs of property, plant and equipment. (Millions of yen)

	Previous fiscal year ended February 28, 2023	Current fiscal year ended February 29, 2024
Buildings	62	70

[Notes on Non-consolidated Statements of Income]

Note 1, Transactions with subsidiaries and associates (Millions of yen)

	Previous fiscal year ended February 28, 2023	Current fiscal year ended February 29, 2024
Operating transactions		
Net sales	1,192	1,048
Purchase of goods	5,721	6,120
Selling, general and administrative expenses	36,135	38,270
Other transactions	19,101	20,148
Non-operating transactions	10,062	25,767

Note 2, The main expense items and amounts in selling, general and administrative expenses are as follows (Millions of yen)

	Previous fiscal year ended February 28, 2023	Current fiscal year ended February 29, 2024
Directors' remuneration and salary allowances	38,981	39,022
Advertising expenses	7,884	9,209
Provision for point card certificates	883	934
Distribution and operational expenses	31,721	31,455
Depreciation	15,740	15,375
Rent expenses on real estate	21,658	21,134

Note 3, Gain on sale of non-current assets in the previous fiscal year was due to the sale of buildings and land.

Note 4, Gain on sale of investment securities in the previous fiscal year is due mainly to the sale of listed shares.

Note 5, Loss on retirement of non-current assets consisted of the following. (Millions of yen)

	Previous fiscal year ended February 28, 2023	Current fiscal year ended February 29, 2024
Buildings	662	644
Other non-current assets	74	122
Cost of restoration	860	1,521
Total	1,598	2,288

Note 6, Impairment loss

Previous fiscal year (February 28, 2023)

Impairment loss is recognized for the following asset groups. (Millions of yen)

Location	Category by use	Assets	Impairment loss
Kashiwa Store Kashiwa, Japan	Stores	Buildings	2,557
		Others	363
Omiya Store Saitama, Japan	Stores	Buildings	1,321
		Others	117
Sakai Store Sakai, Japan	Stores	Buildings	7
		Others	11
Senboku Store Sakai, Japan	Stores	Buildings	33
		Others	21
FoodMaison ShinYokohama Yokohama, Japan	Stores	Buildings	446
		Others	20
Others	Stores	Buildings	26
		Others	19
		Total	4,947

The Company groups its assets mainly by stores as the basic unit, which is the smallest unit that generates cash flow.

Among these, the book value of asset groups that are expected to continuously generate negative profit (loss) from operating activities is reduced to the recoverable amount, and the amount of the reduction was recorded as an impairment loss of 4,947 million yen in extraordinary losses.

The recoverable amount is calculated based on the value in use or net realizable value. The value in use is calculated to be zero because no future cash flow is expected. Net realizable value is calculated based on real estate appraisal value, etc.

Current fiscal year (February 29, 2024)

Impairment loss is recognized for the following asset groups. (Millions of yen)

Location	Category by use	Assets	Impairment loss
EC Division Tokyo, Japan	Business operating	Software	1,849
		Others	24
Omiya Store Saitama, Japan	Stores	Buildings	597
		Others	237
Cross media Division Tokyo, Japan	Business operating	Software	384
		Others	35
Others	Stores	Buildings	76
		Others	155
		Total	3,361

The Company groups its assets mainly by stores as the basic unit, which is the smallest unit that generates cash flow.

Among these, the book value of asset groups with a recoverable amount lower than the book value due to deterioration in performance has been reduced to the recoverable amount, and this reduction has been recorded as an impairment loss of 3,361 million yen in extraordinary losses. The recoverable amount is measured based on the value in use or net realizable value. The value in use is calculated to be zero because no future cash flow is expected. Net realizable value is calculated based on real estate appraisal value, etc.

[Significant Subsequent Events]

(Cancelation of Treasury Shares)

The Company resolved to cancel the treasury shares it holds based on the provisions in Article 178 of the Companies Act at a Board of Directors' meeting held on April 12, 2024.

1. Type of Shares to Be Canceled
   The Company's ordinary shares

2. Number of Shares to Be Canceled
   13,931,873 shares
   (Percentage of the total number of outstanding shares before the cancelation: 7.8%)

3. Scheduled Date of Cancelation
   April 26, 2024

Reference

Total number of outstanding shares after the cancelation:	163,827,608 shares
Number of treasury shares after the cancelation:	6,096,705 shares

(Stock Split and a Partial Revision of the Articles of Incorporation due to the Stock Split)

The Company resolved to perform a stock split and to make a partial revision to the Articles of Incorporation due to the stock split at a Board of Directors' meeting held on April 12, 2024.

1. Stock Split

(1) Purpose of the Stock Split

The Company is aiming to improve the liquidity of its shares and to further expand its investor base through the creation of an environment where it is even easier for individual investors to invest by lowering the investment unit level with a stock split.

(2) Overview of the Stock Split

(i) Method of the Stock Split

The Company will split each ordinary share owned by shareholders recorded in the final shareholder register on Saturday, August 31, 2024 (this day is a business holiday for the shareholder register administrator, so this will actually be on Friday, August 30, 2024) into two.

(ii) Number of Shares to Be Increased with the Stock Split

Total number of outstanding shares before the stock split	163,827,608 *1
Number of shares to be increased with this stock split	163,827,608 *2
Total number of outstanding shares after the stock split	327,655,216
Total number of authorized shares after the stock split	600,000,000

*1: This gives the total number of outstanding shares after the cancelation of treasury shares by the Company. The Company has calculated this figure by subtracting the number of treasury shares scheduled to be canceled on Friday, April 26, 2024 (13,931,873 ordinary shares) as determined at the meeting of the Board of Directors convened on April 12, 2024 from the total number of outstanding shares as of the same date (177,759,481).

*2: The number of shares to be increased may change in the future.

(iii) Schedule of the Stock Split

Record date announcement date (planned)	Friday, August 16, 2024
Record date	Saturday, August 31, 2024 *Actually, Friday, August 30
Effective date	Sunday, September 1, 2024

(3) Other

(i) Change in the Amount of Capital

There will be no change in the amount of capital when the Company performs this stock split.

(ii) Year-end Dividend for the Fiscal Year Ended February 2024

The effective date of this stock split will be September 1, 2024. Therefore, shares before the stock split will be eligible to receive the year-end dividend for the fiscal year ended February 2024 with February 29, 2024 serving as the record date.

(iii) Adjustment of the Conversion Price of Convertible Bonds

The conversion price of Zero Coupon Convertible Bonds due 2028 issued by the Company will be adjusted according to the conversion price adjustment clause in the corporate bond terms due to this stock split. The Company will inform you of the adjusted conversion price after the conclusion of its 158th Ordinary General Meeting of Shareholders scheduled to be held on May 21, 2024.

2. Partial Revision of the Articles of Incorporation

(1) Reason for the Revision

The Company will revise as follows part of its Articles of Incorporation on Sunday, September 1, 2024 based on the provisions in Article 184, Paragraph 2 of the Companies Act due to this stock split.

(2) Details of the Revision

(Underlining indicates a revision)

Current Articles of Incorporation	Revised Articles of Incorporation
Article 6: Total Number of Authorized Shares The total number of authorized shares in the Company shall be <u>300 million</u>.	Article 6: Total Number of Authorized Shares The total number of authorized shares in the Company shall be <u>600 million</u>.

(3) Schedule of the Revision

Date on which the resolution was made at a Board of Directors' meeting	April 12, 2024
Effective date	September 1, 2024

5. Others

Changes in Officers

Changes in officers at the Ordinary General Meeting of Shareholders to be held on May 21, 2024

(1) Change of Representative Director

Not applicable

(2) Change of other officers

- Candidates for new Directors

Atsuhiro Sonoda	Senior Managing Executive Officer General Manager of Business Operating Headquarters
Koichi Makino	Managing Executive Officer General Manager of Merchandising Headquarters

- Directors planning to retire

Koji Suzuki

Shinsuke Kuramoto