Takashimaya

Financial Results for the Fiscal Year Ended February 28, 2021 (FY2020)

April 12, 2021

Takashimaya Co., Ltd.

Agenda

I. Financial Results for FY Ended Feb 2021 (FY2020)

II. Forecasts for FY Ending Feb 2022 (FY2021)

III. 3-Year Management Plan (FY2021–FY2023)

IV. ESG Strategy

V. Capital Strategy

Ⅰ Financial Results for FY Ended Feb 2021 (FY2020)

1. New Landscape, Strategic Tasks
2. Consolidated Performance
3. Performance of Domestic Department Store Segment
4. Performance of Key Subsidiaries

1. New Landscape, Strategic Tasks

New Landscape

- April–June 2020 quarter saw greatest postwar decline in GDP
  First annual contraction in GDP in 11 years—yet to return to pre-COVID levels
- Stay-at-home trend led to changes in consumer behavior
- Travel restrictions wiped out ¥50 billion in sales among inbound tourists
- Brisk spending among affluent consumers, sluggish spending among middle-income consumers
- Full recovery in consumer spending remains elusive
  Companies (especially retailers) likely to face a prolonged impact on their earnings

Strategic Tasks

Expand the Machi-dukuri Strategy (our general group-wide strategy) and proceed with a bold group-wide program of cost optimization

2. Summary of Consolidated Performance

○Department stores saw large year-on-year decline in footfall and takings. Stores in Japan and overseas had to close or operate with reduced hours, and many people continued to stay at home even after the measures were lifted.
Large decline in income despite efforts to cut SG&A expenses

○Operating income, ordinary income, and profit attributable to owners of parent: Better than forecasts disclosed in October
Main factor was cuts in SG&A expenses

○Recorded extraordinary loss of ¥10.3 billion in relation to temporary store closures

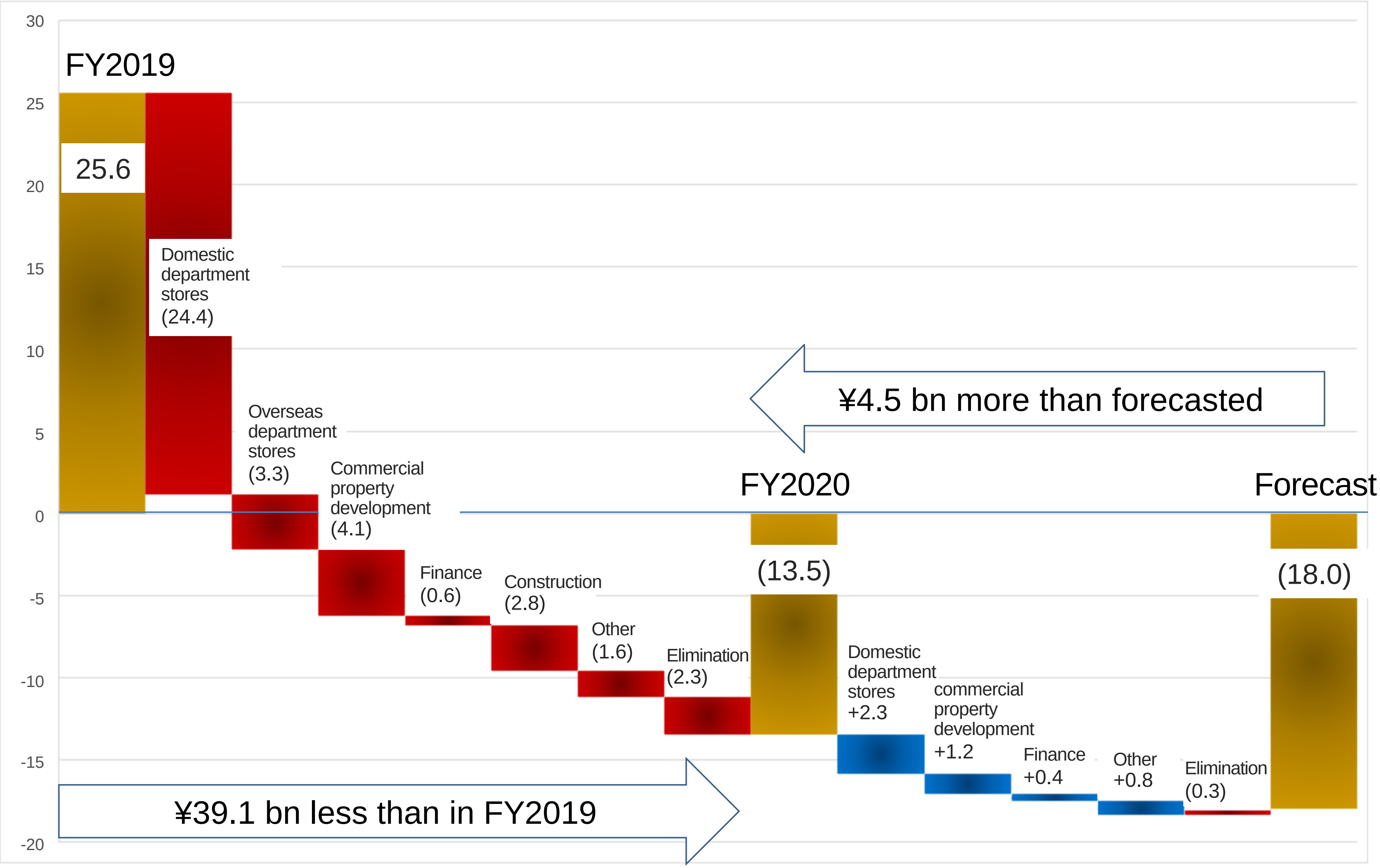
2. Consolidated Performance

- ✓ Operating revenue & income plummeted following temporary closures of group's commercial facilities
- ✓ Results better than expected thanks to cuts in SG&A expenses
- ✓ Recorded extraordinary loss of ¥10.3 billion in relation to temporary store closures

(billion JPY)	Full-year result	Year-on-year change, % change		Deviation from forecast, % deviation*		Extraordinary loss (COVID-19)
Operating revenue	680.9	(238.2)	(25.9%)	(1.1)	(0.2%)	
SG&A expenses	222.8	(37.4)	(14.4%)	(5.8)	(2.6%)	10.3
Operating income	(13.5)	(39.1)	–	+4.5	–	
Ordinary income	(13.6)	(36.8)	–	+5.9	–	
Profit attributable to owners of parent	(34.0)	(50.0)	–	+2.5	–	10.3

* "Forecast" = As announced on October 13, 2020

2. Factors Behind Consolidated Operating Income Result



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3. Performance of Domestic Department Store Segment

- ✓ Operating revenue & income plummeted following temporary store closures
- ✓ Results better than expected thanks primarily to cuts in SG&A expenses
- ✓ Recorded extraordinary loss of ¥7.8 billion in relation to temporary store closures

(billion JPY)	Full-year result	Year-on-year change, % change		Deviation from forecast, % deviation*		Extraordinary loss (COVID-19)
Operating revenue	582.0	(193.2)	(24.9%)	(0.6)	(0.1%)	
Sales	568.8	(191.5)	(25.2%)	(0.3)	(0.0%)	
Gross profit margin	22.62%	(1.01)		(0.11)		
SG&A expenses	162.1	(28.2)	(14.8%)	(3.3)	(2.0%)	7.8
Operating income	(20.2)	(24.4)	–	+2.3	–	

* "Forecast" = As announced on October 13, 2020

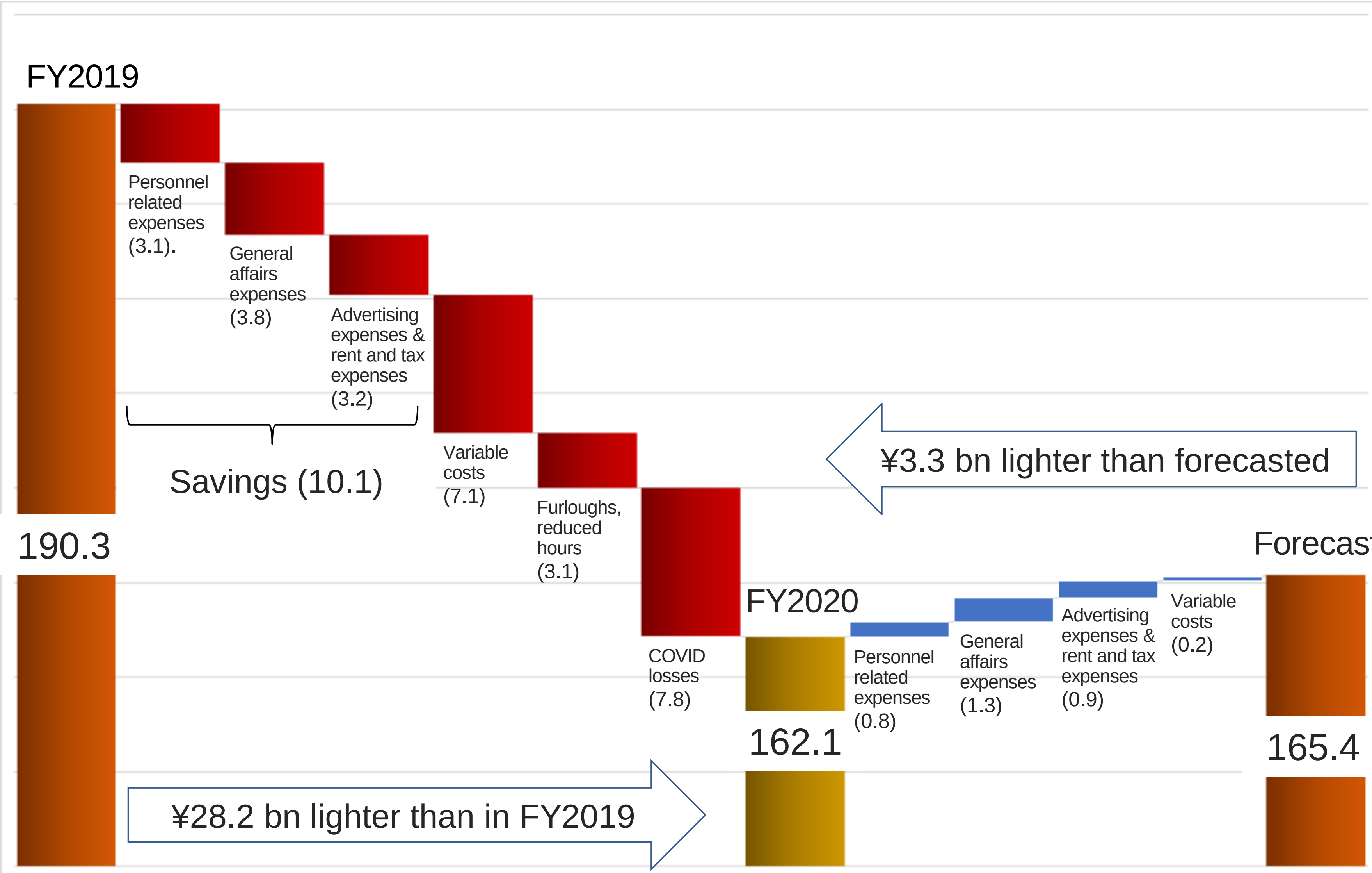
3. SG&A Expenses in the Domestic Department Store Segment

- ✓ ¥28.2 billion saved, though partially offset by extraordinary (COVID-related) loss (actual saving: ¥20.4 billion)
- ✓ ¥7.1 billion saved on variable costs; ¥3.1 billion savings from furloughs, reduced hours
- ✓ ¥10.1 billion saved through cost-optimization program

(billion JPY)	Full-year result	Year-on-year change	Breakdown of year-on-year change: Variable costs	Furloughs	Savings	Extraordinary loss (COVID-19)	Deviation from forecast
Personnel related expenses	53.5	(6.7)		(0.4)	(3.1)	(3.2)	(0.8)
Advertising expenses	17.2	(8.3)	(4.5)	(1.4)	(2.2)	(0.2)	(0.7)
G&A expenses	64.8	(9.3)	(2.6)	(0.8)	(3.8)	(2.2)	(1.3)
Rent and tax expenses	26.6	(3.8)		(0.5)	(1.0)	(2.2)	(0.5)
Total	162.1	(28.2)	(7.1)	(3.1)	(10.1)	(7.8)	(3.3)

* "Forecast" = As announced on October 13, 2020

3. Factors Behind SG&A Expenses Result in the Domestic Department Store Segment



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4. Performance of Key Subsidiaries (Domestic)

- ✓ All three posted losses as a result of pandemic
- ✓ However, operating income was better than expected thanks to reduced operating costs
- ✓ TSC saw big dip from previous year, when inbound demand flourished

(billion JPY)	Operating revenue	Year-on-year change / % change	Deviation from forecast / % deviation*	Operating income	Year-on-year change	Deviation from forecast*	Extraordinary loss (COVID-19)
Toshin Development Co., Ltd.	39.3	(5.5) (12.3%)	(0.1) (0.2%)	4.6	(2.1)	+0.8	1.0
Takashimaya Financial Partners Co., Ltd. (TFP)	19.6	(2.1) (9.8%)	(0.0) (0.0%)	4.3	(0.6)	+0.4	0.2
Takashimaya Space Create Co., Ltd. (TSC)	19.9	(17.1) (46.1%)	(1.9) (8.8%)	(1.0)	(2.8)	+0.1	0.0

*The year-on-year comparisons for Toshin Development Co., Ltd., include T & T Co., Ltd.; those for Takashimaya Space Create Co., Ltd. include Takashimaya Space Create Tohoku; those for Takashimaya Financial Partners Co., Ltd., include Takashimaya Credit and Takashimaya Hoken.

* "Forecast" = As announced on October 13, 2020

4. Performance of Key Subsidiaries (Overseas)

- ✓ Most posted losses as a result of COVID-related store closures and reduced operating hours
- ✓ Vietnam and Siam Takashimaya avoided operating loss by controlling SG&A expenses
- ✓ Singapore performed worse than expected because strong sales of low-rate products led to adverse gross profit margin

(billion JPY)	Operating revenue	Year-on-year change / % change	Deviation from forecast / % deviation*	Operating income	Year-on-year change	Deviation from forecast*	Extraordinary loss (COVID-19)
Takashimaya Singapore Ltd.	10.3	(6.7) (39.5%)	(0.0) (0.1%)	1.5	(3.3)	(0.3)	1.8
Toshin Development Singapore Pte, Ltd.	5.4	(3.3) (37.8%)	+0.4 +7.5%	0.9	(2.2)	+0.4	0.8
Shanghai Takashimaya Co., Ltd.	2.4	(0.7) (23.6%)	+0.3 +16.8%	(0.1)	(0.1)	+0.1	–
Takashimaya Vietnam Co., Ltd.	1.7	(0.3) (13.2%)	+0.1 +3.2%	0.1	+0.0	+0.1	0.0
Siam Takashimaya (Thailand) Co., Ltd.	1.2	(0.5) (28.4%)	+0.1 +12.3%	(0.9)	+0.1	+0.1	0.1

* "Forecast" = As announced on October 13, 2020

Exchange rate:1SGD=77.26JPY 1CNY=15.42JPY 1VND=0.0045JPY 1THB=3.40JPY

Ⅱ Forecasts for FY Ending Feb 2022 (FY2021)

1. New Landscape, Strategic Tasks
2. Consolidated Cost and Revenue Forecasts
3. Forecasts for Domestic Department Stores
4. Forecasts for Key Subsidiaries

1. New Landscape, Strategic Tasks

New Landscape

Inbound demand: Vaccine rollout promises to bring infections under control. However, it will take time for international travel to return to pre-COVID levels.

Domestic demand: Second state of emergency (declared in January 2021) prompted people to stay at home and restaurants and other businesses to reduce business hours. It remains unclear when demand will recover.

A fourth wave has been reported. This development may further harm retailers and other businesses.

Strategic Tasks

Rebuild department store business to strengthen revenue base

1. Summary of Consolidated Cost and Revenue Forecasts

○In FY2021, first year of our 3-year Management Plan, we'll rebuild COVID-ravaged businesses and lay groundwork for future growth.

○An end to the pandemic remains elusive, and it remains uncertain when inbound sales will recover. Accordingly, we'll focus on a cost-optimization program, aiming for consolidated operating income of ¥13 billion.

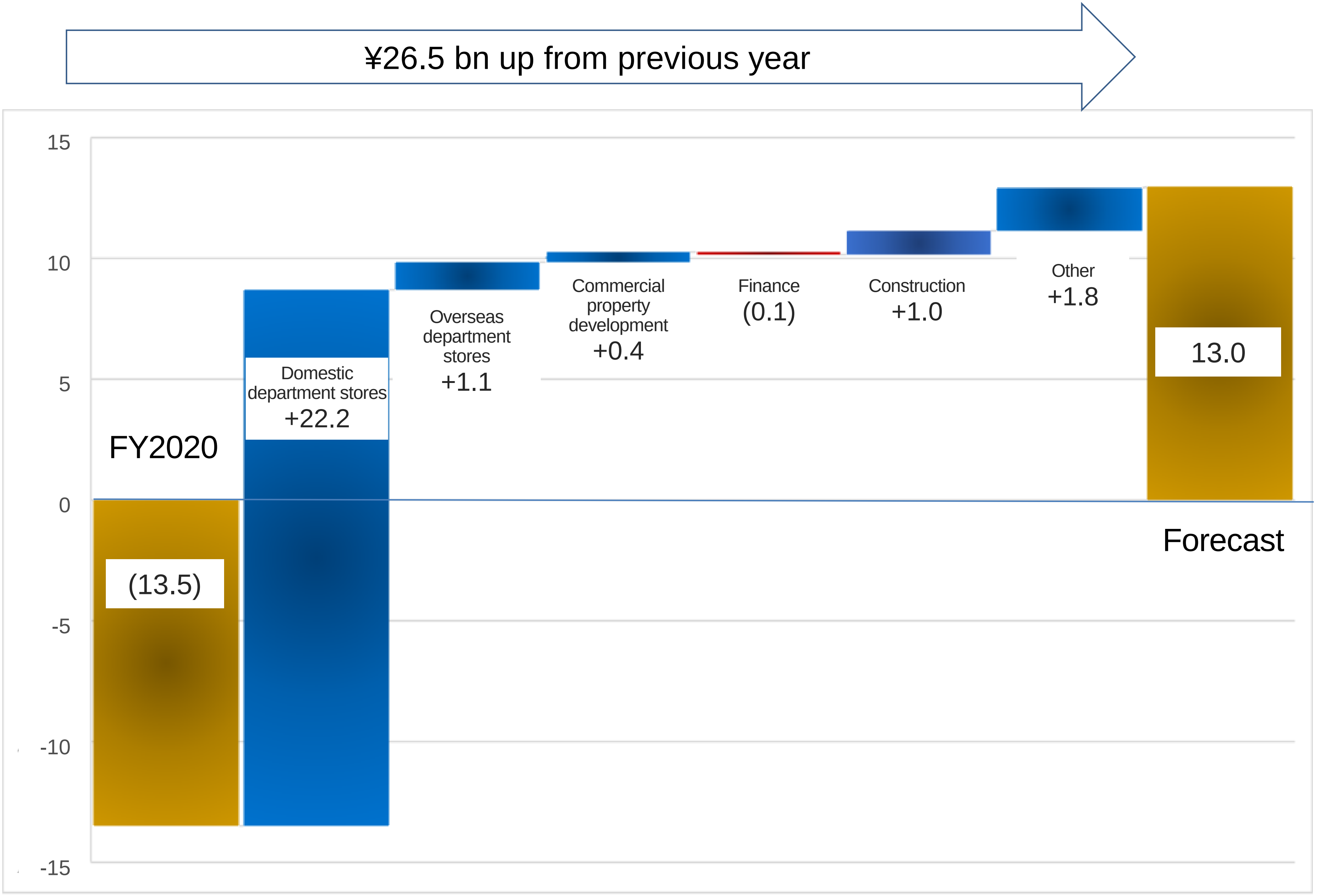
○Under this program, domestic department store will save ¥7.8 billion in SG&A expenses.

2. Consolidated Cost and Revenue Forecasts

- ✓ Should see earnings growth by rebuilding department stores business and restoring revenue base
- ✓ Should return to profit with cost-optimization program

(billion JPY)	1st half forecast	Year-on-year change, % change	Change from year before last, % change	Full-year forecast	Year-on-year change, % change	Change from year before last, % change
Operating revenue	378.5	+27.3%	(16.5%)	812.0	+19.3%	(11.7%)
SG&A expenses	116.9	+13.7	(11.6)	239.0	+16.2	(21.2)
Operating income	2.0	+12.2	(11.4)	13.0	+26.5	(12.6)
Ordinary income	2.0	+12.9	(10.7)	12.0	+25.6	(11.2)
Profit attributable to owners of parent	3.5	+26.8	(8.9)	10.0	+44.0	(6.0)

2. Factors Behind Consolidated Operating Income Forecast



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3. Forecasts for Domestic Department Stores

- ✓ COVID to persist, inbound sales unlikely to recover soon
- ✓ SG&A expenses to rise ¥8.2 billion with heavier variable costs and reversal of previous year's extraordinary losses

(billion JPY)	1st half forecast	Year-on-year change, % change	Change from year before last, % change	Full-year forecast	Year-on-year change, % change	Change from year before last, % change
Operating revenue	326.7	+31.4%	(14.5%)	699.0	+20.1%	(9.8%)
Sales	319.9	+32.3%	(14.6%)	685.0	+20.4%	(9.9%)
Gross margin ratio	23.29%	+0.62	(0.46)	23.11%	+0.49	(0.52)
SG&A expenses	83.3	+8.9	(10.3)	170.3	+8.2	(20.0)
Operating income	(1.9)	+10.8	(4.7)	2.0	+22.2	(2.2)

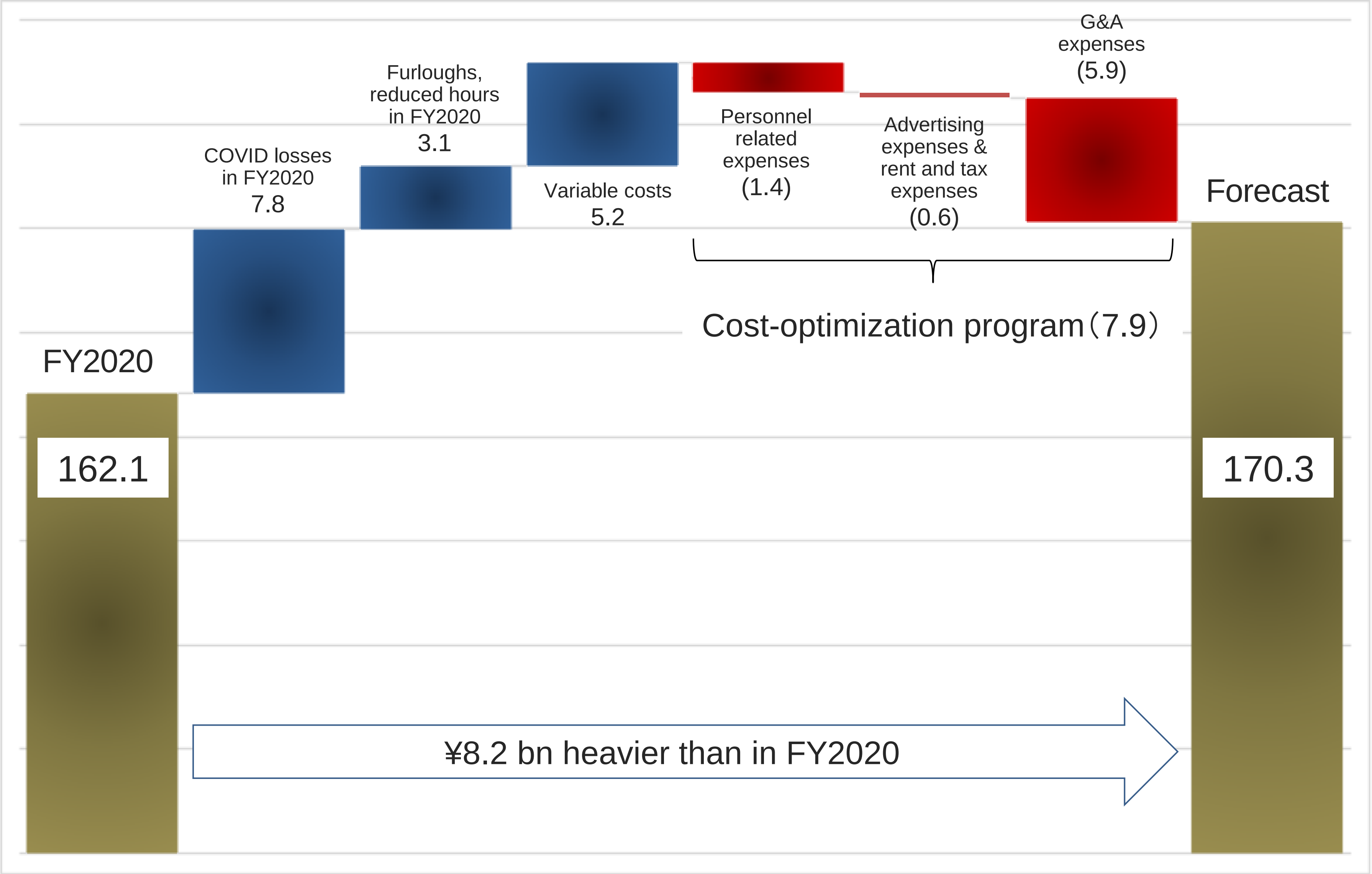
3. Forecasts for Domestic Department Stores: SG&A Expenses

- ✓ ¥8.2 billion cost increase: Actual increase to be ¥0.4 billion given extraordinary losses recorded in FY2020
- ✓ ¥7.9 billion to be saved through cost-optimization program

(billion JPY)	Previous year's result	Full-year forecast	Year-on-year change	Breakdown of year-on-year changes				cost-optimization program	
				Extraordnary loss (COVID-19)	Rebound from previous year's furloughs	Variable costs	cost-optimization program	1st half	2nd half
Personnel related expenses	53.5	55.7	2.2	3.2	0.4	0.0	(1.4)	(0.8)	(0.5)
Advertising expenses	17.2	21.9	4.7	0.2	1.4	3.5	(0.5)	(0.2)	(0.3)
G&A expenses	64.8	63.5	(1.3)	2.2	0.8	1.6	(5.9)	(2.5)	(3.4)
Rent and tax expenses	26.6	29.2	2.6	2.2	0.5	0.0	(0.1)	(0.2)	0.1
Total	162.1	170.3	8.2	7.8	3.1	5.2	(7.9)	(3.7)	(4.2)

See Ref 1 for H1 and H2 forecasts

3. Forecasts for Domestic Department Stores: SG&A Expenses Breakdown



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4. Forecasts for Key Subsidiaries (Domestic)

- ✓ Toshin Development: Income to decrease amid ongoing decline in rent
- ✓ TFP: Income to decrease due to rise in expenses associated with opening 2 Takashimaya financial counter

(billion JPY)	1st half forecast				Full-year forecast			
	Operating revenue	Year-on-year %change, %change from year before last	Operating income	Year-on-year change, change from year before last	Operating revenue	Year-on-year %change, %change from year before last	Operating income	Year-on-year change, change from year before last
Toshin Development Co., Ltd.	20.9	+11.8% (6.0%)	2.0	(0.2) (1.3)	42.6	+8.4% (5.0%)	4.2	(0.4) (2.5)
Takashimaya Financial Partners Co., Ltd. (TFP)	10.4	+9.0% (2.6%)	2.0	(0.2) (0.6)	21.4	+9.3% (1.4%)	4.2	(0.1) (0.7)
Takashimaya Space Create Co., Ltd. (TSC)	8.1	(37.2%) (56.2%)	(0.7)	(0.5) (1.4)	22.1	+10.8% (40.3%)	0.0	1.0 (1.8)

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4. Forecasts for Key Subsidiaries (Overseas)

- ✓ T. Singapore unlikely to see recovery in inbound sales
- ✓ Siam T. to see strong earnings growth, with boost from opening of train connection

	1st half forecast				Full-year forecast			
(billion JPY)	Operating revenue	Year-on-year %change, %change from year before last	Operating income	Year-on-year change, change from year before last	Operating revenue	Year-on-year %change, %change from year before last	Operating income	Year-on-year change, change from year before last
Takashimaya Singapore Ltd.	6.6	+65.1% (20.0%)	0.5	(0.0) (1.7)	13.9	+35.1% (18.3%)	1.9	+0.4 (2.9)
Toshin Development Singapore Pte, Ltd.	3.4	+27.7% (22.2%)	0.8	(0.1) (0.8)	7.0	+29.4% (19.5%)	1.6	+0.7 (1.5)
Shanghai Takashimaya Co., Ltd.	1.3	+19.1% (19.5%)	0.1	+0.2 +0.0	2.8	+15.9% (11.4%)	0.3	+0.3 +0.2
Takashimaya Vietnam Co., Ltd.	1.0	+38.2% +3.9%	0.1	+0.1 +0.1	2.1	+22.4% +6.3%	0.3	+0.1 +0.1
Siam Takashimaya (Thailand) Co., Ltd.	0.9	+114.0% +22.5%	(0.4)	+0.1 +0.1	2.0	+72.2% +23.3%	(0.7)	+0.2 +0.3

Exchange rate: 1SGD=77.26JPY 1CNY=15.42JPY 1VND=0.0045JPY 1THB＝3.40JPY

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Ⅲ 3-Year Management Plan (FY2021–FY2023)

1. Background, Contextualization
2. Quantitative Goals, Goals by Business
3. Cost-Optimization Program for Department Stores
4. Better Retail Marketing
5. Commercial Property Development
6. Investment

1. Background

- ✓ State of emergency has created need for a reformed approach with shorter-term reform goals
- ✓ Domestic department stores, until now the key driver of growth, must now be driver of recovery
- ✓ Rolling-wave planning to be scrapped in favor of short-term targets

Long-term planning

(until now)

Dept. stores face existential crisis and cannot be relied upon as key growth driver

3-year Management Plan

(FY2021–FY2023)

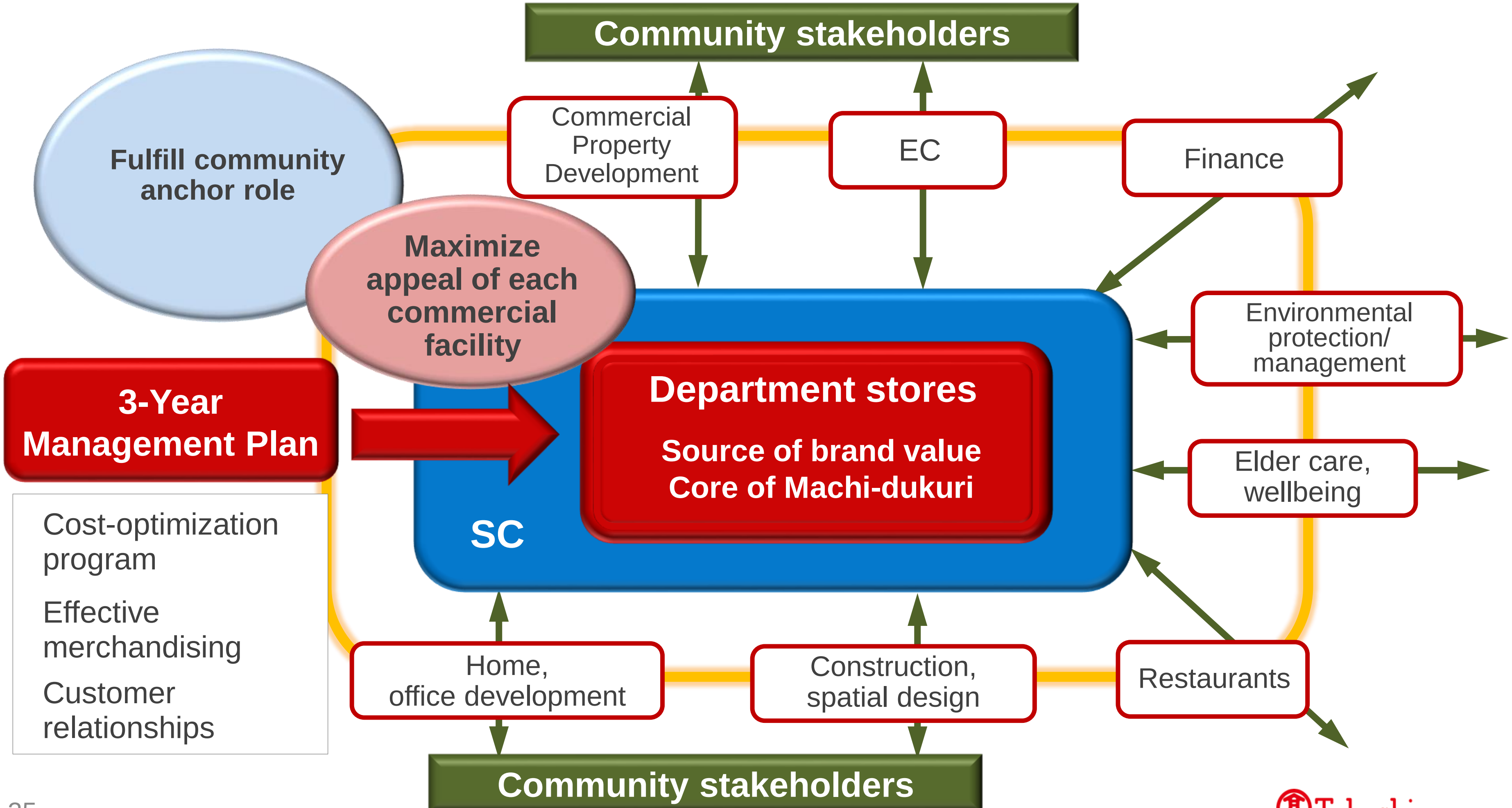
Growth

○Long-term approach was predicated on department stores driving growth
○Five-year goals would be set each year
○Rolling-wave approach taken, with strategy flexibly updated in view of progress

○Recovery of domestic department stores is urgent task
○Goals to be set for cost-optimization among other things
○Timescale for goal-setting to be shortened to three-year period

1. Contextualization

- ✓ Expansion and continuous growth to be driven by dept. store-centered Machi-dukuri strategy
- ✓ Dept. stores are the source of our brand value—recovering their earnings is urgent task
- ✓ Savings from cost-optimization program will be invested in merchandising and cultivating customer relationships



2. Quantitative Goals for FY2021–FY2023

- ✓ FY2021: Return to profit (non-consolidated) with cost-optimization push
- ✓ FY2023: Achieve ¥30 billion in consolidated operating income by expanding in promising sectors (e.g., overseas markets)
- ✓ Focus on income: Revenue will take more time to recover, but operating income to be boosted

Operating revenue

¥850.0 bn

2021: ¥812.0 bn

2019: ¥919.1 bn

Operating income

¥30.0 bn

2021: ¥13.0 bn

2019: ¥25.6 bn

Equity ratio

37.5 %

2021: 35.4%

2019: 37.2%

OCF: +¥110.0 bn

ICF: (¥130.0 bn)

Interest-bearing debt: ¥240.0 bn

2021: ¥217.0 bn

2019: ¥193.0 bn

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2. Operating Income Goals by Business 3-Year Management Plan

- ✓ Domestic department stores: Drive reform to recover earnings in large stores
- ✓ Commercial property development: Expand business / hub development in Japan and overseas
- ✓ Overseas department stores: Act dynamically to capture growth opportunities in local markets

Domestic department stores

¥9.0 bn

2021: ¥2.0 bn

2019: ¥4.2 bn

Commercial property development

¥10.0 bn

2021: ¥6.3 bn

2019: ¥10.3 bn

Overseas department stores

¥4.7 bn

2021: ¥1.8 bn

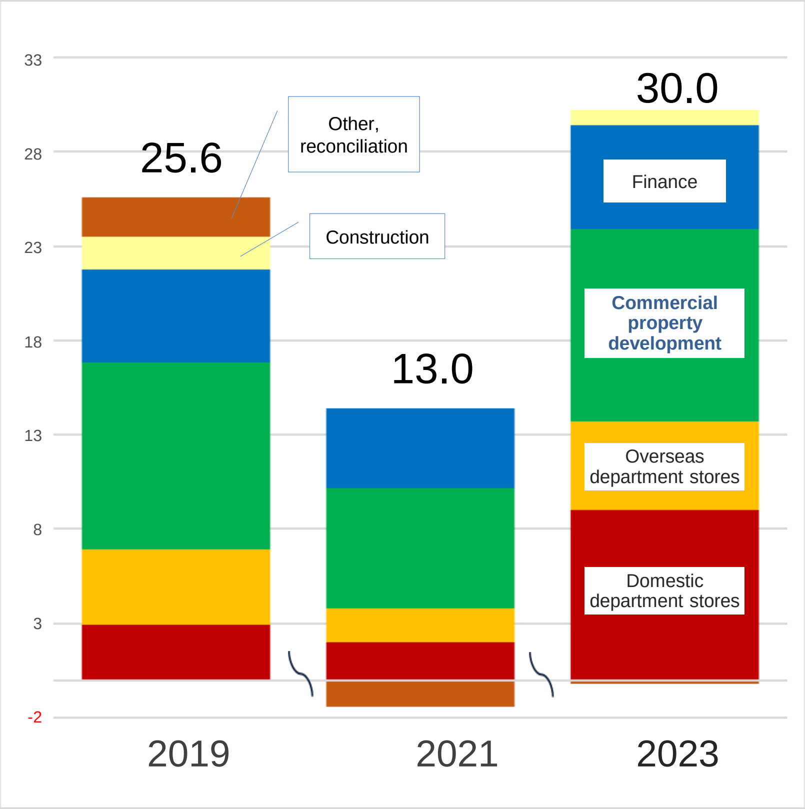
2019: ¥4.0 bn

Finance

¥5.5 bn

2021: ¥4.2 bn

2019: ¥4.9 bn



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2. Goals for FY2023: Domestic Department Stores

- ✓ Operating income: ¥9 billion—more than double the FY2019 level (¥4.2 billion)
- ✓ SG&A expenses: Save more than ¥20 billion through cost-optimization program
- ✓ Promote online business, restore apparel/food sales in large stores

Operating revenue

¥720.0 bn

2021: ¥699.0 bn
2019: ¥775.2 bn

Operating income

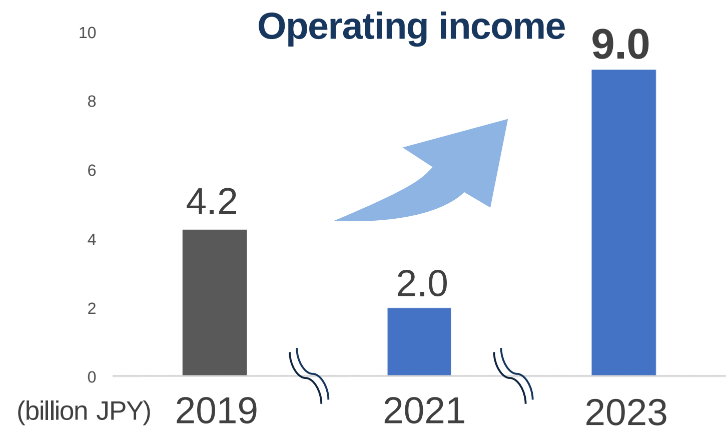
¥9.0 bn

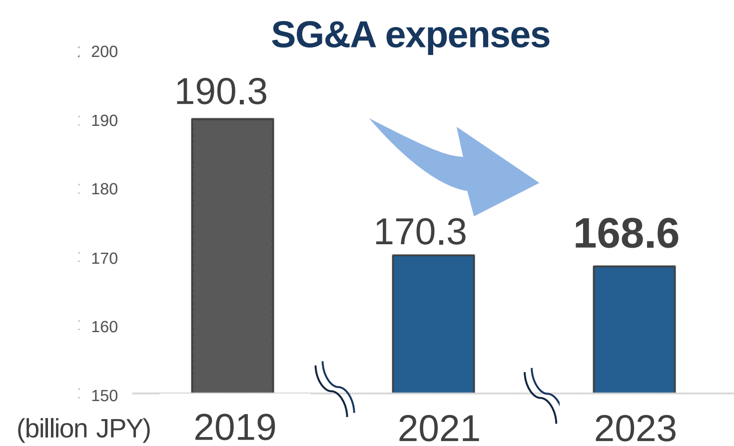
2021: ¥2.0 bn
2019: ¥4.2 bn

SG&A expenses

¥168.6 bn

2021: ¥170.3 bn
2019: ¥190.3 bn





2. Goals for FY2023: Commercial Property Development 3-Year Mgmt. Plan

- ✓ TD's Japanese assets and its Singapore subsidiary (TDS) will continue to suffer after pandemic abates
- ✓ Decline in revenue from TD's Japanese assets and from TDS to be mitigated by projects to develop vicinity around store ("vicinity projects") and non-retail projects
- ✓ Vietnam: Alliances with developers in mixed-use projects and growing industries alliances will contribute significantly to earnings

Japanese assets, TDS

¥7.7 bn

2021 ¥5.3 bn
2019 ¥9.6 bn

Vicinity projects
(Nagareyama new project, Kyoto)

¥0.5 bn

2021 ¥0.1 bn
2019 —

Non-retail (e.g. offices)

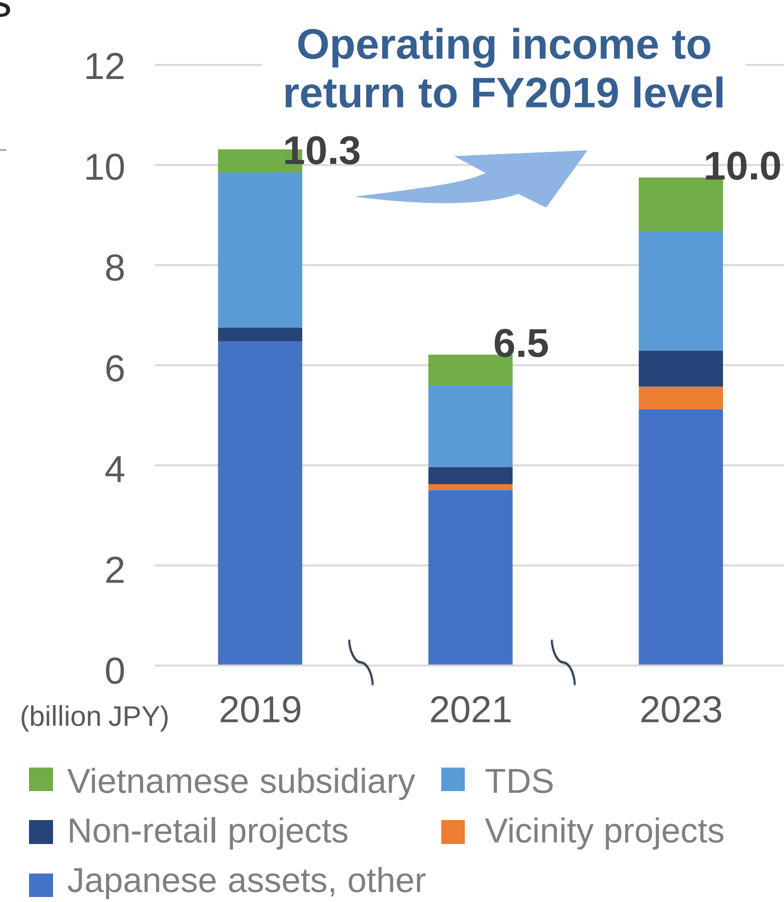
¥0.7 bn

2021 ¥0.4 bn
2019 ¥0.3 bn

Overseas projects (Vietnam)

¥1.1 bn

2021 ¥0.6 bn
2019 ¥0.5 bn



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2. Goals for FY2023: Overseas Department Stores

- ✓ Singapore: Use digital tech to expand customer interface, recover tourist demand
- ✓ Vietnam: Capitalize on growing consumer spending, launch online business
- ✓ Siam: Capitalize on opening of train connection, enhance merchandise and services (give them Japanese feel)

Takashimaya Singapore Ltd.

¥ 3.6 bn

2021: ¥1.9 billion

2019: ¥4.8 billion

Takashimaya Vietnam Co., Ltd.

¥0.3 bn

2021: ¥0.3 bn

2019: ¥0.1 bn

Siam Takashimaya (Thailand) Co., Ltd.

¥0 bn

2021: (¥0.7 bn)

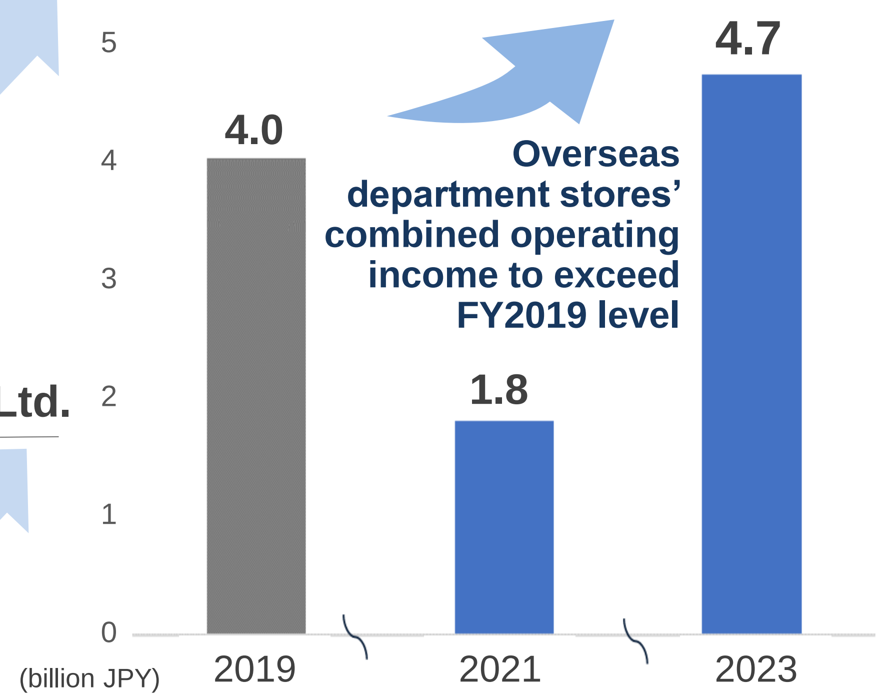
2019: (¥1.0 bn)

Shanghai Takashimaya Co., Ltd.

¥0.8 bn

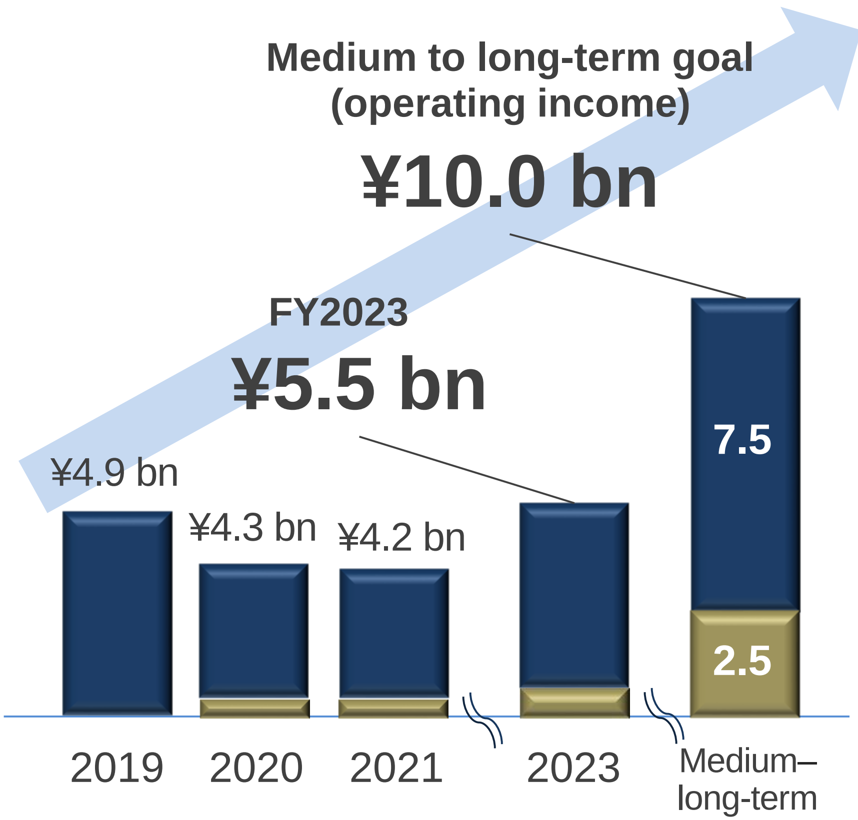
2021: ¥0.3 bn

2019: ¥0.1 bn



2. Goals for FY2023: Finance

- ✓ Prepare organizational groundwork for medium–long-term operating income goal of ¥10 billion
- ✓ Card business: Digital transformation to win new customers in e-commerce and our stores
- ✓ Other/finance: Expand base—open more sites, launch financing businesses



Card business
¥7.5 billion

〇 Online instant issuance service (launched Mar 2021)

Other/finance*
¥2.5 billion

＜Financial counters business＞

〇 Nihombashi (opens in Jun 2020)

〇 Osaka (opens in Jul 2021), Yokohama (opens in Sep 2021)

＜Financing＞

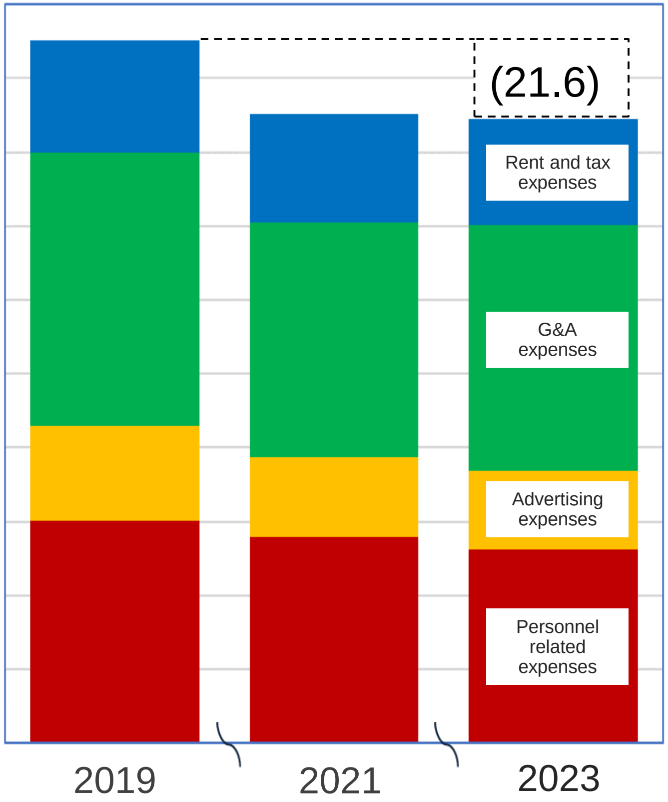
〇 Social lending business (to be launched in 2021 H1)

* Other/finance = Insurance business, financial counters business, financing business, and other businesses

3. Cost-Optimization Program for Department Stores 3-Year Mgmt. Plan

- ✓ Personnel related expenses, G&A expenses: Recruit fewer people, cut outsourcing costs
- ✓ G&A expenses: Expected to be ¥3.4 billion with e-commerce growth and other factors
- ✓ Advertising expenses: Media strategy to be revamped for better efficiency

(billion JPY)	2019 result	2021 forecast	2023 forecast	Saving (2019 result minus 2023 forecast)
Personnel related expenses	60.3	55.7	52.6	7.7
Advertising expenses	25.5	21.9	21.1	4.4
G&A expenses	74.2	63.5	66.0	8.2
Rent and tax expenses	30.3	29.2	28.9	1.4
Total	190.3	170.3	168.6	21.6



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4. Rebuild Apparel Merchandise

- ✓ Apparel is critical to rebuilding a compelling department store environment
- ✓ Share specific objectives with key trading partners
- ✓ Forge new partnerships, empower design incubation

Approach

Working with key partners

Share goals with key partners, who account for 60% of sales

Forge new partnerships with designers

Forge partnerships with promising designers, focusing on planning ability and branding

Use digitally driven experiential marketing

Fully integrate online shopping experience with offline stores (especially self-curated zones)

Use targeted strategy (identify and target tastes by age group)

Organize merchandise into curatorial zones based on life stage and tastes/values

Develop curatorial zones that resonate with targeted demographic

Develop borderless, ageless merchandise in specialist shops, empower design incubation

4. Rebuilding Food Sales Area

- ✓ Overhaul approach to food sales: Aji Hyakusen and Meika Hyakusen mark first step
- ✓ Stabilize revenue with attractive merchandise and efficient operation
- ✓ New model to be eventually be introduced to other sales areas

Aji Hyakusen, Meika Hyakusen

Attractive merchandise, efficient operation

- ☐ **Merchandising**
  Core products to be locally sourced
  Make merchandise fresher and more resonant
- ☐ **Storefront operation**
  Reform, consolidate, and standardize operations, allocate staff better
- ☐ **Quality management**
  Integrate quality management with inventory management

Curated food sales spaces: Aji Hyakusen, Meika Hyakusen

▶ New model will eventually be the standard for other sales areas, even non-food areas

4. Online Business

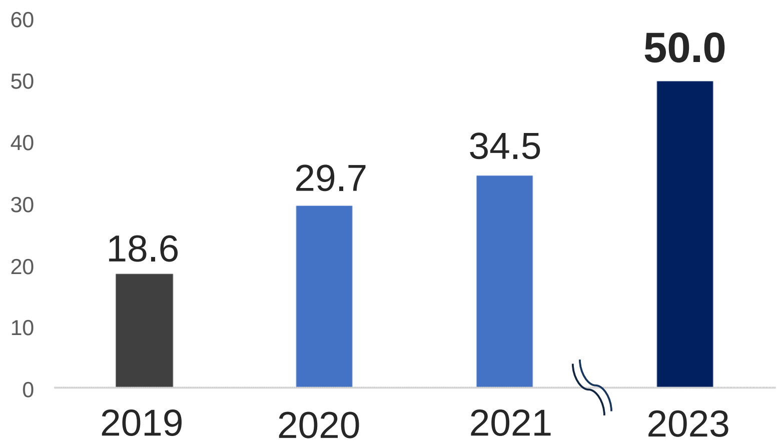
- ✓ FY2023 net sales target: ¥50 billion, an increase of ¥31.4 billion from FY2019 level
- ✓ This summer: Launch of revamped, mobile-optimized website
- ✓ Personalized recommendations, efficient operation

FY2023 net sales target:

¥50.0 bn

2021: ¥34.5 bn

2019: ¥18.6 bn



Better user experience

Mobile friendly
Personalized recommendations
Effective product search

Distinctive, compelling dept. store e-commerce site

Good product info
Review option
Lifestyle content recommendations

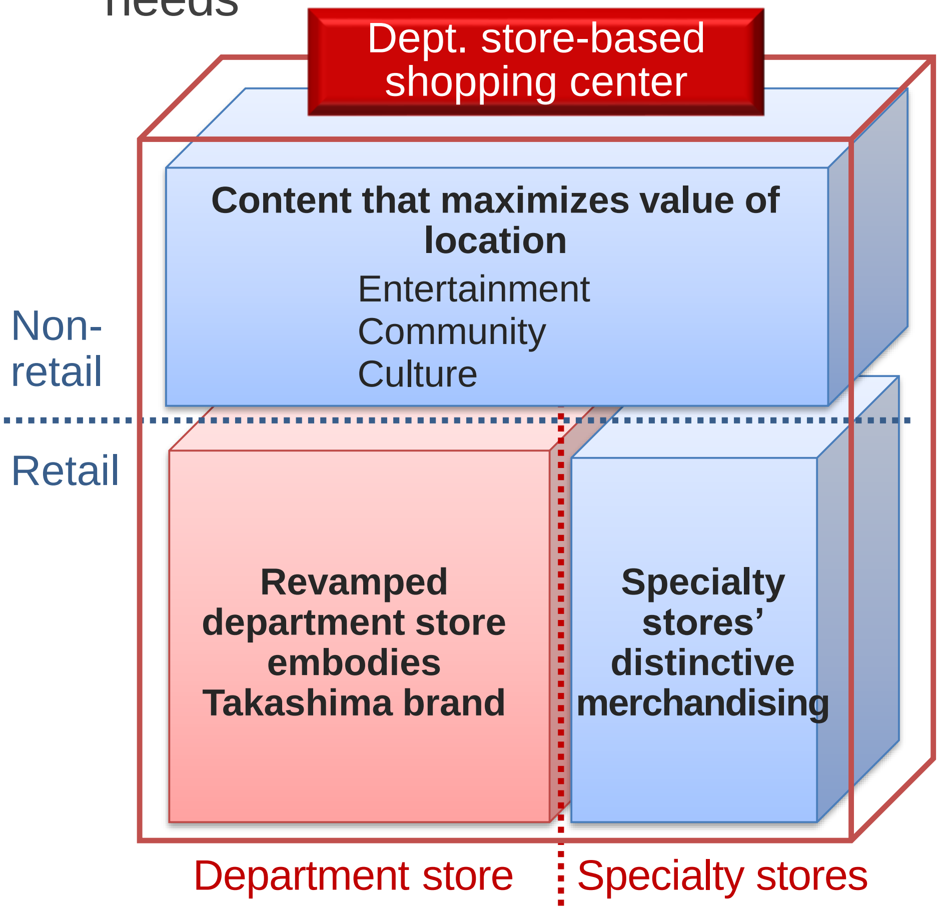
Improvements

Efficient operation

User-friendly management screen
Automatically issues receipts
Cancel option

Takashimaya

- ✓ New model envisages resonance, focusing on community and sustainability
- ✓ Balance between department store space and specialty store space, and between retail space and non-retail space, to reflect location
- ✓ Co-creation projects with external partners will help capture more diversified needs

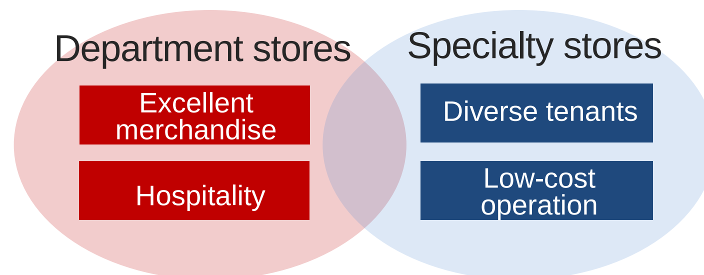


Concept: Community, sustainability

▶Co-creation partnerships

- Develop/attract new content
- Shopping centers to provide community space for local businesses and residents

▶Right balance between dept. store space and specialty store space



Contrast and blend to maximize appeal

5.2 Japan: Enhance Machi-dukuri

- ✓ Nagareyama project (second only to Tamagawa in scale) will continue
- ✓ At the same time, non-retail assets (offices, homes) will be expanded
- ✓ A better balance of retail and non-retail assets will make business more resilient

Hub development

Community branding

▶Maximize appeal of shopping center vicinity

Opened Mar 31: Flaps (Nagareyama Otakanomori Shopping Center)

Create community **Promote sustainability**

Opening autumn 2021: Azalea Terrace

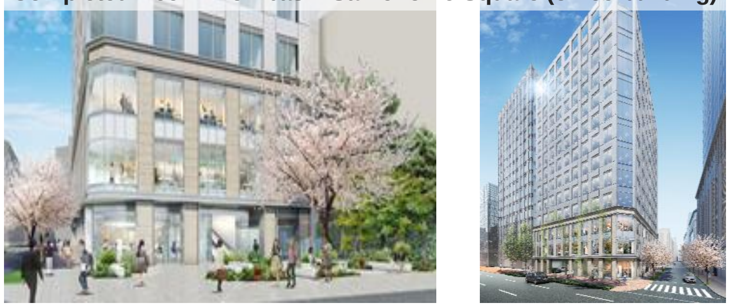
Opening summer 2022: Annex 2

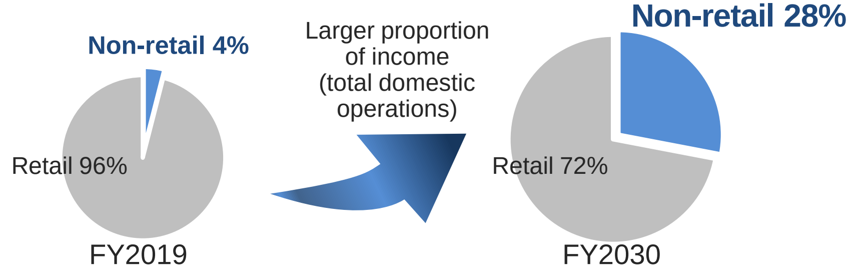
Business development

Diversified assets

▶Non-retail to account for 30% of income

Completed Dec: Nihombashi San-chome Square (office building)





Upgrade Machi-dukuri with diverse assets for better resilience

5.3 Overseas: Vietnam Investments

- ✓ Vietnam, with its rapid growth, serves as base for business expansion
- ✓ Participate in township projects like Starlake project (hub development)
- ✓ Actively engage in alliances to capture opportunities in growing sectors (business development)

Gain presence

Source of brand value
Saigon Centre: Ho Chi Minh City Takashimaya

Participate in township projects

Starlake project
(a multipurpose development with shops, offices, and schools)

Capture opportunities in growing sectors

Alliances in promising sectors
(schooling, restaurants, healthcare, wellness)

6. Investment

- ✓ Allocate more to growing sectors, ensure return is higher than the cost of capital in total
- ✓ Department stores: Select projects carefully, focusing on return
- ✓ Commercial property development: Toshin Development to continue business and hub projects in Japan and overseas

Total to be invested over three years

¥140.0 bn

Growth strategy investments

¥106.0 bn

Domestic department stores	¥8.0 bn
Commercial property development (domestic, overseas)	¥90.0 bn
Overseas department stores	¥3.0 bn
Other domestic projects	¥5.0 bn

Special investments
(Facility maintenance, systems)

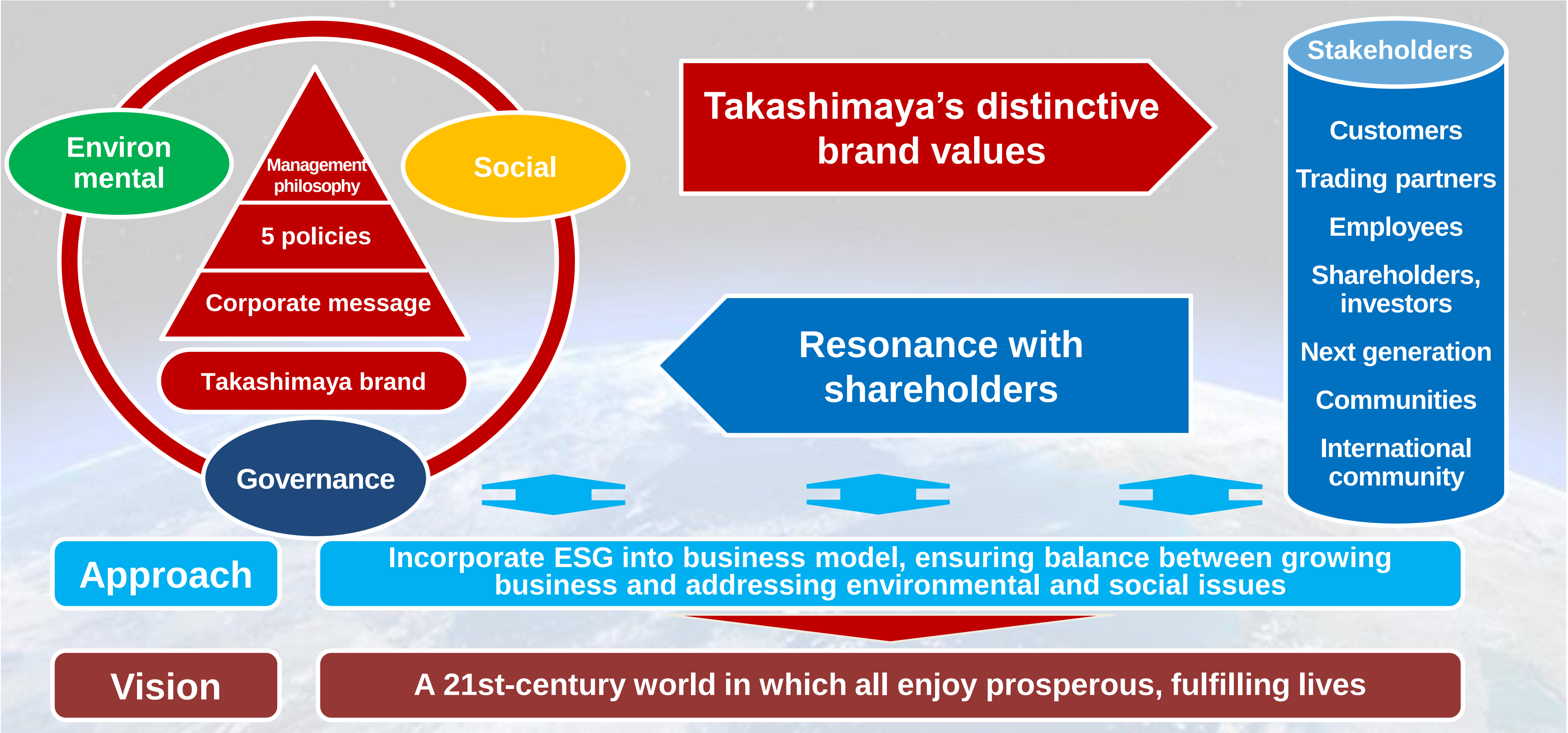
¥34.0 bn

Ⅳ ESG Strategy

1. Group ESG Strategy
2. Environment
3. Social
4. Partnership with JEPLAN

1. Strategic Approach

- ✓ ESG activities to be guided by management philosophy and Takashimaya brand values
- ✓ Provide distinctive values that resonate with stakeholders
- ✓ Incorporate ESG into business model, ensuring balance between growing business and addressing environmental and social issues



2. Addressing Environmental Issues

- ✓ Use numerical targets to track progress in medium–long-term goals
- ✓ Proceed with phased transition to renewables (RE) and electric vehicles (EV) for a carbon-free future
- ✓ Reduce waste, aim to recycle 100% of plastic and biodegradable waste

Medium–long-term goals (for 2030)

Carbon-free future

- RE100 >30%
- EV100 100%
  *By 2050: RE 100%

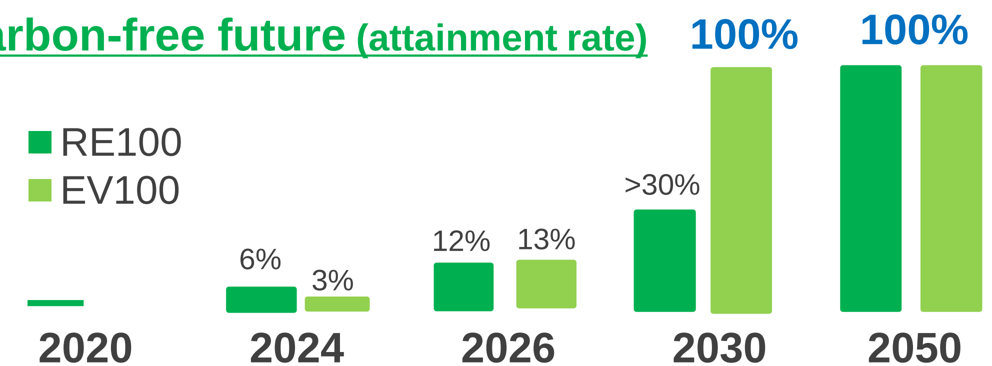
Waste reduction

- Plastic waste
- Biodegradable waste
  *By 2030: 100% recycled

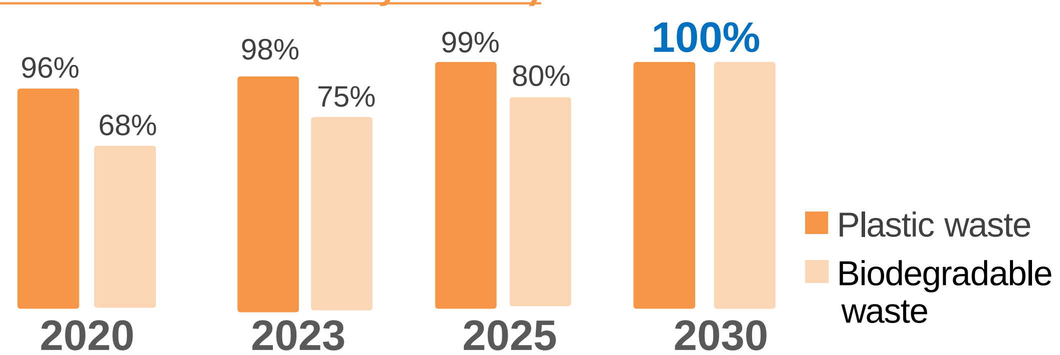
Circular economy

- Recycled polyester 100%
  *By 2025: Limited-edition products

Carbon-free future (attainment rate)



Waste reduction (recycle rate)



3. Addressing Social Issues

- ✓ Be part of social fabric by providing community and sustainable social infrastructure
- ✓ Respect diverse values and provide inclusive workplace
- ✓ Promote accessibility by encouraging staff to gain caregiver licenses or foreign language certificates

Medium–long-term goals (for 2030)

Part of social fabric

- Dept.stores and sc's to work with communities
  e.g. work with local authorities in disaster preparedness

Promote diversity

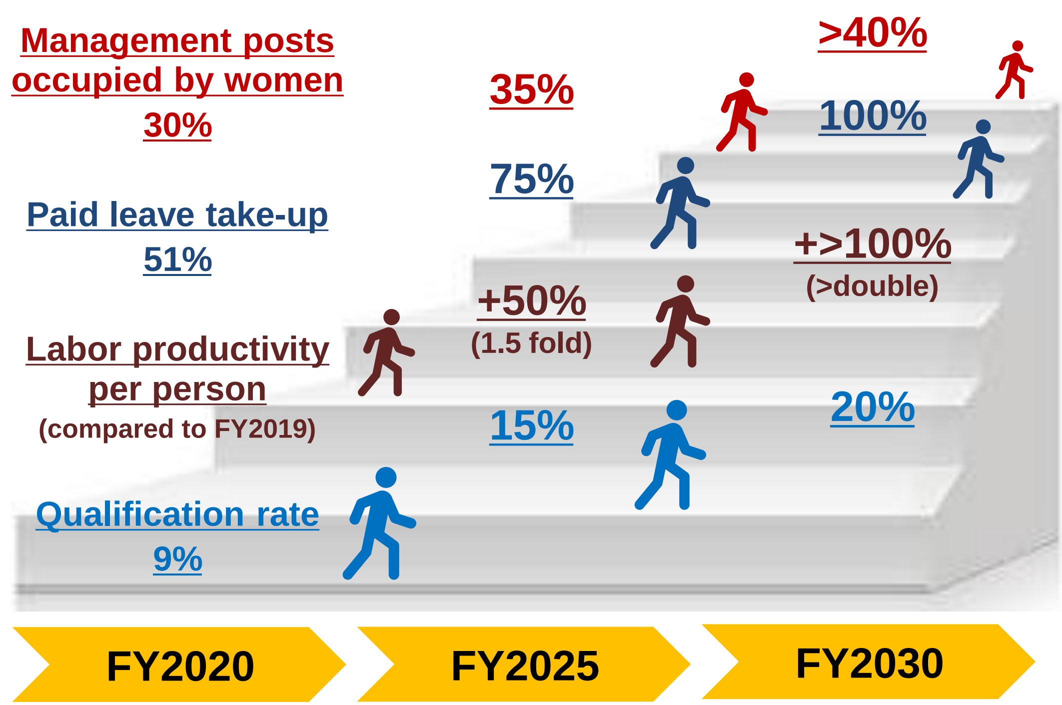
- Management posts occupied by women >40%

Workstyle reform

- Paid leave take-up 100%
- Labor productivity per person 100% increase from FY2019 level

Universal design / accessibility

- Qualification rate 20% (of dept. store staff)
  * Caregiver license, foreign language certificate



4. Partnership with JEPLAN

- ✓ Develop limited-edition circular-economy products made from bio-based materials
- ✓ April 2021: Phased launch of summer wear for men and women
- ✓ Leverage supply chain relationships to accelerate shift to sustainable/circular business

Circular-economy products

■ JEPLAN's recycling tech (the only one of its kind in Japan) produces plastic resins that can be **recycled indefinitely** into a new product or the same product.

未来につながる今日の一歩。

TSUNAGU ACTION

BRING Material

V Capital Strategy

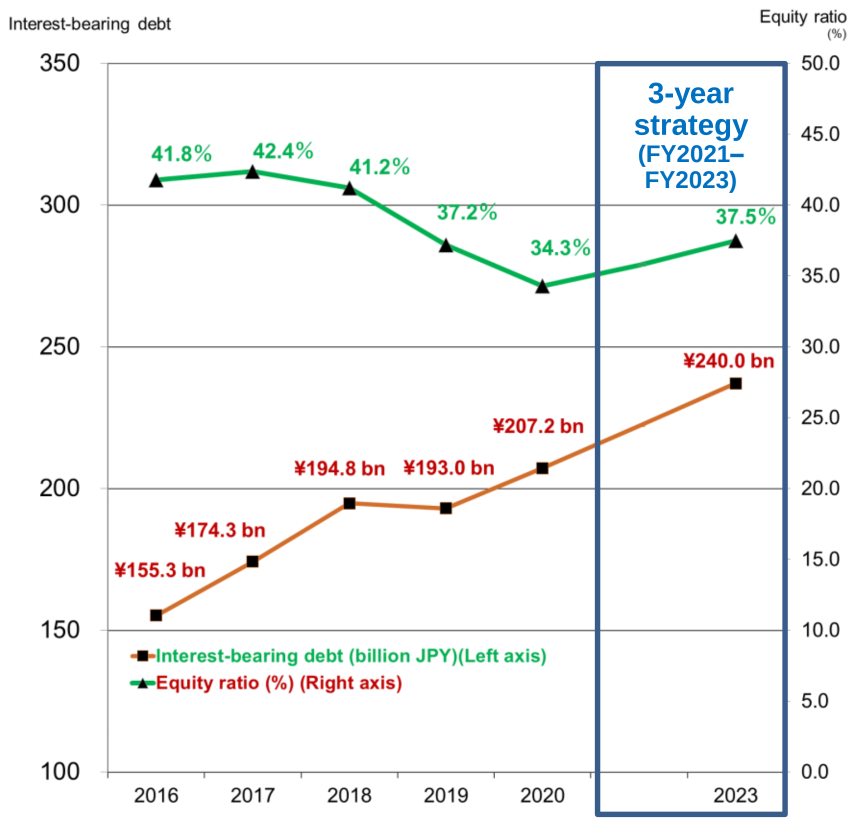
1.1 Capital Strategy

By end of FY2023…

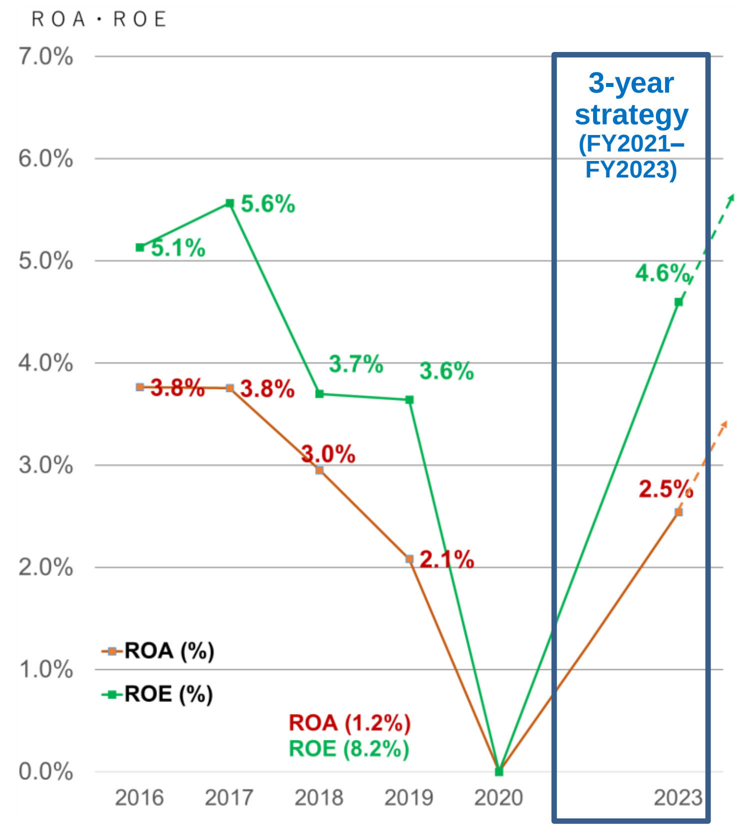
- ✓ Establish financial footing necessary for investing toward growth
- ✓ Keep interest-bearing debt under ¥240 billion. Raise equity ratio to 37.5%.
- ✓ Raise ROE above 4.6% (above pre-COVID level). ROA to recover after FY2023.

◎Financial indicators (FY2016–FY2020) ⇒ 3-year Management Plan (goals for FY2023)

(1) Stability indicators (equity ratio, interest-bearing debt)



(2) Profitability indicators (ROE, ROA)



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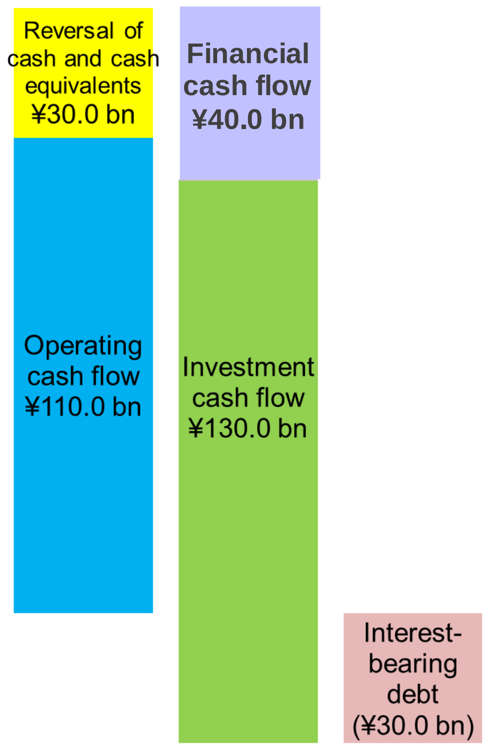
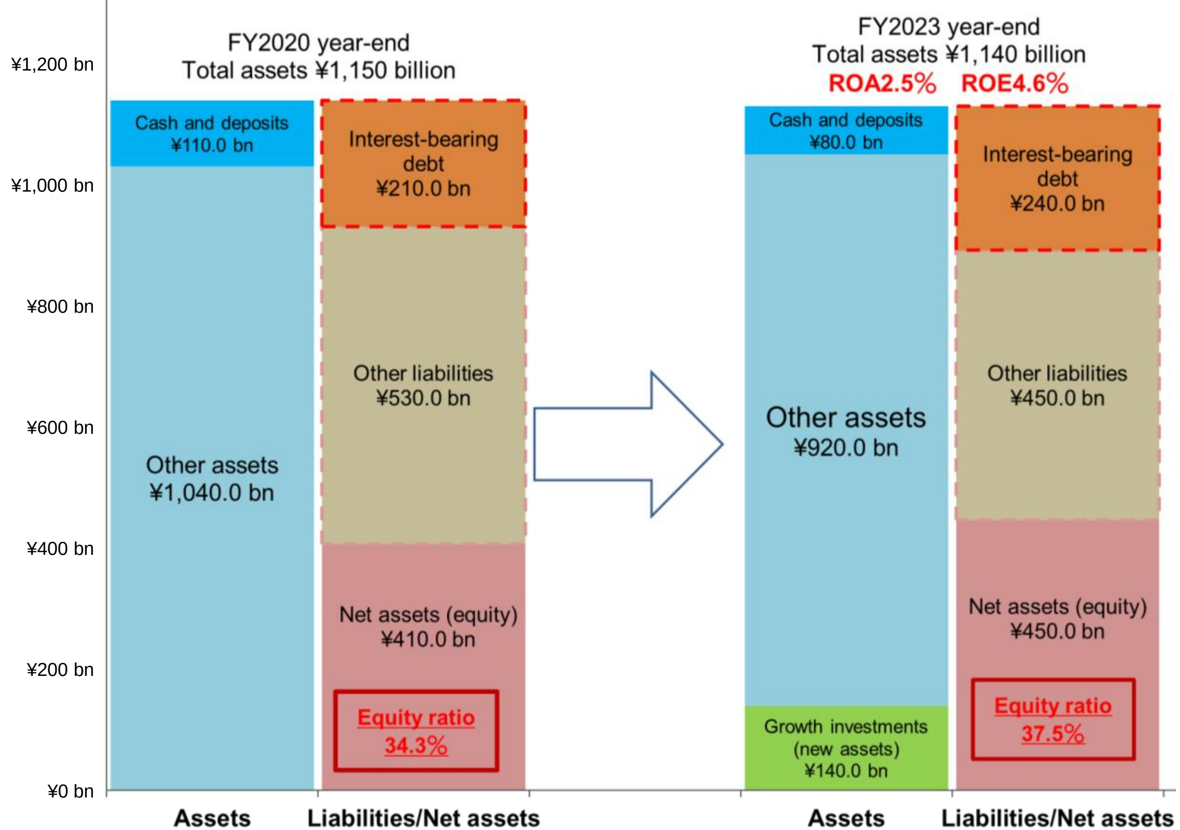
1.2 Capital Strategy Establish financial footing necessary for investing toward growth

- ✓ Investments to be funded primarily from operating cash flow and cash on hand
- ✓ Borrow additional funds, but keep interest-bearing debt under ¥240 billion
- ✓ Control total assets to get equity ratio to pre-COVID levels (37.5%)

3-year projected cash flows



Projected balance sheet for FY2023 end



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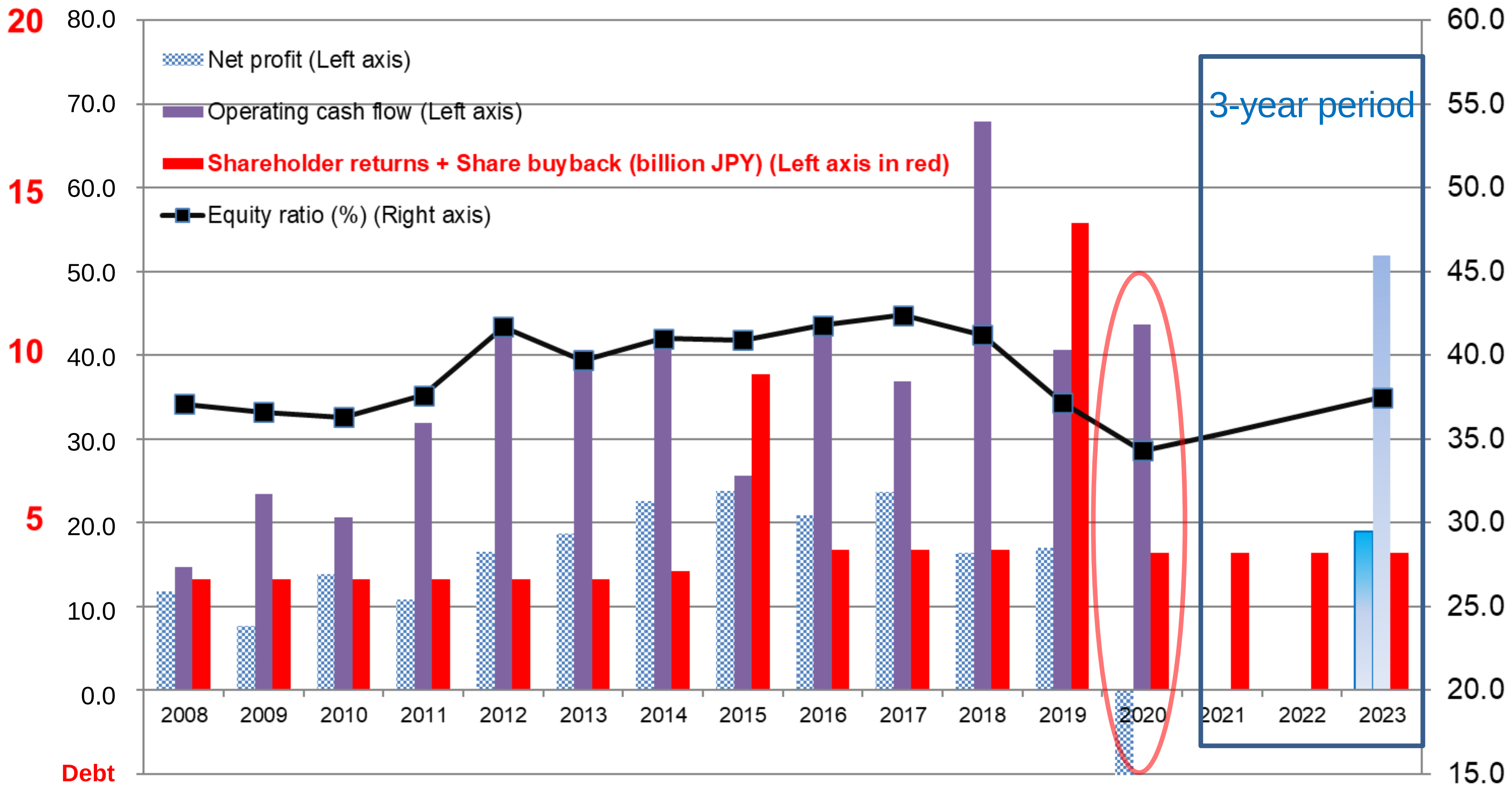
1.3 Capital Strategy

✓ Maintain stable shareholder returns—keep annual dividend around ¥24

Net profit (consolidated), operating cash flow, shareholder returns, equity ratio



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Summary of Strategy

Boost earnings, maintain growth, focus also on shareholder returns

Growth

Expand lucrative businesses—namely, finance business and overseas businesses (e.g. commercial property development)

Better profitability

Bold cost-optimization program to make department stores more profitable

Solid financial footing

Stable equity ratio and funding

ESG

Reform and expand businesses by capitalizing on growth opportunities in social and environmental changes

Deliver shareholder returns

Maintain stable shareholder returns
Increase them as appropriate

Ref 1: SG&A Expenses Budget for Domestic Department Stores (H1, full year)

(billion JPY)	1st half forecast	Year-on-year change	Change from year before last	Full-year forecast	Year-on-year change	Change from year before last
Personnel related expenses	27.3	+2.8	(2.4)	55.7	+2.2	(4.5)
Advertising expenses	9.7	+2.4	(3.0)	21.9	+4.7	(3.6)
G&A expenses	31.6	+1.5	(4.5)	63.5	(1.3)	(10.7)
Rent and tax expenses	14.6	+2.3	(0.5)	29.2	+2.6	(1.2)
Total	83.3	+8.9	(10.3)	170.3	+8.2	(20.0)

Ref 2: Operational Status of Facilities

	Start of closure	Reopening	Days closed*		Start of closure	Reopening	Days closed*
Osaka Store	2020/4/8	2020/5/18	42	Tamagawa Takashimaya Shopping Center	2020/4/8	2020/5/14	38
Sakai Store	2020/4/8	2020/5/18	40	Tachikawa Takashimaya Shopping Center	2020/4/8	2020/5/14	36
Senboku Store	2020/4/8	2020/5/18	40	Omiya Store	2020/4/8	2020/5/18	40
Kyoto Store	2020/4/15	2020/5/21	36	Kashiwa Takashimaya Station Mall	2020/4/8	2020/5/14	38
Rakusai Store	2020/4/15	2020/5/21	36	Okayama Store	2020/4/22	2020/5/11	19
Nihombashi Takashimaya Shopping Center	2020/4/8	2020/5/18	44	Gifu Store	2020/4/11	2020/5/16	36
Yokohama Store	2020/4/8	2020/5/18	44	Takasaki Store	2020/4/18	2020/5/11	23
Konandai Store	2020/4/8	2020/5/18	40	Nagareyama Shopping Center	2020/4/8	2020/5/7	31
Times Square (Shinjuku)	2020/4/8	2020/5/18	44	Hakata Riverain	2020/4/8	2020/5/7	29

* "Days closed" includes days closed before the state of emergency was declared. It does not include periods of reduced hours.

	Start of reduced hours	Start of closure	Reopening	Days closed	
				Q1	Q2
Takashimaya Singapore	2020/2/20	2020/4/7	2020/6/19	-	73
Takashimaya Shopping Centre (Singapore)	2020/2/17	2020/4/7	2020/6/19	-	73
Shanghai Takashimaya	2020/1/26	-	2020/4/1	-	-
Takashimaya Vietnam	2020/3/25	2020/3/28	2020/4/24	4	23
Saigon Centre	2020/3/20	2020/3/28	2020/4/25	4	23
Siam Takashimaya	-	2020/3/22	2020/5/17	10	46

*Shanghai Takashimaya never closed. The store resumed full-hours operation on April 1.

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