Financial Results for First Half of the Fiscal Year Ending February 28, 2022

October 14, 2021

Takashimaya Co., Ltd.

Agenda

I. Results for First Half of FY Ending Feb 2022 (FY2021)

II. Forecasts for FY Ending Feb 2022 (FY2021)

III. Strategy for Each Business

IV. Capital Strategy

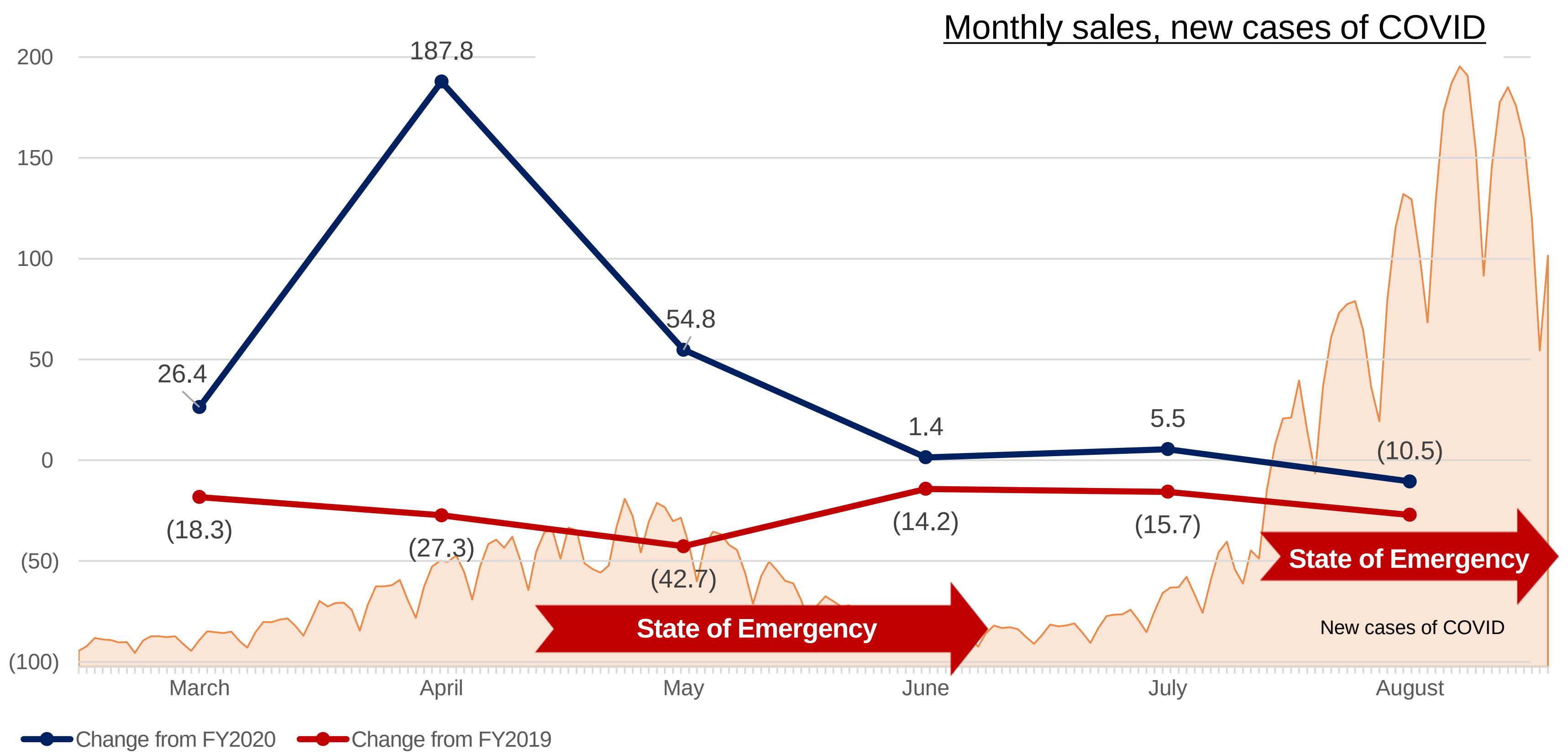
V. ESG Strategy

Ⅰ Results for First Half of FY Ending Feb 2022 (FY2021)

1. Review of First Half
2. Consolidated Performance
3. Performance of Domestic Department Store Segment
4. Performance of Key Subsidiaries

1. Review of First Half (Japan: March–August 2021)

- Consumers' purse strings kept tight amid two states of emergency
- Business remained tough amid stay-at-home trend and requests for some retail spaces to temporarily close
- Wave of infections from July reversed year-on-year sales growth



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2. Consolidated Performance

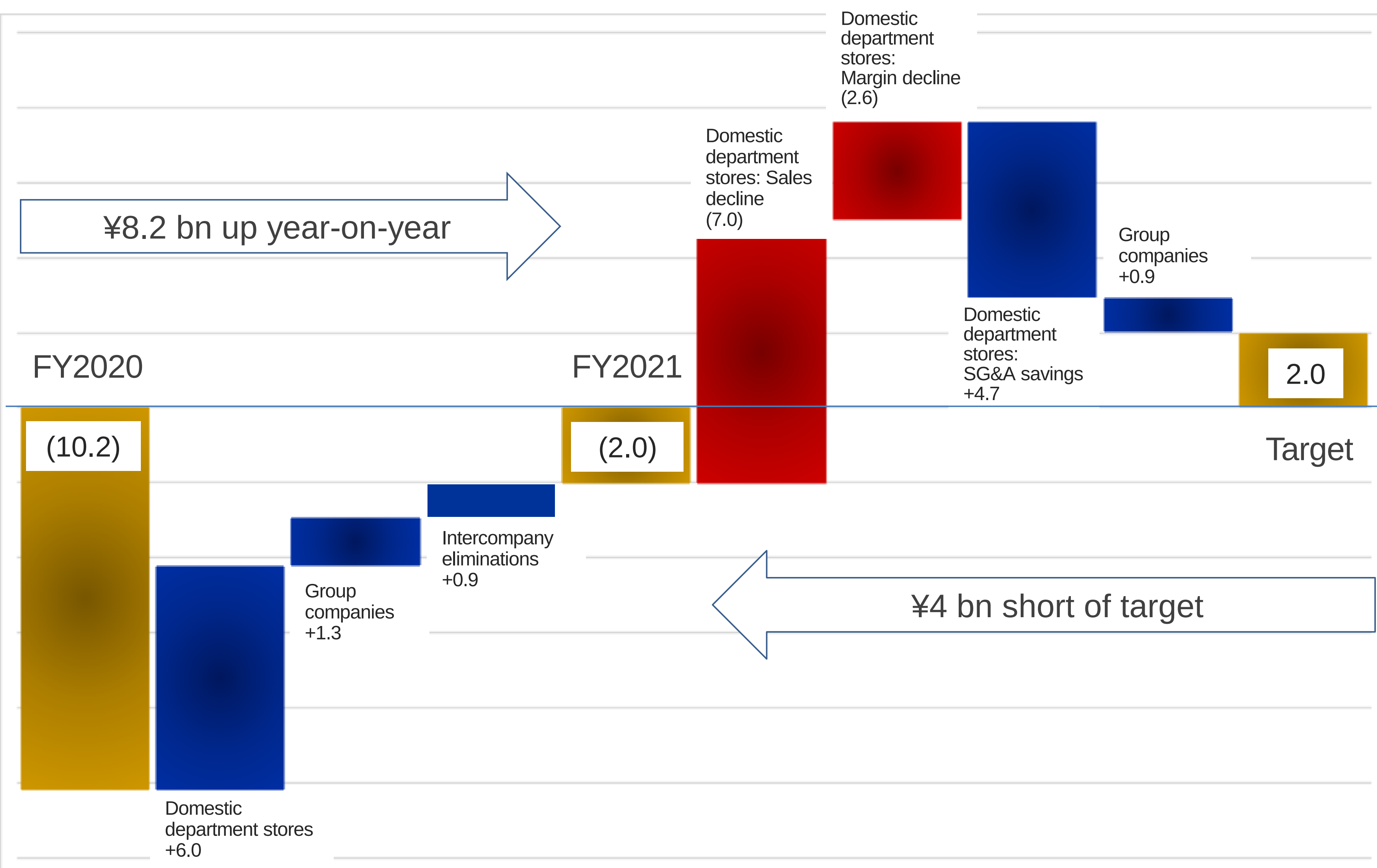
- Earnings significantly rebounded from same period last year, when COVID impact felt
- Missed targets for op. revenue and profit indicators, partly due to unexpected temporary closures
- Made headway in cost-optimization program—SG&A expenses were lighter than expected

(billion JPY)	1st half	YOY change	Change from same period of FY2019	Change from forecast	Extr. loss impact		
					Rebound from FY2020	FY2021 conversion	Difference from FY2020
Operating revenue	347.2	+16.8%	(23.4%)	(8.3%)			
SG&A expenses	110.3	+7.1	(18.2)	(6.6)	+10.3	(2.0)	+8.3
Operrating income	(2.0)	+8.2	(15.4)	(4.0)			
Ordinary income	(0.6)	+10.4	(13.2)	(2.6)			
Profit attributable to owners of parent	(4.4)	+18.9	(16.8)	(7.9)			

Change from forecast: Change from forecast announced on April 12, 2021

2. Consolidated Performance: Factors of Change in Op. Income

(billion JPY)



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3. Performance of Domestic Department Store Segment

- Performance rebounded from same period last year, when stores were closed; however, we missed targets, partly due to further stores closures
- Gross margin ratio maintained downward trend amid poor clothing sales
- SG&A expenses rose amid recovery from COVID, but much less than feared

(billion JPY)	1st half	YOY change	Change from same period of FY2019	Change from forecast	Extr. loss impact		
					Rebound from FY2020	FY2021 conversion	Difference from FY2020
Operating revenue	296.6	+19.3%	(22.4%)	(9.2%)			
Sales	289.8	+19.8%	(22.7%)	(9.4%)			
Gross margin ratio	22.39%	(0.28)	(1.36)	(0.90)			
SG&A expenses	78.5	+4.2	(15.1)	(4.7)	+7.8	(2.0)	+5.8
Operating income	(6.8)	+6.0	(9.6)	(4.9)			

Change from forecast: Change from forecast announced on April 12, 2021

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3. Performance of Domestic Department Store Segment: SG&A Expenses

- SG&A expenses rose year-on-year because of less write-off as extraordinary loss and higher variable costs
- In real terms (if no extraordinary loss), SG&A expenses declined ¥4.8 bn year-on-year
- SG&A expenses were ¥4.7 bn lighter than expected, denoting a further saving of 1 bn in real terms

			Breakdown of YOY change							Breakdown of change from forecast			
			Extr. loss impact		Change in expense impact of store closures								
(billion JPY)	1st half	YOY change	Rebound from FY2020	FY2021 conversion	Rebound from FY2020	FY2021 reduction	Higher variable costs	Cost-optimization	Change from forecast	Extr. loss impact	Change in expense impact of store closures	Higher variable costs	Additional saving
Personnel related expenses	25.7	+1.1	3.2	(0.7)	0.4	(0.2)		(1.6)	(1.6)	(0.7)	(0.2)		(0.7)
Advertising expenses	9.0	+1.7	0.2		1.4	(0.8)	1.4	(0.5)	(0.7)	0.0	(0.8)	0.4	(0.3)
G&A expenses	30.6	+0.5	2.2	(0.6)	1.0	(0.6)	0.9	(2.4)	(1.0)	(0.6)	(0.6)		0.2
Rent and tax expenses	13.2	+0.9	2.2	(0.7)	0.3	(0.5)		(0.3)	(1.4)	(0.7)	(0.5)		(0.2)
Total	78.5	+4.2	7.8	(2.0)	3.1	(2.1)	2.3	(4.8)	(4.7)	(2.0)	(2.1)	0.4	(1.0)
			5.8 Increase		1.0 Increase								

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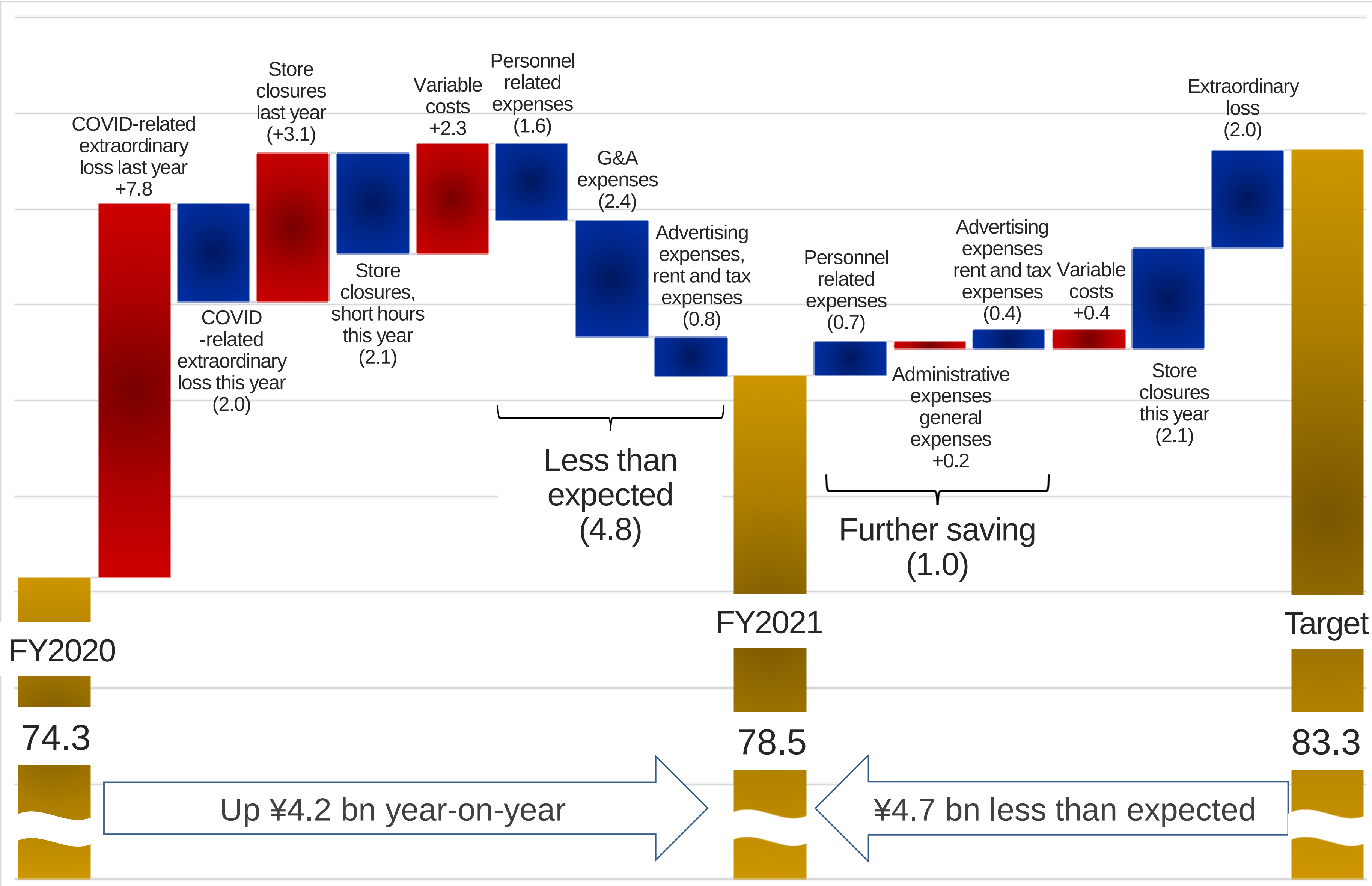
3. Performance of Domestic Department Store Segment: Factors of Change in SG&A Expenses



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4. Performance of Key Subsidiaries: Domestic Group Businesses

- Toshin Development, TFP: Earnings rebounded from last year's COVID impact
- Both subsidiaries posted better-than-expected op. income, thanks to savings in SG&A
- TSC: COVID continued to undercut earnings, but target met

(billion JPY)	Operating revenue	YOY change Change from same period of FY2019	Change from forecast	Operating income	YOY change Change from same period of FY2019	Change from forecast
Toshin Development Co., Ltd.	19.9	+6.3% (10.6%)	(4.9%)	2.2	+0.1 (1.1)	+0.2
Takashimaya Financial Partners co., Ltd. (TFP)	9.9	+4.2% (6.9%)	(4.4%)	2.2	+0.1 (0.4)	+0.2
Takashimaya Space Create Co., Ltd. (TSC)	9.4	(27.0%) (49.0%)	+16.4%	(0.1)	(0.0) (0.9)	+0.5

Change from initial forecast: Change from forecast announced on April 12, 2021

5. Performance of Key Subsidiaries: Overseas Businesses (Jan–Jun)

- In all subsidiaries, revenue significantly rebounded relative to last year's COVID-related store closures
- Three subsidiaries missed their targets amid COVID resurgence in ASEAN
- Shanghai store, largely insulated from COVID impact, exceeded target and result for same period of FY2019

(billion JPY)	Operating revenue	YOY change Change from same period of FY2019	Change from forecast	Operating income	YOY change Change from same period of FY2019	Change from forecast
Takashimaya Singapore Ltd.	5.9	+47.8% (28.4%)	(10.5%)	0.4	(0.2) (1.8)	(0.1)
Toshin Development Singapore Pte, Ltd.	3.8	+39.6% (15.0%)	+9.3%	1.0	+0.1 (0.6)	+0.2
Shanghai Takashimaya Co., Ltd.	1.5	+37.1% (7.3%)	+15.1%	0.2	+0.3 +0.1	+0.1
Takashimaya Vietnam Co., Ltd.	0.8	+16.4% (12.5%)	(15.7%)	0.1	+0.0 +0.0	(0.1)
Siam Takashimaya (Thailand) Co., Ltd.	0.7	+47.5% (15.6%)	(31.1%)	(0.5)	(0.0) (0.0)	(0.1)

Exchange rate: 1SGD=81.34JPY 1CNY=16.75JPY 1VND=0.0046JPY 1THB＝3.50JPY

Change from initial forecast: Change from forecast announced on April 12, 2021

Ⅱ Forecasts for FY Ending Feb 2022 (FY2021)

1. Consolidated Cost and Revenue Forecasts (Revised)
2. Forecasts for Domestic Department Stores
3. Forecasts for Key Subsidiaries

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1. Consolidated Cost and Revenue Forecasts

- Forecasts revised in view of protracted COVID impact
- Year-on-year increase in revenue and income forecasted in view of rebound from last year's COVID impact
- We expect to return to profit with rebuilding of domestic department stores business and recovery in revenue base across group

(billion JPY)	Full-year forecast	YOY change	Change from same period of FY2019	Change from initial forecast	1st half result	YOY change	2nd half forecast	YOY change
Operating revenue	764.0	+12.2%	(16.9%)	(5.9%)	347.2	+16.8%	416.8	+8.7%
SG&A expenses	230.7	+7.9	(29.5)	(8.3)	110.3	+7.1	120.3	+0.8
Operating income	6.0	+19.5	(19.6)	(7.0)	(2.0)	+8.2	8.0	+11.3
Ordinary income	6.0	+19.6	(17.2)	(6.0)	(0.6)	+10.4	6.6	+9.3
Profit attributable to owners of parent	2.3	+36.3	(13.7)	(7.7)	(4.4)	+18.9	6.7	+17.4

Change from initial forecast: Change from forecast announced on April 12, 2021

2. Forecasts for Domestic Department Stores

- Despite progress in cost-optimization program, forecasts revised downward in view of poor operating revenue
- Year-on-year increase in revenue and income forecasted in view of rebound from last year's COVID impact
- SG&A expenses to increase year-on-year due to special factor, but will decrease in real terms

(billion JPY)	Full-year forecast	YOY change	Change from same period of FY2019	Change from initial forecast	1st half result	YOY change	2nd half forecast	YOY change
Operating revenue	661.0	+13.6%	(14.7%)	(5.4%)	296.6	+19.3%	364.4	+9.3%
Sales	647.2	+13.8%	(14.9%)	(5.5%)	289.8	+19.8%	357.4	+9.3%
Gross margin ratio	22.69%	+0.07	(0.94)	(0.42)	22.39%	(0.28)	22.94%	+0.35
SG&A expenses	164.7	+2.6	(25.6)	(5.6)	78.5	+4.2	86.2	(1.6)
Operating income	(4.0)	+16.2	(8.2)	(6.0)	(6.8)	+6.0	2.8	+10.2

Change from initial forecast: Change from forecast announced on April 12, 2021

2. SG&A Expenses Forecasts for Domestic Department Stores

- Year-on-year increase of ¥2.6 bn expected, but in real terms this constitutes ¥8.9 bn saving
- Cost-optimization program to add ¥1 bn in savings on top of ¥ 7.9 bn of savings initially forecasted
- Savings to be generated by insourcing and better management of assignments

(billion JPY)	Full-year forecast	YOY change	Breakdown of YOY change: Extr. loss impact – Rebound from FY2020	Breakdown of YOY change: Extr. loss impact – FY2021 conversion	Breakdown of YOY change: Change in expense impact of store closures – Rebound from FY2020	Breakdown of YOY change: Change in expense impact of store closures – FY2021 reduction	Breakdown of YOY change: Higher variable costs	Breakdown of YOY change: Cost-optimization	Cost-optimization: 1st half result	Cost-optimization: 2nd half forecast
Personnel related expenses	53.7	+0.2	3.2	(0.7)	0.4	(0.2)		(2.5)	(1.6)	(1.0)
Advertising expenses	20.8	+3.6	0.2		1.4	(0.8)	3.4	(0.6)	(0.5)	0.0
G&A expenses	62.6	(2.3)	2.2	(0.6)	1.0	(0.6)	1.2	(5.5)	(2.4)	(3.1)
Rent and tax expenses	27.6	+1.0	2.2	(0.7)	0.3	(0.5)		(0.3)	(0.3)	(0.1)
Total	164.7	+2.6	7.8	(2.0)	3.1	(2.1)	4.6	(8.9)	(4.8)	(4.2)

11.4 Increase

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3. Forecasts for Key Subsidiaries: Domestic Subsidiaries

- Toshin Development, TFP: Higher earnings forecasted amid recovery from COVID impact
- For both subsidiaries, op. income declined year-on-year, but H2 forecast upgraded
- TSC: Will see further decline in revenue amid COVID impact, but earnings will increase thanks to savings in SG&A

(billion JPY)	Operating revenue	YOY change Change from same period of FY2019	Change from initial forecast	Operating income	YOY change Change from same period of FY2019	Change from initial forecast	Operating income: 1st half result	Operating income: 2nd half forecast
Toshin Development Co., Ltd.	41.6	+5.8% (7.3%)	(2.4%)	4.5	(0.1) (2.3)	+0.2	2.2	2.3
Takashimaya Financial partners co., Ltd. (TFP)	20.6	+5.0% (5.3%)	(3.9%)	4.2	(0.0) (0.7)	+0.1	2.2	2.1
Takashimaya Space Create Co., Ltd. (TSC)	19.9	(0.1%) (46.2%)	(9.8%)	0.0	+1.0 (1.8)	+0.0	(0.1)	0.1

Change from initial forecast: Change from forecast announced on April 12, 2021

3. Forecasts for Key Subsidiaries: Overseas Subsidiaries (Jan–Dec)

- Singapore: Forecast downgraded amid prolonged COVID impact
- Shanghai: Forecast upgraded amid demand recovery and expanded merchandise
- Vietnam, Thailand: Earnings decline forecasted amid expanding COVID impact

							Operating income	
(billion JPY)	Operating revenue	YOY change Change from same period of FY2019	Change from initial forecast	Operating income	YOY change Change from same period of FY2019	Change from initial forecast	1st half result	2nd half forecast
Takashimaya Singapore Ltd.	13.2	+28.4% (22.3%)	(4.9%)	1.7	+0.2 (3.0)	(0.1)	0.4	1.3
Toshin Development Singapore Pte, Ltd.	7.4	+35.3% (15.8%)	+4.6%	1.7	+0.8 (1.4)	0.1	1.0	0.7
Shanghai Takashimaya Co., Ltd.	3.1	+30.3% (0.4%)	+12.4%	0.4	+0.4 +0.3	0.1	0.2	0.2
Takashimaya Vietnam Co., Ltd.	1.7	(3.4%) (16.1%)	(21.1%)	0.1	(0.1) (0.0)	(0.2)	0.1	(0.0)
Siam Takashimaya (Thailand) Co., Ltd.	1.7	+46.9% +5.2%	(14.7%)	(0.8)	+0.1 +0.2	(0.1)	(0.5)	(0.3)

Exchange rate: 1SGD=81.34JPY 1CNY=16.75JPY 1VND=0.0046JPY 1THB＝3.50JPY

Change from initial forecast: Change from forecast announced on April 12, 2021

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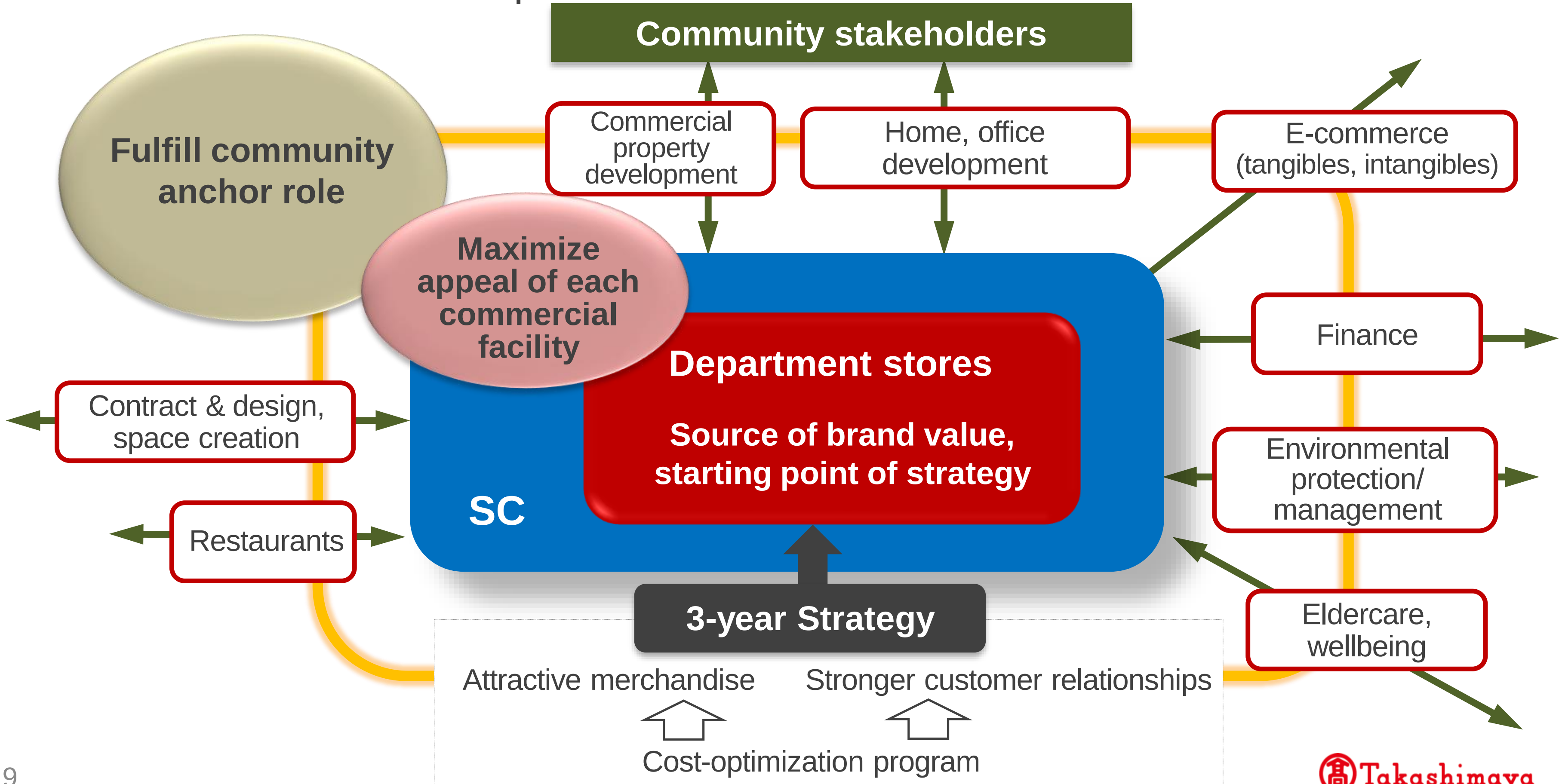
Ⅲ Strategy for Each Business

1. Group-wide Machi-dukuri Strategy
2. Domestic Department Stores
3. Commercial Property Development
4. Overseas Department Stores
5. E-commerce
6. Restaurant Business

1-(1). Machi-dukuri

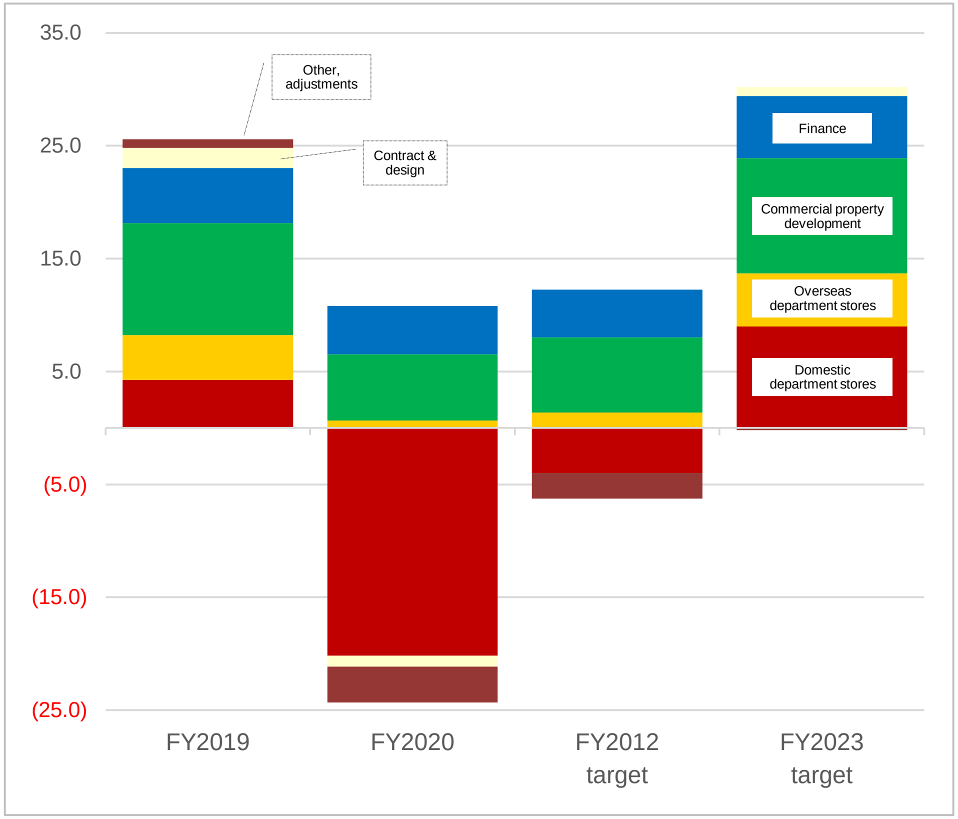
- With department stores at core, we expand into growing sectors to achieve sustained growth
- Top priority is to revive department stores, the source of Takashimaya's brand value
- Savings from cost-optimization program will be reinvested in merchandising and customer relationships



1-(2). 3-Year Strategy

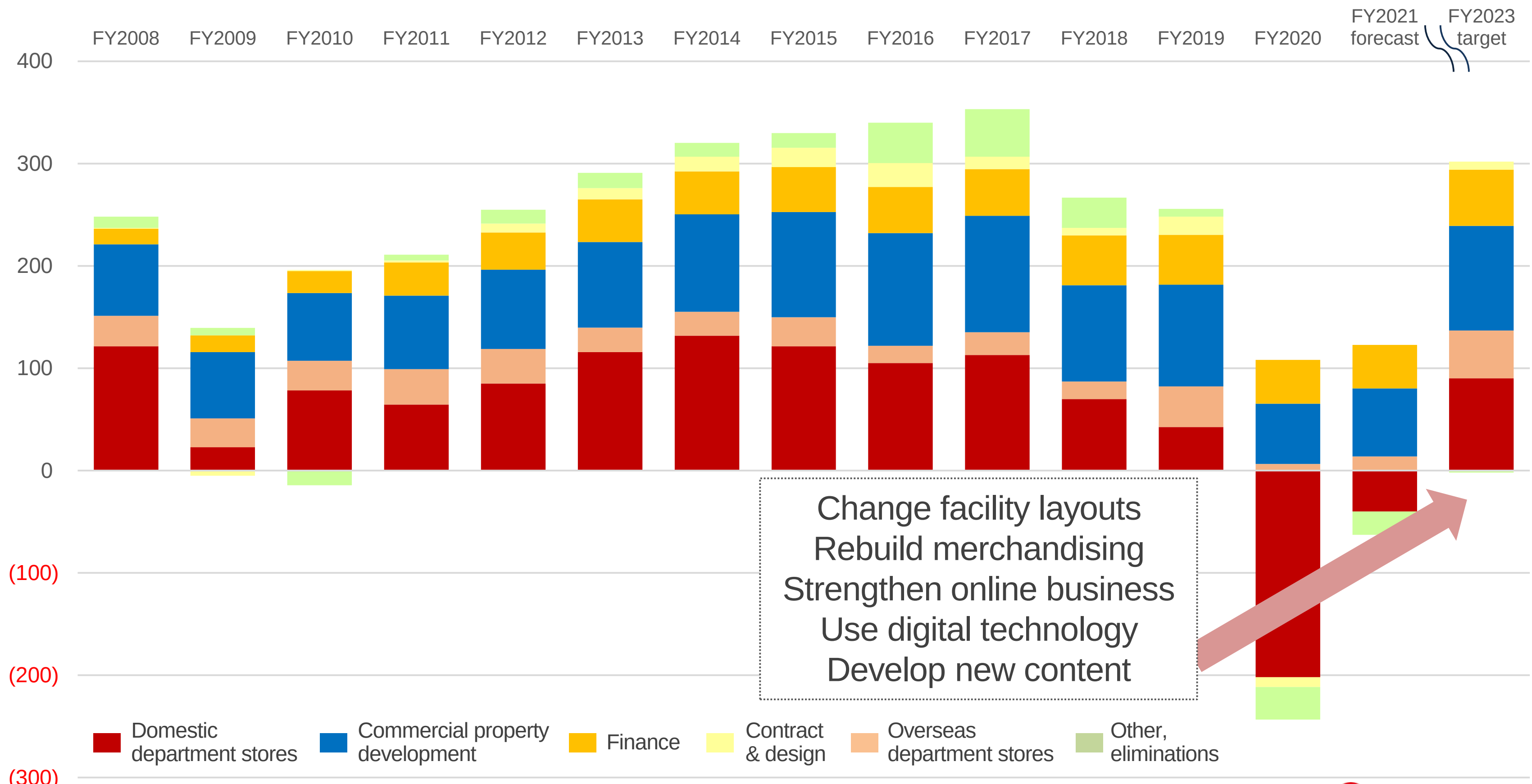
- Domestic department stores: Revive business through a cost-optimization program
- Commercial property development: Pursue hub development and business development in Japan and overseas
- Overseas department stores: Actively capture local growth opportunities

(billion JPY)	FY2019	FY2020	FY2021 target	FY2023 target
Domestic department stores	4.2	(20.2)	(4.0)	9.0
Overseas department stores	4.0	0.7	1.4	4.7
Commercial property development	9.9	5.9	6.6	10.2
Finance	4.9	4.3	4.2	5.5
Contract & design	1.8	(1.0)	0.0	0.8
Other, adjustments	0.8	(3.2)	(2.3)	(0.2)
Total	25.6	(13.5)	6.0	30.0



2-(1). Improve Store Earning Power

- Group-wide synergy will offset poor earnings as we work to revive the business
- Steady income to come from commercial property development and finance
- Cost-optimization program will accompany efforts to improve store earning power



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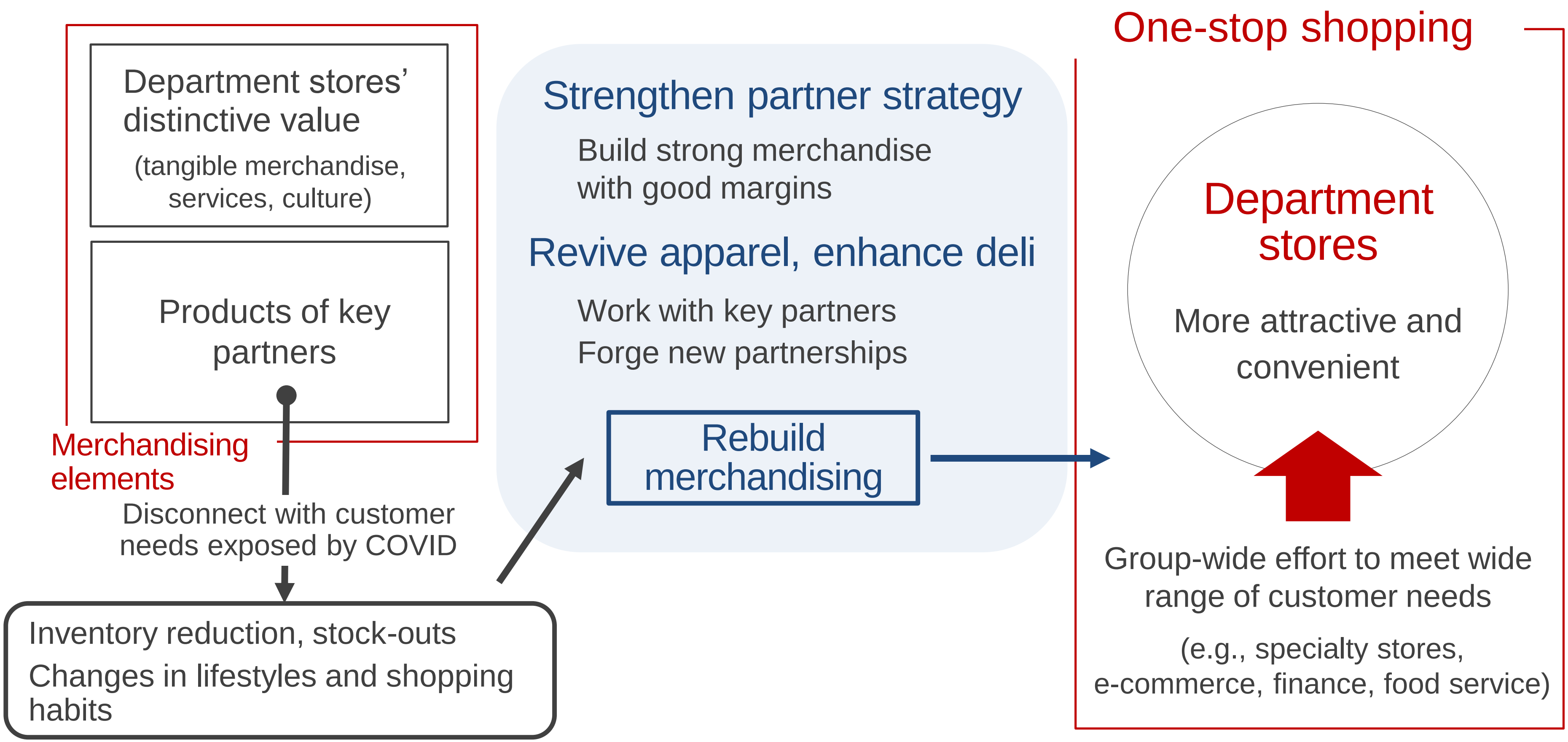
2-(2). Rebuild Merchandising

- Work with key partners to build strong merchandise with good margins
- Respond to lifestyle changes with upstream product management and new partnerships
- Make entire store more attractive by reviving apparel and enhancing deli

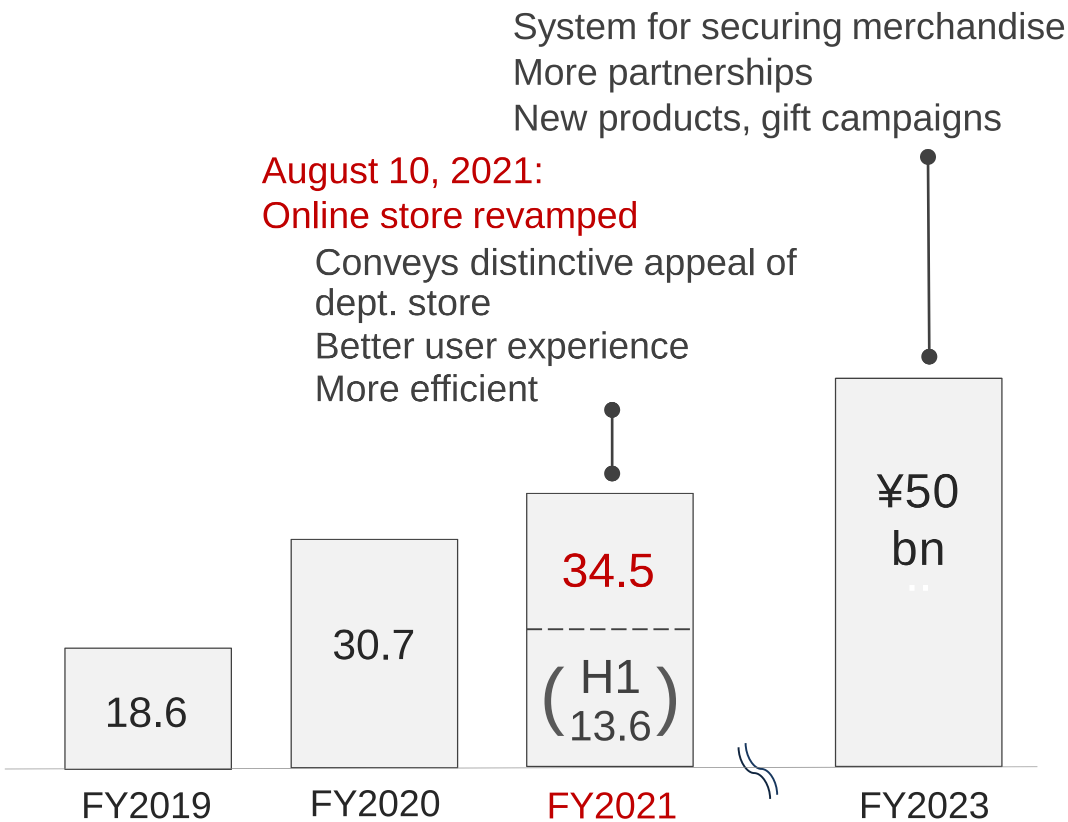


2-(3). Strengthen Online Business

Domestic department stores

- Aim for ¥34.5 bn in sales this year, with a view to achieving ¥50 bn in FY2023
- H1 sales up 3.3% year-on-year—growth rate slowed relative to previous year's boom
- Following website revamp, sales and no. of purchases surged in

Self-consumption sales



Post-revamp performance (September)

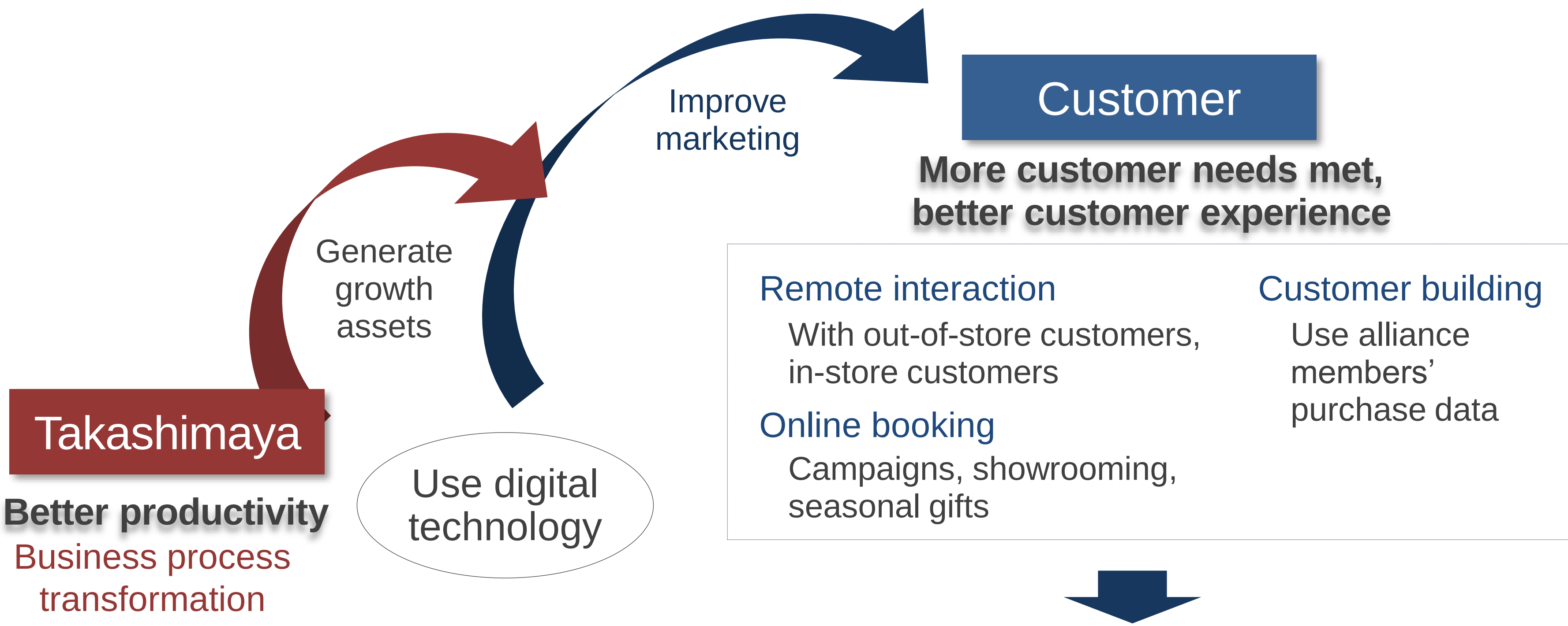
Total sales **+33%**

No. of purchases **+22%**
Better recommendation system

Self-consumption sales **+51%**
Better suggestive selling

2-(4). Improve Digital Marketing

- Use digital technology to generate growth assets and improve marketing
- Improve customer experience by remote interaction, online booking, and alliance analytics
- In 2nd half, continue exploring ways to improve customer experience



2nd half Explore ways to improve customer experience (e.g., product reservation system, product delivery, showrooming)

2-(5). Develop New Content

- In October, Takashimaya, TD established joint venture with CCC
- The joint venture sells artworks supplied by CCC to our out-of-store customers
- Mulling plan to open Tsutaya store in our commercial facilities

Partnership with Culture Convenience Club: Purpose, mutual strength

CCC

Stake

66.6%

Entertainment

Data marketing

Platform planning

Tsutaya

TTC Lifestyle

Sells art through partners' sales channels

Works with stores offering lifestyle content

Takashimaya

10.0%

TD

23.4%

Customer base (out-of-store sales channel)

Commercial facilities (department stores, shopping centers)

Creates, packages, and shares culture

Mutual strength: Sharing culture

Group-wide Machi-dukuri Strategy

3-(1). Japan: Hub Development

- Nagareyama to follow Tamagawa as hub for Machi-dukuri Strategy
- Generate community buzz with Flaps and community activities
- Two more commercial facilities will be built to further enhance the community's amenities

Generate community buzz

Opened Mar 2021: FLAPS

Community

New workplace

Opening autumn 2021: AZALEA TERRACE

Better daily life

Opening summer 2022: ANNEX2

As part of SDG contribution, all facilities will be powered by renewables

Build community foundations × **Work toward sustainable community**

<u>Domestic retail businesses</u>

Expenditure: **¥30 bn (FY2021-2023)**

Operating income: **20-year average of ¥900 m (FY2023: ¥500 m)**

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3-(2). Japan: Asset Diversification

- Diversify business portfolio by expanding into non-retail markets
- Penetrate stable housing market to fortify revenue base
- Office building next to Nihombashi Takashimaya Shopping Center to improve area's value

Housing market

Completed July: T-FLAT Kugayama (residential rental property)

We plan to acquire more residential properties this year

Office market

To be completed December: Nihombashi San-chome Square (office building)

Domestic non-retail businesses

Expenditure: ¥2.2 bn (FY2021-2023)

Operating income: 20-year average of ¥700 m (FY2023: ¥400 m)

- Vietnam, with its rapid growth, serves as base for business expansion
- Forge local alliances to penetrate sectors with bright growth prospects
- Engage in multipurpose developments, leveraging Takashimaya's brand

Penetrate growing sectors
(schooling, restaurants, wellness)

Opened Feb 2021:
THE DEWEY SCHOOLS

Engage in multipurpose developments

2024: Phase 1 of Starlake Project

2022: Lancaster Luminaire

<u>Overseas businesses</u>

Expenditure: ¥3.8 bn (FY2021-2023)
Profit/Return: 20-year average of ¥4 bn (FY2023: ¥800 m)

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4-(1). Situation Facing Each Overseas Business

- Singapore: Restrictions eased amid progress in vaccine rollout
- Shanghai: COVID impact minimal, no business restrictions in H1
- Vietnam, Thailand: Phased easing following long period of COVID-related restrictions

Store	Key restrictions	Local situation
Takashimaya Singapore Ltd.	8/12: Return to normal business hours 9/27: Dining-in groups limited to 2 (both diners must be vaccinated)	Over 80% of population double-vaxxed
Toshin Development Singapore Pte, Ltd.	5/16: Business hours limit maintained in some locations 9/27: Dining-in groups limited to 2 (both diners must be vaccinated)	
Shanghai Takashimaya Co., Ltd.	–	Shanghai's daily infection rate low
Takashimaya Vietnam Co., Ltd.	7/5: Whole store closed 10/6: Some sales spaces reopened with reduced hours	Over 60% of Ho Chi Minh City's population double-vaxxed
Siam Takashimaya (Thailand) Co., Ltd.	7/12: Sales spaces reopened with reduced hours on GF and UGF 9/1: All floors allowed to reopen (business hours limit maintained)	20% of population double-jabbed

4-(2). Outlook for Each Overseas Business

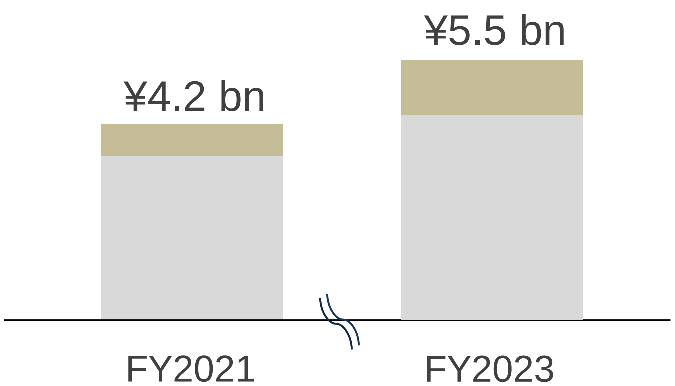
- Singapore: Store to increase sales by capturing local demand and cutting expenses
- Shanghai: Store to rebuild merchandise and optimize expenses to return to profit
- Vietnam, Thailand: Stores to maximize profits amid business restrictions

(billion JPY)	Annual target for operating income	Key actions
Takashimaya Singapore Ltd.	**1.7** YOY +0.2	Formulate sales strategy to cope with reduced footfall Develop strategy to increase sales among card members Leverage website and online store Use digital technology to improve productivity amid pandemic
Toshin Development Singapore Pte, Ltd.	**1.7** YOY +0.8	
Shanghai Takashimaya Co., Ltd.	**0.4** YOY +0.4	Rebuild merchandise to differentiate store Establish scheme for low-cost operation
Takashimaya Vietnam Co., Ltd.	**0.1** YOY (0.1)	Formulate sales strategy to capture growing market Change floor concepts, attract regular customers, expand sales channels
Siam Takashimaya (Thailand) Co., Ltd.	**(0.8)** YOY +0.1	Capitalize on railway (completed Dec 2020) Develop post-COVID merchandise, change floor layouts

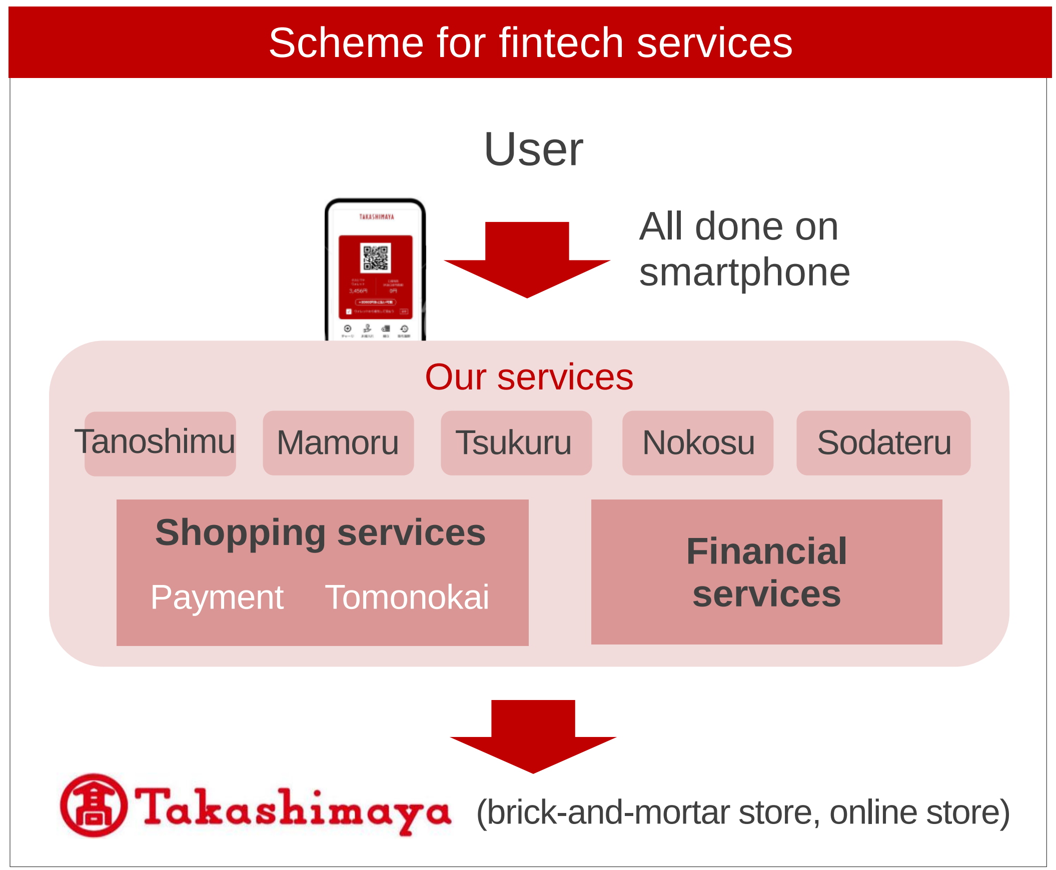
5. FinTech Services

- Aim for ¥4.2 bn in sales this year, with a view to achieving ¥5.5 bn in FY2023
- Use revamped e-commerce website to expand card membership
- Consider how to improve fintech services

Operating income target



The finance businesses also includes:
Insurance business, financial counter business, other financial businesses



6. Growth Strategy for Restaurant Business

- In July, famed London restaurant Lina Stores opened location in Omotesando
- 20 more openings planned over next 5 years, design of each store to match location
- With Lina Stores as a second earner next to Din Tai Fung, RT Corporation expects operating income of ¥1 bn in FY2023

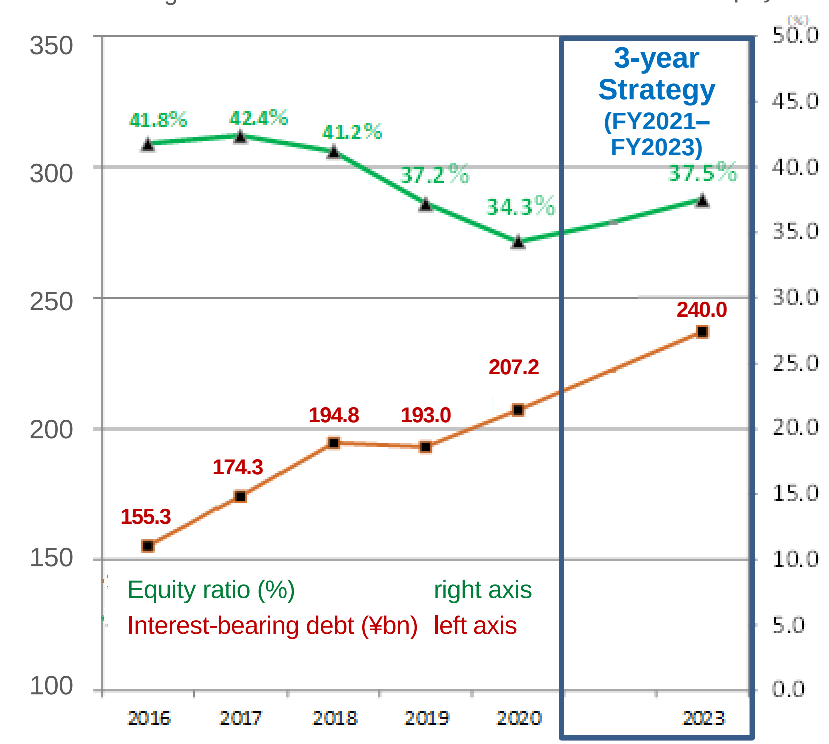
Lina Stores, an Italian restaurant and deli based in Soho, London, opened its first Japanese flagship store in Omotesando, Tokyo. The new store is operated by RT Corporation.

Ⅳ Capital Strategy

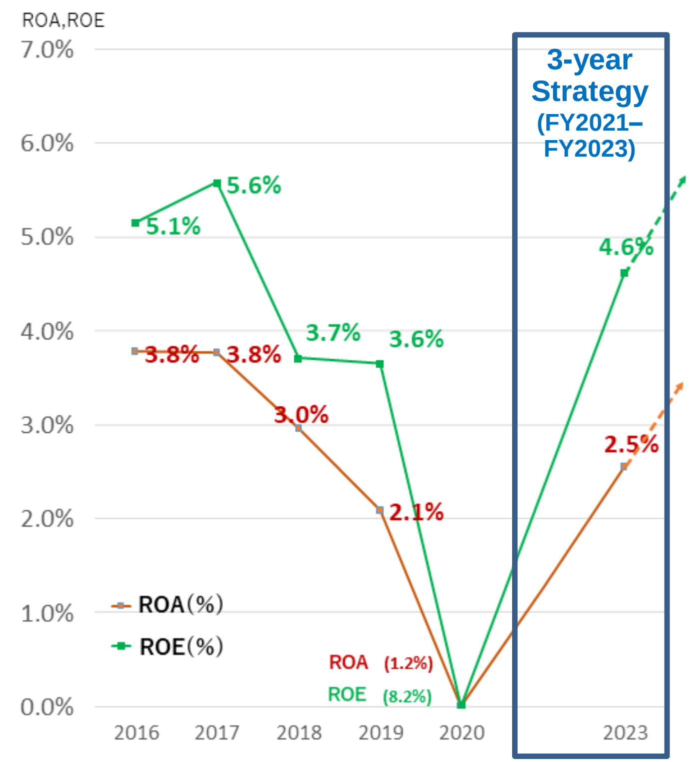
- Keep interest-bearing debt under ¥240 bn. Raise equity ratio to 37.5%.
- Raise ROE above 4.6% in FY2023 (above pre-COVID level). ROA to recover after FY2024
- Maintain stable shareholder returns (FY2021 annual dividend: ¥24)

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

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

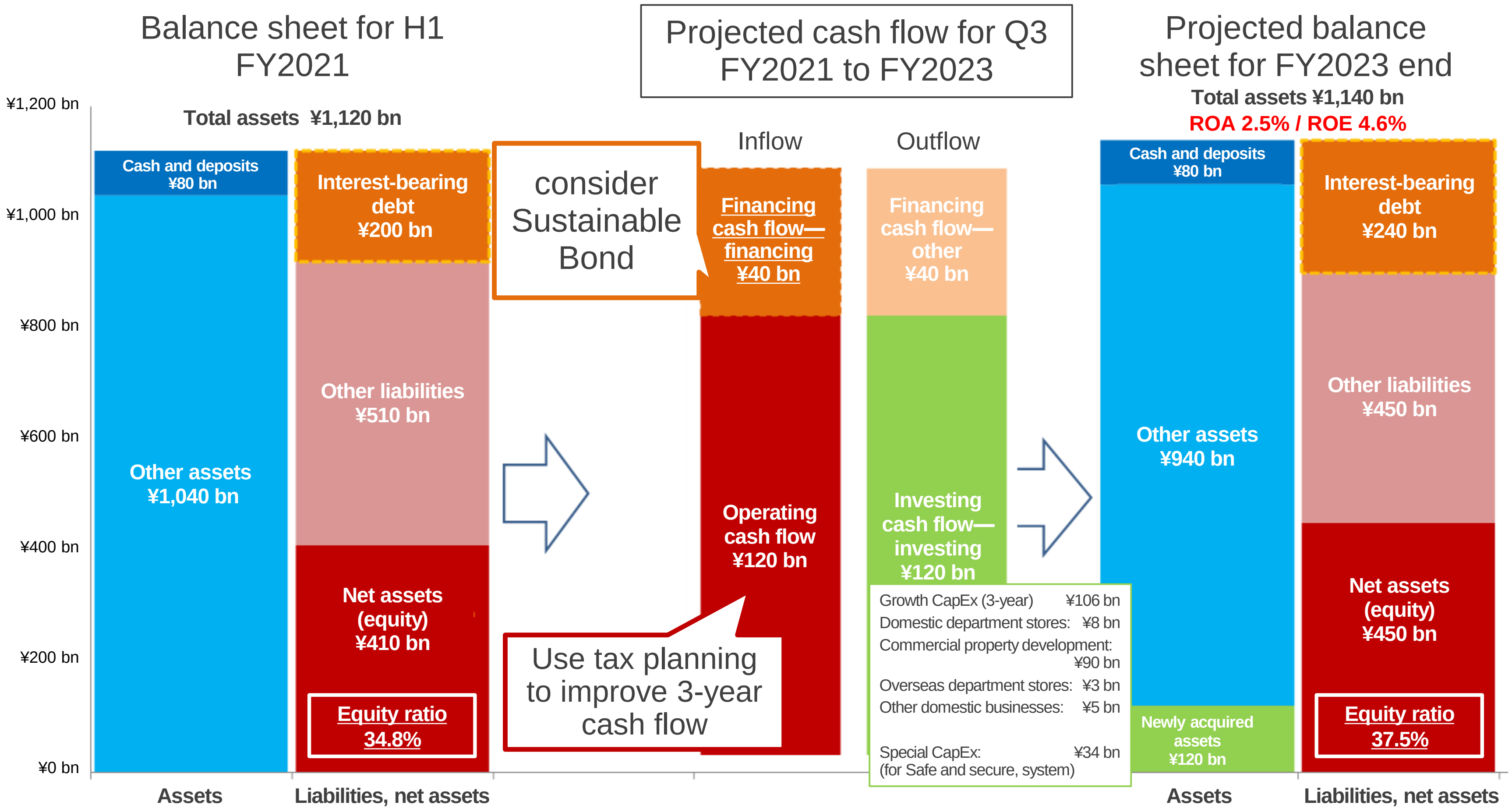


(2) Profitability indicators (ROE, ROA)



How financial goals will be achieved

- Develop effective funding strategy, keeping interest-bearing debt under ¥240 bn
- Borrow additional funds for sustainable finance, which investors appreciate
- Use tax planning to improve three-year cash flow and equity capital



Takashimaya

V ESG Strategy

1. Action for Material ESG Issues
2. ESG Vision

1. Action for Material ESG Issues

- Group-wide ESG strategy developed for balancing business growth with action on social/environmental issues
- Switched to renewables ahead of schedule
- Depart de Loop, a sustainable/circular business with customer participation, began operations

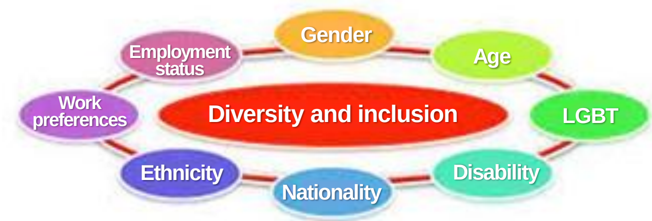
Omiya Store switched to renewables ahead of schedule

More charging stations for electric cars

Nagareyama Otakanomori Shopping Center entered partnership with Nagareyama City

Depart de Loop, a sustainable/circular business with customer participation, began operations

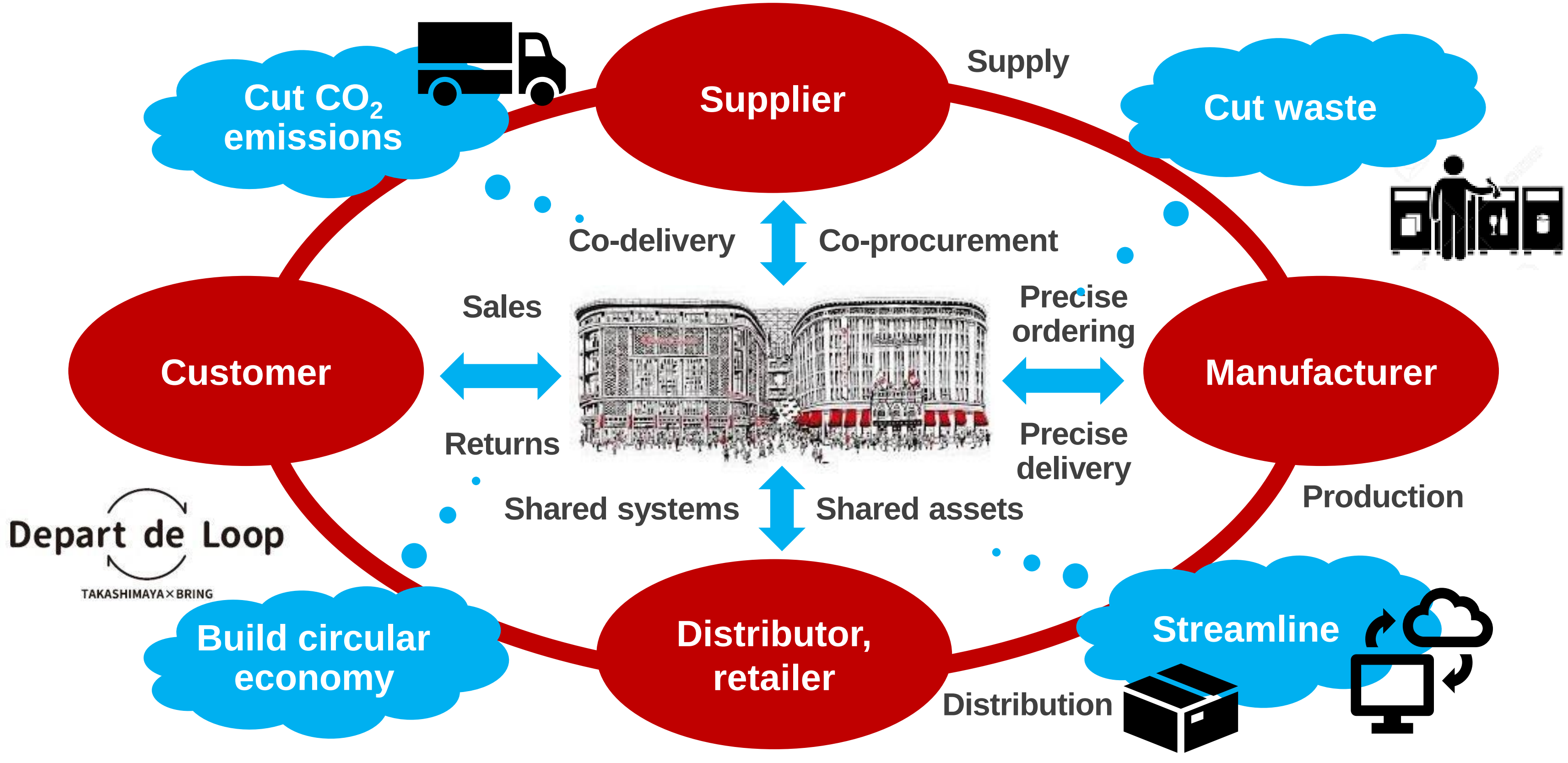
Frozen bread sales launched to reduce food loss



Better support for work-life balance
System of leave for personal reasons
Employee hotline

2. ESG Vision (long-term)

- ESG strategy to facilitate shift to sustainable business model
- Lead sustainability efforts throughout supply chain with better supply chain management
- End wasteful practices typical of industry to unlock more earning capacity



Takashimaya

Summary of Strategy

1st half

Kansai and Kanto languished under a state (or quasi sate) of emergency for all but 20 days of the March–August period. In August, infections surged.

Our commercial facilities had to close, and our retail partners had to reduce retail space or withdraw

Department store business failed to return to profit as initially forecasted, although other group business performed well
Consolidated operating loss of 2 billion
Full-year forecast downgraded

2nd half

Push further in cost-optimization to return department stores to profit

Revive department stores by making merchandise, online business, and services more customer-oriented

Restore group companies' earning capacity

Achieve FY2021 target for consolidated operating income: 6 billion
Meet stakeholders' expectations

Customer

Employees
Job security
Job satisfaction
Better employee welfare

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Community
Next-gen shopping centers
Machi-dukuri
ESG investing

Partners
Collaboration in retail space and product development
Support for better productivity and job retention

Sustainable growth post COVID
Stable profits
Shareholder returns