Financial Results for the Fiscal Year Ended February 28, 2022 (FY2021)

April 11, 2022

Takashimaya Co., Ltd.

Agenda

I. Financial Results for FY Ended Feb 2022 (FY2021)

II. Forecasts for FY Ending Feb 2023

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

IV. ESG Strategy

V. Capital Strategy

Ⅰ Financial Results for FY Ended Feb 2022 (FY2021)

1. FY2021 in Review
2. Consolidated Performance
3. Performance of Domestic Department Store Segment
4. Performance of Key Subsidiaries

1. FY2021 in Review

– Goal –

Rebuild department store business to strengthen revenue base

Provide attractive merchandise, cultivate customer relationships, strengthen entrepreneurial ability, proceed with a bold group-wide program of cost optimization

– How did we do? –

○ Ongoing Covid impact (national and local states of emergency)

→ Mar–Aug: Only 20 business days with no restrictions. **Covid persisted thereafter, with intermittent lulls.**

○ **Operating revenue from domestic department stores:** ¥656.4 billion, 0.7% less than target. Operating income: ¥3.2 billion under target

→ Restrictions hampered merchandising and customer strategies.
However, stores performed well in out-of-store sales (+17.7% YoY) and in high-ticket items (+33.6% YoY).
Sales to middle-income consumers and apparel sales remain a concern.

○ **Consolidated operating income:** ¥4.1 billion, just ¥1.9 billion under target thanks to strong performance of group companies.

→ **We made headway in strengthening entrepreneurial ability**

○ **We made headway in cost-optimization program for domestic department stores,** saving ¥9.6 billion.

→ Bulk of the savings were generated by insourcing production. **Must do more to stabilize revenue.**

○ **Net income:** Better than expected thanks to increase in deferred tax assets after we were approved for a tax incentive (see p. 46)

2. Consolidated Performance

- ✓ Earnings improved significantly with rebound from previous year's Covid impact.
- ✓ However, operating revenue and operating income fell short of targets because of Omicron.
- ✓ Net income far surpassed target because we were approved for a tax incentive under the Industrial Competitiveness Enhancement Act.

(billion JPY)	Full-year result	YOY change	Change from FY2019	Deviation from forecast*	H1 Mar-Aug	YOY change	H2 Sep-Feb	YOY change
Operating revenue	761.1	+11.8%	(17.2%)	(0.4%)	347.2	+16.8%	413.9	+7.9%
SG&A expenses	229.0	+6.3	(31.1)	(1.6)	110.3	+7.1	118.7	(0.9)
Operating income	4.1	+17.6	(21.5)	(1.9)	(2.0)	+8.2	6.1	+9.4
Ordinary income	6.9	+20.5	(16.3)	+0.9	(0.6)	+10.4	7.5	+10.2
Profit attributable to owners of parent	5.4	+39.3	(10.7)	+3.1	(4.4)	+18.9	9.7	+20.4

*"Forecast" = As announced on October 14, 2021

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3.1 Performance of Domestic Department Store Segment

- ✓ Revenue and income rebounded from store closures last year, but fell short of target amid Omicron impact.
- ✓ SG&A expenses were slightly above target because of a rise in variable costs.
- ✓ Q4 operating income reached ¥1.6 billion, marking first positive income in nine negative quarters.

(billion JPY)	Full-year result	YOY change	Change from FY2019	Deviation from forecast*	H1 Mar-Aug	YOY change	H2 Sep-Feb	YOY change
Operating revenue	**656.4**	+12.8%	(15.3%)	(0.7%)	**296.6**	+19.3%	**359.8**	+7.9%
Sales	**642.4**	+13.0%	(15.5%)	(0.7%)	**289.8**	+19.8%	**352.7**	+7.9%
Gross profit margin	22.38%	(0.24)	(1.25)	(0.31)	22.39%	(0.28)	22.37%	(0.22)
SG&A expenses	**165.0**	+2.8	(25.3)	+0.3	**78.5**	+4.2	**86.4**	(1.4)
Operating income	**(7.2)**	+12.9	(11.5)	(3.2)	**(6.8)**	+6.0	**(0.4)**	+7.0

*"Forecast" = As announced on October 14, 2021

3.2 SG&A Expenses in the Domestic Department Store Segment

- ✓ SG&A expenses were heavier than last year as we wrote of less expenses as Covid-related extraordinary losses and recorded higher variable costs.
- ✓ In real terms (excluding Covid-related extraordinary losses), SG&A expenses were ¥9.6 billion lighter than last year.
- ✓ This means we saved ¥1.7 billion more than our target (as announced in April 2021) of ¥7.9 billion.

			Breakdown of YOY change									Cost-optimization program	
(billion JPY)	Result	YOY change	Rebound from FY2020	FY2021 conversion	Rebound from FY2020	FY2021 reduction	Higher variable costs	LP exp. Change	Cost-optimization	Change from FY2019	Deviation from forecast	H1	H2
Personnel related expenses	52.8	(0.7)	+3.2	(0.7)	+0.4	(0.2)			(3.4)	(7.5)	(0.9)	(1.6)	(1.9)
Advertising expenses	21.4	+4.3	+0.2	(0.0)	+1.4	(0.8)	+2.3	+1.9	(0.7)	(4.1)	+0.6	(0.5)	(0.2)
G&A expenses	63.8	(1.1)	+2.2	(0.6)	+1.0	(0.6)	+1.5		(4.6)	(10.4)	+1.2	(2.4)	(2.1)
Rent and tax expenses	27.0	+0.4	+2.2	(0.7)	+0.3	(0.5)			(0.9)	(3.4)	(0.6)	(0.3)	(0.5)
Total	165.0	+2.8	+7.8	(2.0)	+3.1	(2.1)	+3.8	+1.9	(9.6)	(25.3)	+0.3	(4.8)	(4.7)

+5.8 +1.0

"Forecast" = As announced on October 14, 2021

* Change in expensing scheme for loyalty points:
Previously, loyalty points awarded to users of the Takashimaya credit card were recognized as advertising expenses when redeemed for vouchers. Since September, physical vouchers are no longer used; the points are now redeemed digitally. Accordingly, points unredeemed as of September 1 have been recognized as advertising expenses.

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4.1 Performance of Key Subsidiaries (Domestic)

- ✓ Toshin Development, TFP: Earnings rebounded from last year's Covid impact.
- ✓ Both subsidiaries markedly exceeded operating income target after reducing SG&A expenses.
- ✓ TSC continued to suffer from the Covid impact, but it grew earnings by reducing SG&A expenses.

(billion JPY)		Full-year result	YOY change	Change from FY2019*	Deviation from forecast*	H1 Mar-Aug	YOY change	H2 Sep-Feb	YOY change
Toshin Development Co., Ltd.	Operating revenue	41.4	+5.2%	(7.8%)	(0.5%)	19.9	+6.3%	21.5	+4.2%
	operating income	5.1	+0.5	(1.6)	+0.6	2.2	+0.1	2.9	+0.4
Takashimaya Financial Partners Co., Ltd. (TFP)	Operating revenue	20.1	+2.9%	(7.2%)	(2.0%)	9.9	+4.2%	10.3	+1.7%
	operating income	4.4	+0.1	(0.5)	+0.1	2.2	+0.1	2.2	+0.0
Takashimaya Space Create Co., Ltd. (TSC)	Operating revenue	17.9	(10.0%)	(51.5%)	(9.9%)	9.4	(27.0%)	8.6	+20.6%
	operating income	(0.5)	+0.5	(2.3)	(0.5)	(0.1)	(0.0)	(0.4)	+0.5

* "Forecast" = As announced on October 14, 2021

* FY2021 vs. FY2019 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.

4.2 Performance of Key Subsidiaries (Overseas)

- ✓ Rebounding from impact of last year's store closures, four of the five subsidiaries reported earnings growth (T. Vietnam being the exception).
- ✓ Takashimaya Vietnam suffered a loss as the store was completely closed for 130 days amid the Covid impact.
- ✓ Shanghai and Siam Takashimaya reported earnings growth relative to FY2019.

(billion JPY)		Full-year result	YOY change	Change from FY2019	Deviation from forecast*	H1 Jan-Jun	YOY change	H2 Jul-Dec	YOY change
Takashimaya Singapore Ltd.	Operating revenue	**13.5**	+31.2%	(20.6%)	+2.2%	**5.9**	+47.8%	**7.6**	+20.7%
	Operating income	**1.9**	+0.4	(2.9)	+0.1	**0.4**	(0.2)	**1.5**	+0.6
Toshin Development Singapore Pte, Ltd.	Operating revenue	**7.4**	+35.7%	(15.6%)	+0.3%	**3.8**	+39.6%	**3.6**	+31.7%
	Operating income	**1.6**	+0.8	(1.5)	(0.0)	**1.0**	+0.1	**0.7**	+0.6
Shanghai Takashimaya Co., Ltd.	Operating revenue	**3.0**	+23.3%	(5.8%)	(5.4%)	**1.5**	+37.1%	**1.4**	+11.5%
	Operating income	**0.4**	+0.4	+0.3	(0.0)	**0.2**	+0.3	**0.2**	+0.1
Takashimaya Vietnam Co., Ltd.	Operating revenue	**1.3**	(25.3%)	(35.1%)	(22.6%)	**0.8**	+16.4%	**0.5**	(53.6%)
	Operating income	**(0.1)**	(0.2)	(0.2)	(0.2)	**0.1**	+0.0	**(0.2)**	(0.3)
Siam Takashimaya (Thailand) Co., Ltd.	Operating revenue	**1.3**	+14.8%	(17.8%)	(21.9%)	**0.7**	+47.5%	**0.7**	(5.2%)
	Operating income	**(0.9)**	+0.0	+0.1	(0.1)	**(0.5)**	(0.0)	**(0.4)**	+0.0

* "Forecast" = As announced on October 14, 2021

1SGD=82.14JPY 1CNY=17.12JPY 1VND=0.0047JPY 1THB＝3.44JPY

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Ⅱ Forecasts for FY Ending Feb 2023 (FY2022)

1. Goals for FY2022
2. Consolidated Cost and Revenue Forecasts
3. Forecasts for Domestic Department Stores
4. Forecasts for Key Subsidiaries

1. Goals for FY2022

– Goals –

Overhaul department store cost structure, maximize group's profits

- Domestic department stores: Starting from the large stores, overhaul costs and sales/marketing.
- Group businesses (commercial property development, finance, overseas subsidiaries): Lay foundations for better revenue growth and business expansion
- Develop ESG strategy, integrating social concerns into our business activities

– Full-year forecasts –

Consolidated operating revenue of **¥831.5 billion,** consolidated operating income of **¥17.5 billion**

Domestic department stores: Consolidated operating revenue of **¥711.2 billion**, consolidated operating income of **¥2.5 billion**

2. Consolidated Cost and Revenue Forecasts

- ✓ Earnings to rebound from Covid impact
- ✓ Application of revenue recognition standard to have negligible impact on operating income
- ✓ SG&A expenses to increase slightly with higher variable costs

(billion JPY)	H1 forecast	YOY change	Change from FY2019	Full-year forecast	YOY change	Change from FY2019
Total operating revenue	402.7	+16.0%	(11.1%)	831.5	+9.2%	(9.5%)
Operating revenue	208.0	(40.1%)	(54.1%)	431.5	(43.3%)	(53.1%)
SG&A expenses	114.4	+4.1	(14.1)	231.8	+2.8	(28.3)
Operating income	7.0	+9.0	(6.4)	17.5	+13.4	(8.1)
Ordinary income	7.5	+8.1	(5.2)	16.0	+9.1	(7.2)
Profit attributable to owners of parent	5.5	+9.9	(6.9)	10.0	+4.6	(6.0)

Starting from the period under review, we have applied the standard for revenue recognition (ASBJ 30). “Total operating revenue” indicates the amount of revenue that would be recognized under the old standard.

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3.1 Forecasts for Domestic Department Stores

- ✓ Earnings to grow as stores rebound from impact of last year's closures and Covid impact diminishes
- ✓ SG&A expenses to rise ¥3.7 billion with reversal of previous year's extraordinary losses and heavier variable costs

(billion JPY)	1st half forecast	YOY change	Change from FY2019	Full-year forecast	YOY change	Change from FY2019
Total operating revenue	343.1	+15.7%	(10.2%)	711.2	+8.4%	(8.3%)
Operating revenue	153.2	(48.3%)	(59.9%)	320.9	(51.1%)	(58.6%)
Sales	141.7	(51.1%)	(62.2%)	297.6	(53.7%)	(60.9%)
(old standard)	336.1	+16.0%	(10.3%)	697.1	+8.5%	(8.3%)
Gross margin ratio	50.45%	＋28.06	＋26.70	49.70%	＋27.32	＋26.07
(old standard)	22.98%	＋0.59	(0.77)	22.75%	＋0.37	(0.88)
SG&A expenses	82.8	+4.2	(10.8)	168.7	+3.7	(21.6)
Operating income	0.2	+7.0	(2.6)	2.5	+9.7	(1.7)

Starting from the period under review, we have applied the standard for revenue recognition (ASBJ 30). "Total operating revenue" indicates the amount of revenue that would be recognized under the old standard.

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3.2 Forecasts for Domestic Department Stores: SG&A Expense

- ✓ The forecasted increase of ¥3.7 billion represents an upward swing from the closure-related extraordinary losses recorded in the previous year. It also reflects heavier variable costs.
- ✓ The increase also takes into account high oil prices.
- ✓ ¥4 billion in savings were generated through cost-optimization in large stores.

(billion JPY)	Full-year forecast (new standard)	YOY change	Full-year forecast (old standard)	YOY change	Breakdown of YOY change						Cost-optimization		Impact of change in accounting method
					Extraordinary loss (Covid)	Rebound from closures in previous year	Change in expensing scheme for loyalty points	Variable cost	Higher costs	Cost-optimization	H1	H2	
Personnel related expenses	52.9	0.1	52.9	0.1	0.7	0.2	0.0	0.0	0.0	(0.8)	(0.4)	(0.4)	0.0
Advertising expenses	8.3	(13.1)	23.0	1.5	0.0	0.8	(1.9)	2.1	0.8	(0.3)	(0.2)	(0.1)	(14.7)
G&A expenses	78.2	14.4	65.8	2.0	0.6	0.6	0.0	1.2	2.5	(2.9)	(1.7)	(1.2)	12.5
Rent and tax expenses	29.3	2.4	28.6	1.6	0.7	0.5	0.0	0.0	0.4	0.0		0.0	0.7
Total	168.7	3.7	170.2	5.2	2.0	2.1	(1.9)	3.3	3.7	(4.0)	(2.3)	(1.7)	(1.5)

+9.2

See Ref 1 for H1 and full-year forecasts

4.1 Forecasts for Key Subsidiaries (Domestic)

- ✓ Toshin Development: Earnings to grow amid diminished Covid impact
- ✓ TFP: Higher trading volume to drive up operating revenue, but operating revenue to decrease because of change in standard for recognizing revenue from annual subscriptions
- ✓ TSC: Recovery in orders to push TSC back into black

(billion JPY)	H1 forecast Operating revenue	YOY change Change from FY2019	Operating income	YOY change Change from FY2019	Full-year forecast Operating revenue	YOY change Change from FY2019	Operating income	YOY change Change from FY2019
Toshin Development Co., Ltd.	22.1	+10.9% (0.8%)	2.5	+0.3 (0.9)	45.1	+9.0% +0.5%	5.3	+0.3 (1.4)
Takashimaya Financial Partners Co., Ltd. (TFP)	10.8	+8.8% +1.3%	2.1	(0.1) (0.5)	22.1	+9.5% +1.6%	4.3	(0.0) (0.6)
Takashimaya Space Create Co., Ltd. (TSC)	11.1	+18.0% (39.9%)	0.0	+0.2 (0.7)	24.1	+34.3% (34.9%)	0.4	+0.9 (1.4)

* FY2021 vs. FY2019 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.

4.2 Forecasts for Key Subsidiaries (Overseas)

- ✓ All overseas subsidiaries to see higher earnings amid diminished Covid impact
- ✓ T. Singapore: Phased recovery in inbound tourism expected in H2
- ✓ T. Vietnam, Siam T: Earnings to grow significantly with big rebound from Covid impact

	H1 forecast				Full-year forecast			
(billion JPY)	Operating revenue	YOY change Change from FY2019	Operating income	YOY change Change from FY2019	Operating revenue	YOY change Change from FY2019	Operating income	YOY change Change from FY2019
Takashimaya Singapore Ltd.	6.8	+15.7% (17.1%)	0.8	+0.4 (1.4)	14.4	+6.8% (15.3%)	2.3	+0.4 (2.5)
Toshin Development Singapore Pte, Ltd.	3.7	(2.4%) (17.0%)	0.8	(0.2) (0.8)	7.5	+1.5% (14.3%)	1.7	+0.0 (1.4)
Shanghai Takashimaya Co., Ltd.	1.7	+8.5% +0.6%	0.3	+0.1 +0.2	3.4	+14.2% +7.6%	0.6	+0.2 +0.5
Takashimaya Vietnam Co., Ltd.	1.0	+18.7% +3.9%	0.1	+0.0 +0.1	2.2	+68.4% +9.3%	0.2	+0.3 +0.1
Siam Takashimaya (Thailand) Co., Ltd.	1.1	+72.2% +45.4%	(0.2)	+0.3 +0.2	2.5	+87.3% +54.0%	(0.3)	+0.6 +0.7

1SGD=82.14JPY 1CNY=17.12JPY 1VND=0.0047JPY 1THB＝3.44JPY

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Ⅲ 3-Year Management Plan (FY2021–FY2023)

1. Quantitative Goals
2. Operating Income Goals by Business
3. Domestic Department Stores
4. Commercial Property Development
5. Finance
6. Overseas Department Stores
7. Investment

1. Quantitative Goals for FY2023

- ✓ Although we had to downgrade goals in view of Covid impact, we managed to return to profit the first year of the plan.
- ✓ In FY2022, we recorded ¥17.5 billion in operating income thanks to the diminished Covid impact and progress in cost optimization.
- ✓ We remain confident that we can meet the FY2023 operating income target of ¥30 billion target by proceeding with the cost-optimization program and expanding into promising sectors.

(billion JPY)	Result FY2019	Result FY2021	Target FY2022	Target **FY2023**	Change from FY2019
Total operating revenue	919.1	761.1	831.5	**850.0**	(69.1)
Operating income	25.6	4.1	17.5	**30.0**	+4.4
Equity ratio	37.2%	34.8%	35.2%	**36.8%**	(0.4%)
Interest-bearing debt	217.0	214.8	220.0	**210.0**	(7.0)

	FY2019	FY2021	FY2022	FY2023	**3-Year Management Plan**
OCF	40.6	21.0	44.1	64.9	**130.0**
ICF	(23.4)	(37.1)	(47.0)	(45.9)	**(130.0)**

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2. Operating Income Goals by Business

- ✓ Domestic department stores: Return to profit by proceeding with the cost-optimization program and growing e-commerce sales
- ✓ Overseas department stores: Increase operating income by capturing growth opportunities in local markets
- ✓ Commercial property development: Increase operating income by expanding into promising sectors

	Result		Target				
(billion JPY)	FY2019	FY2021	FY2022	YOY change	**FY2023**	YOY change	Change from FY2019
Domestic department stores	4.2	(7.2)	2.5	+9.7	**9.0**	+6.5	+4.8
Overseas department stores	4.0	1.3	2.8	+1.5	**4.7**	+1.9	+0.7
Commercial property development	10.3	7.5	7.7	+0.3	**10.0**	+2.3	(0.3)
Finance	4.9	4.4	4.3	(0.0)	**5.5**	+1.2	+0.6
Other, reconciliation	2.2	(1.7)	0.1	+1.9	**0.8**	+0.7	(1.4)
Total	25.6	4.1	17.5	+13.4	**30.0**	+12.5	+4.4

3.1 Domestic Department Stores (operating income target)

- ✓ The stores failed to return to profit in FY2021 because of the Covid impact.
- ✓ Cost-optimization program is on track—large stores will reduce costs further.
- ✓ A new management structure for department stores will provide a foundation for stable profits.

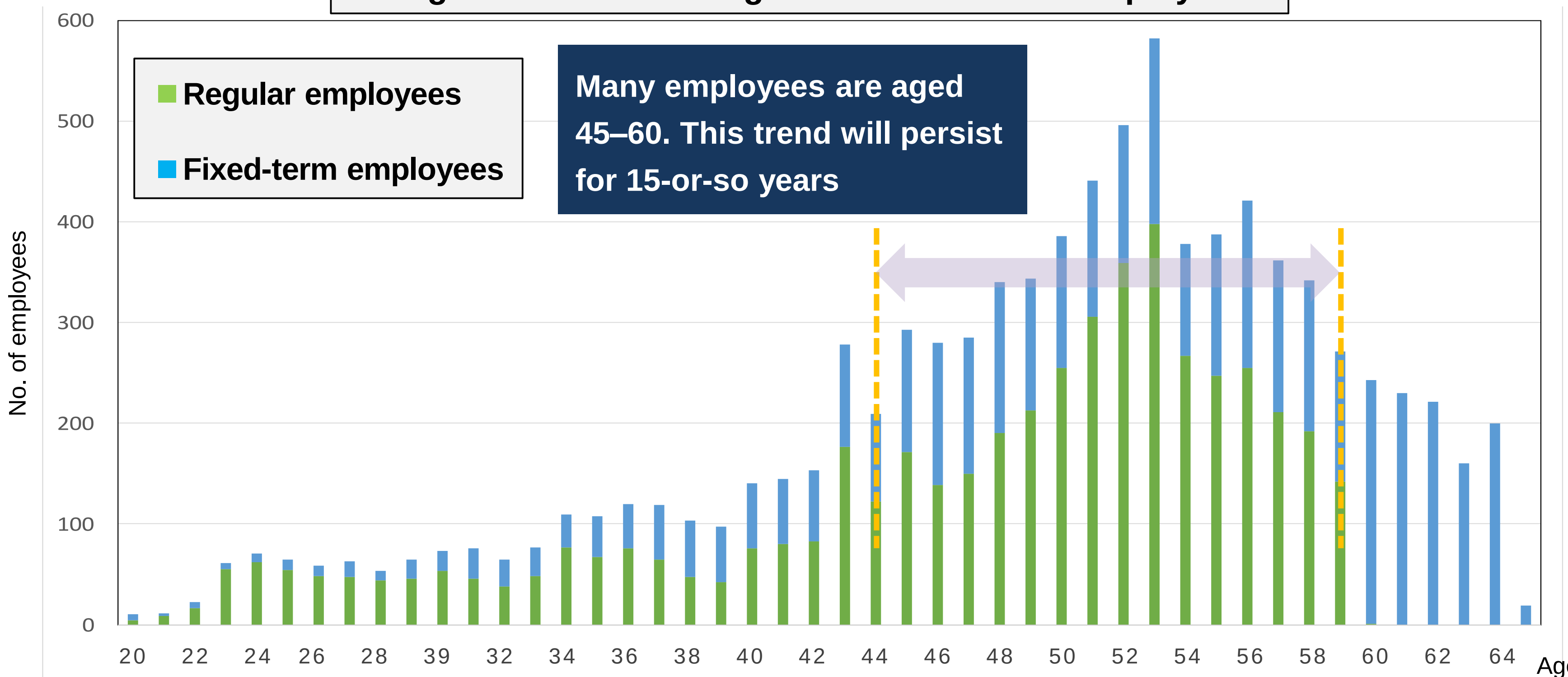
	Result		Target		
(billion JPY)	FY2019	FY2021	FY2022	**FY2023**	Change from FY2019
Total operating revenue	775.2	656.4	711.2	**715.0**	(60.2)
SG&A expenses: Total	190.3	165.0	170.2	**165.3**	(25.0)
Personnel related expenses	60.3	52.8	52.9	**50.7**	(9.6)
Advertising expenses	25.5	21.4	23.0	**23.1**	(2.4)
G&A expenses	74.2	63.8	65.8	**63.7**	(10.5)
Rent and tax expenses	30.3	27.0	28.6	**27.8**	(2.5)
Operating income	4.2	(7.2)	2.5	**9.0**	+4.8

SG&A expenses for FY2022 and FY2023 are stated in accordance with the old standard.

3.2 Cost Optimization in Large Stores

- ✓ We will shed 20% of the workforce—from 8,520 (October 2021) down to 6,900 (by FY2023).
- ✓ Attrition will decrease staff by 550. On top of that, we will reduce 1,100 jobs under the cost-optimization program.
- ✓ We downsized the staff in Osaka store in March 2022 and will do the same for the four other large stores in September. In March 2023, we will extend the program to small/medium stores.

◆Age distribution of regular and fixed-term employees



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3.2 Cost Optimization in Large Stores

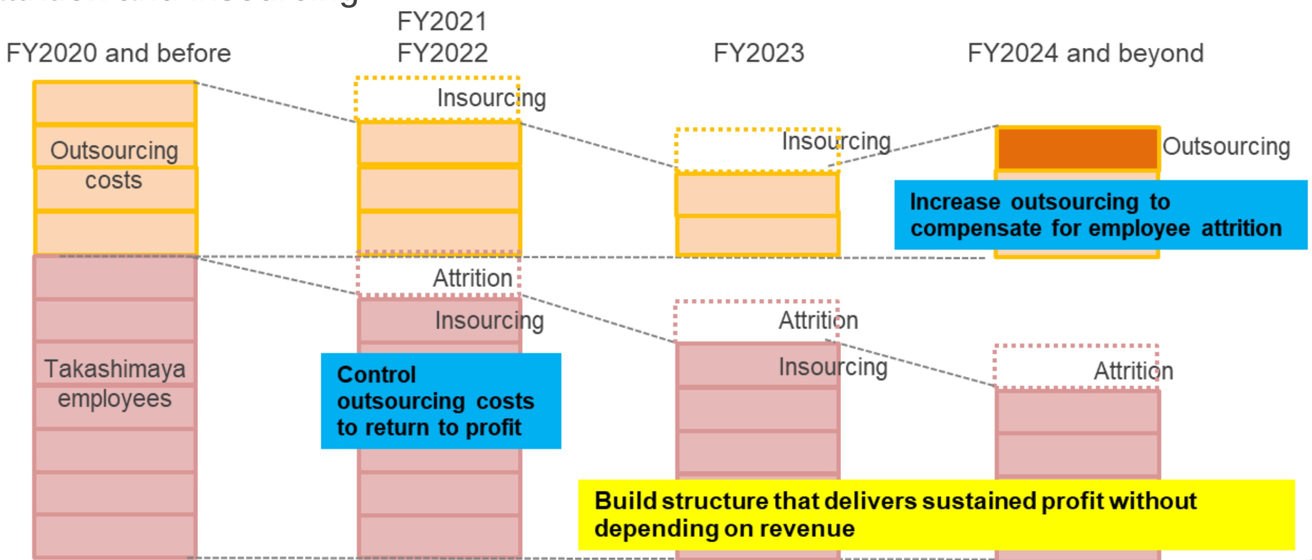
- ✓ In conjunction with the 1,100 redundancies, we will insource more production and reassign staff across the group.
- ✓ Insourcing will help rein in outsourcing costs and make operations more efficient.
- ✓ We will increase outsourcing in FY2024 to cope with the shrinking workforce for insourced production.

■ Cost reductions (compared to FY2021)

(billion JPY)

	FY2022	FY2023	Key actions
Personnel costs	0.9	0.6	Downsize storefront workforce, organize intra-group secondments
Non-personnel costs	3.1	2.8	Overhaul postage costs, reduce contract cleaning / contract security posts

■ Employee attrition and insourcing



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3.3 Strengthening Apparel

- ✓ Strengthening apparel is the top priority in efforts to revive department stores.
- ✓ As part of our merchandising strategy, we will increase our autonomy and emphasize mutual interest with trading partners.
- ✓ Our apparel will embody the strengths and distinctive aspects of our key trading partners.

Pricing and lineup are poorly matched with customers' needs

Amid Covid, sales have fallen, while higher raw material costs have led to diminished stocks and stockouts.

Build process for incorporating customer feedback into merchandise

Emphasize mutual interest with trading partners as part of merchandising strategy

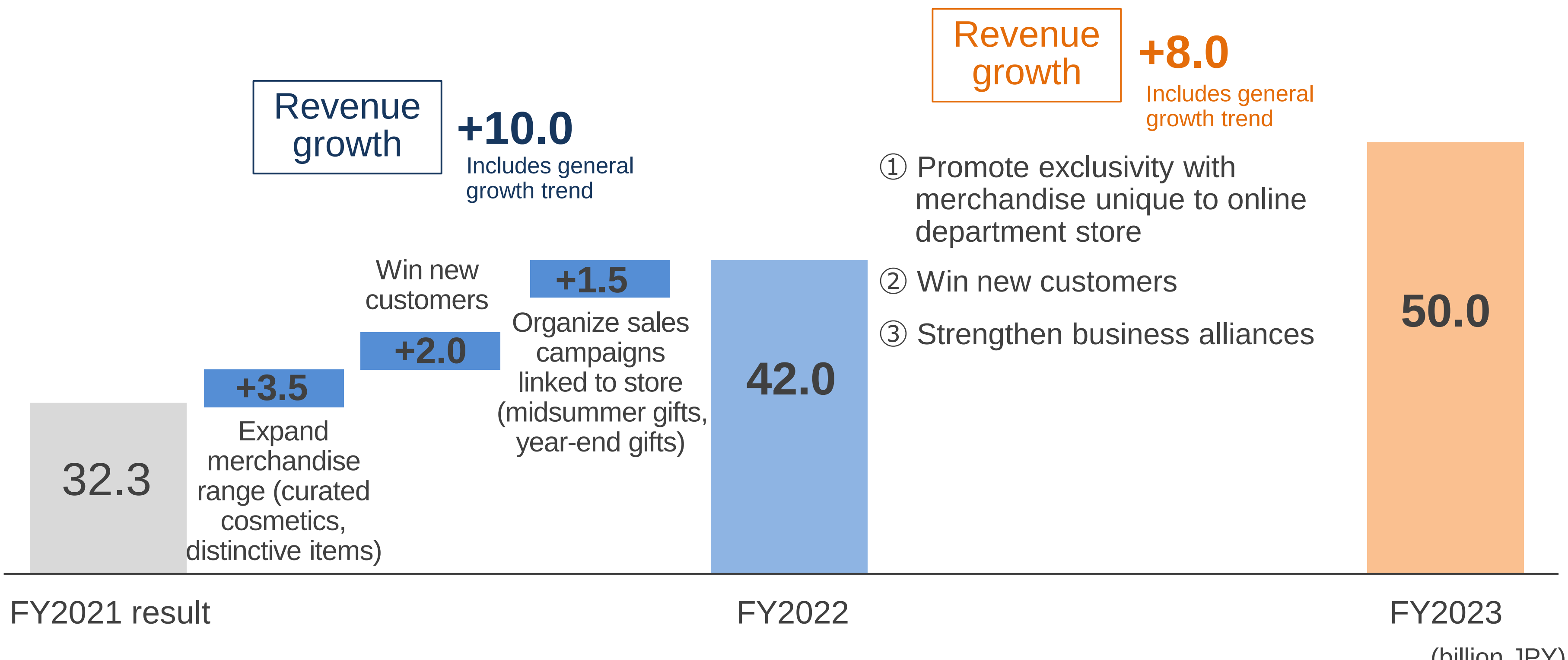
Trajectory of partnerships

Product development	Leverage talent in product development to create merchandise of department store quality
Joint projects	Align project planning and level of investment more closely with our strategies
Stock management	Ensure that volume of trade is high and that stock levels align with our strategies
Entrepreneurialism	Cultivate attention-grabbing startups and merchandise not associated with department stores

3.4 Online Business

- ✓ FY2023 revenue target: ¥50 billion (31.4 billion more than FY2019 level)
- ✓ FY2021 result: ¥32.3 billion, short of 34.5 billion target because of rising competition and homogenization
- ✓ FY2022 target: ¥42 billion. We will achieve this by providing new merchandise and winning new customers.

Actions to achieve sales revenue targets for FY2023 and FY2022



4.1 Commercial Property Development (operating income targets for Toshin Development)

- ✓ We will expand vicinity projects (projects to develop vicinity around store) and non-retail projects to offset diminished revenue from existing developments and TDS .
- ✓ FY2022 target is ¥7.7 billion. We will exceed this by supporting tenants better and improving resilience.
- ✓ For FY2023, we aim to grow beyond the FY2019 level with operating income from overseas businesses and dividends.

	Result		Target		
(billion JPY)	FY2019	FY2021	FY2022	**FY2023**	Change from FY2019
Japanese assets	6.4	4.6	4.7	**5.7**	(0.7)
TDS	3.1	1.6	1.7	**2.0**	(1.1)
Vicinity projects (Nagareyama, Kyoto)	0.0	0.1	0.2	**0.5**	+0.5
Non-retail (e.g. offices)	0.3	0.4	0.5	**0.7**	+0.4
Overseas projects (Vietnam)	0.5	0.8	0.7	**1.1**	+0.6
Commercial property development: Total	10.3	7.5	7.7	**10.0**	(0.3)
Dividend income	0.5	0.7	0.6	**1.0**	+0.5

With dividends included, profits should exceed FY2019 level

4.2 Starlake Project B (Vietnam)

- ✓ Leverage presence in Ho Chi Minh City to participate in megaprojects in Hanoi
- ✓ Leverage Takashima brand for competitive edge in project planning
- ✓ Project to be phased to reflect community maturation (retail/commercial development in phase 1, multipurpose development in phase 2)

Leverage Takashima brand for competitive advantage

Phase 1: Starts in 2024

Subject to change depending on licensing process

Commercial floor area: c. 40,000 m^2

Education

Wellness

Shopping mall

Community

Total project spend (phases 1 and 2)

¥20.2 billion

* Includes land costs and construction costs

Operating income (30-year average)

¥1.72 billion

* Total interest yield: 8.5%

Project phasing

Phase 2: Starts in 2027

Extension to commercial area: 13,000 m^2

High-rise (office space, serviced apartments): 51,000 m^2

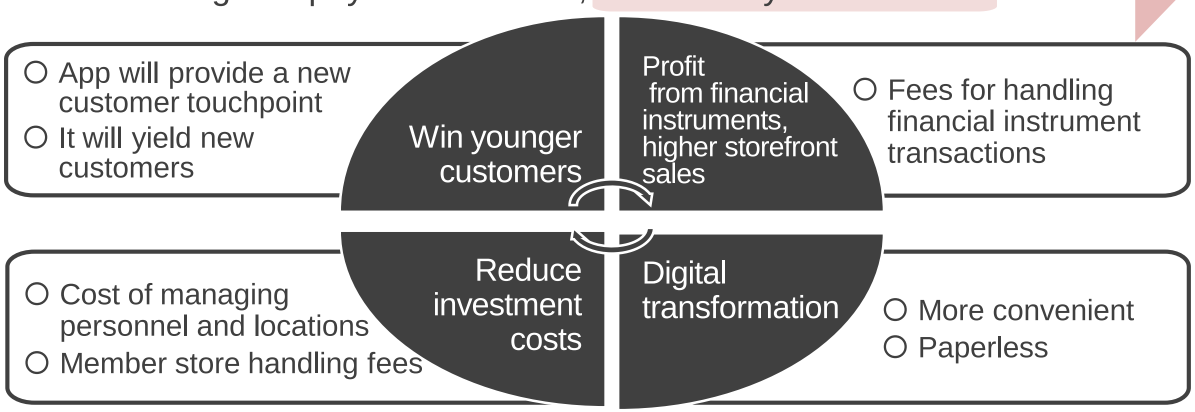
5. Finance (operating income targets)

- ✓ As of H1, we are mulling idea to utilize neobank services through a business alliance.
- ✓ To grow further, we will win younger customers and earn more profits from handling financial instruments.
- ✓ We will link Tomonokai member services with a fintech app, allowing people to enroll and access Tomonokai services on their smartphone.

(billion JPY)	Result FY2019	Result FY2021	Target FY2022	Target **FY2023**	Change from FY2019
Card business	4.6	4.1	3.9	**4.8**	+0.2
Other/finance	0.3	0.3	0.4	**0.7**	+0.4
Finance: Total	4.9	4.4	4.3	**5.5**	+0.6

Aim for utilizing neobank services

Prospective fintech app:
Banking and payment services, Takashimaya Tomonokai



Membership goal for 2023: 500 k
(compared to 450 k in FY2021)

- Financial transactions are more convenient on smartphone
- Enabling enrolment online will increase membership
- Can further increase sales by linking online and offline (storefront) environments

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6. Overseas Department Stores (operating income targets)

- ✓ In FY2021, T. Vietnam and Siam T. fell far short of targets because of Covid impact.
- ✓ T. Singapore should benefit from a recovery in inbound tourism.
- ✓ T. Vietnam will benefit from growing consumer spending. Siam T. will benefit from BTS Skytrain

	Result		Target		
(billion JPY)	FY2019	FY2021	FY2022	**FY2023**	Change from FY2019
Takashimaya Singapore Ltd.	4.8	1.9	2.3	**3.6**	(1.2)
Shanghai Takashimaya Co., Ltd.	0.1	0.4	0.6	**0.8**	+0.7
Takashimaya Vietnam Co., Ltd.	0.1	(0.1)	0.2	**0.3**	+0.2
Siam Takashimaya (Thailand) Co., Ltd.	(1.0)	(0.9)	(0.3)	**0.0**	+1.0
Overseas department stores: Total	4.0	1.3	2.8	**4.7**	+0.7

7. Investment

- ✓ For commercial development, we will focus on developments in growing sectors and invest only in projects that exceed the cost of capital.
- ✓ For department stores, we will invest only in projects with strong ROI, such as e-commerce.

	Result	Target		
(billion JPY)	FY2021	FY2022	FY2023	**3-Year Management Plan**
Investment: Total	42.6	49.5	47.9	**140.0**
Growth strategy investments	35.3	37.7	33.0	**106.0**
Domestic department stores	4.4	1.9	1.7	**8.0**
Commercial Property Development	29.3	33.8	26.9	**90.0**
Overseas department stores	0.4	1.0	1.6	**3.0**
Other group companies	1.2	1.0	2.8	**5.0**
Special investments	7.3	11.7	15.0	**34.0**

Special investments include investment in IT systems and investments in safety and security.

Ⅳ ESG Strategy

1. Climate action
2. Workplace diversity

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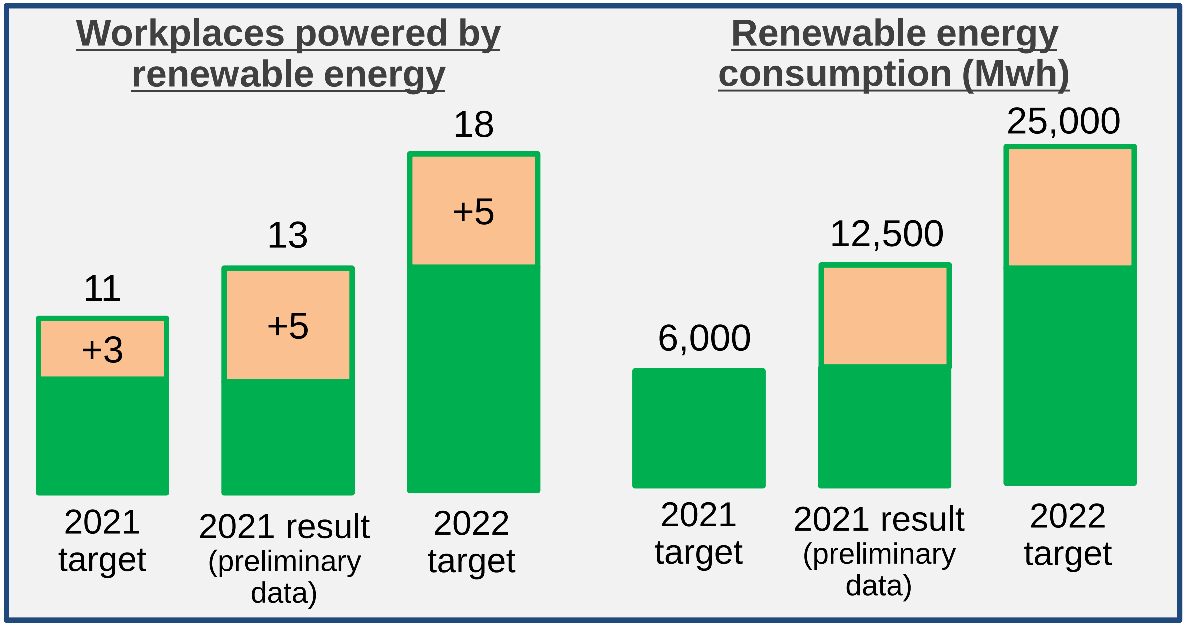
1. Climate Action

- ✓ Shift to business model that conserves Earth's resources (by recycling, reusing)
- ✓ Accelerate renewable energy shift across group
- ✓ Sustain investment in LED lighting to gradually reduce carbon footprint



	Investment in LED lighting in domestic department stores		
	Amount invested	Energy saved	Reduction in CO2 emissions
2020 and before	¥3.16 billion	20,317 Mwh	9,244 t-CO2
2021	¥0.3 billion	2,206 Mwh	965 t-CO2

Renewable energy shift in FY2022

Nagareyama Annex 2 and four other facilities to switch to renewable energy, equivalent to 6,000 Mwh

LED shift in FY2022

Total invested: ¥0.6 billion
Energy saved: c. 2,500 Mwh

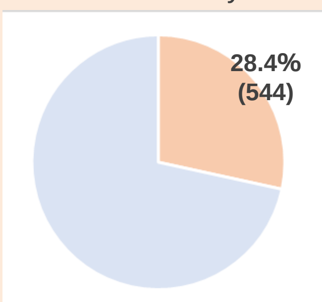
2. Workplace Diversity

- ✓ We are taking action to empower women in the workplace and achieve gender parity
- ✓ We are promoting an inclusive, supportive culture for foreign workers
- ✓ We are working with supply chain partners to ensure respect for human rights

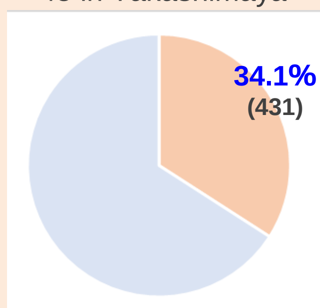
Empowering women in the workplace and achieving gender parity

■ We run a women's leadership program to increase the number of female leaders in the pipeline

Percentage of female leaders across Takashimaya Group



Female leaders aged under 45 in Takashimaya



■ We encourage fathers to take paternity leave

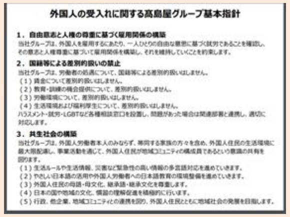
* The following stats pertain to Takashimaya Co., Ltd.

	Number who took paternity leave	Uptake rate
2020	55	**100%**
2021	58	**100%**

Promoting an inclusive, supportive culture for foreign workers

■ We published a policy on inclusion for foreign workers

Policy includes support for language learning and accommodation



外国人の受入れに関する髙島屋グループ基本指針

1．自由意志と人権の尊重に基づく雇用関係の構築
当社グループは、外国人を雇用するにあたり、一人ひとりの自由な意思に基づく就労であることを確認し、その意志と人権尊重に基づいて雇用関係を構築し、それを維持していくことを約束します。

2．国籍等による差別的扱いの禁止
当社グループは、労働者の処遇について、国籍等による差別的扱いはしません。
（1）賃金について差別的扱いはしません。
（2）教育・訓練の機会提供について、差別的扱いはしません。
（3）労働環境について、差別的扱いはしません。
（4）生活環境および福利厚生について、差別的扱いはしません。
ハラスメント・就労・LGBTなど各種相談窓口を設置し、問題があった場合は関連部署と連携し、適切に対応します。

3．共生社会の構築
当社グループは、外国人労働者本人のみならず、帯同する家族の方々を含め、外国人住民の生活環境に最大限配慮し、事業活動を通じて、外国人住民が地域コミュニティの構成員であるという意識の共有を図ります。
（1）生活ルールや生活情報、災害など緊急性の高い情報の多言語対応を進めていきます。
（2）やさしい日本語の活用や外国人労働者への日本語教育の環境整備を進めていきます。
（3）外国人住民の母語・母文化、継承語・継承文化を尊重します。
（4）日本の国や地域の文化、慣習の理解促進を積極的に行います。
（5）行政、他企業、地域コミュニティとの連携を図り、外国人住民とともに地域社会の発展を目指します。

Safeguarding human rights across supply chain

■ We have signed up to the Declaration of Partnership Building

Supply chain dispersal during peak periods helps safeguard the working environment

Takashimaya

V Capital Strategy

1.1 Capital Strategy Three-year financial indicators (targets for FY2023)

- ✓ Establish financial footing necessary for investing toward growth, emphasizing stability and profitability.
- ✓ We have adopted EBITDA as indicator that measures both stability and profitability.

Stability indicators

- Interest-bearing debt: Under ¥210 billion (predicated on investment being within scope of operating cash flow)
  Net interest-bearing debt: Under ¥130 billion.
- Equity ratio: 36.8%
- Net interest-bearing debt/EBITDA: Less than 2.5 (compared to 4.6 in FY2021)

Profitability indicators

- ROE: 4.8% (higher than pre-Covid levels). We aim for even higher profitability.
- EBITDA/total assets: 4.8% (compared to 2.4% in FY2021)

EBITDA = Operating income + depreciation*
(*depreciation excludes group leases overseas and complies with IFRS 16 Leases)

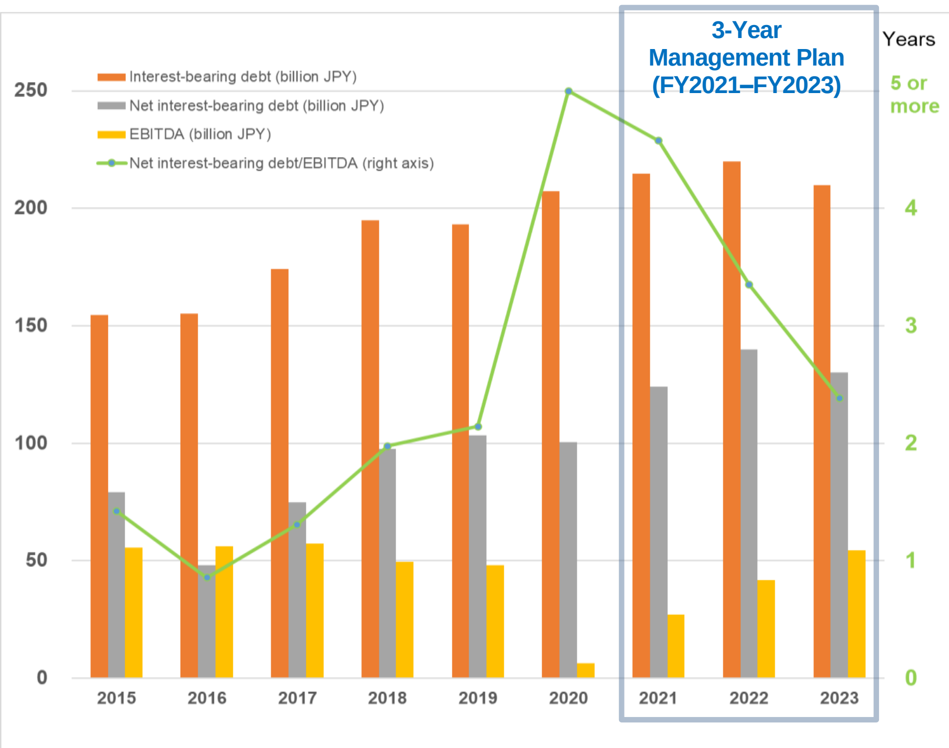
Net interest-bearing debt /EBITDA: Less than 2.5

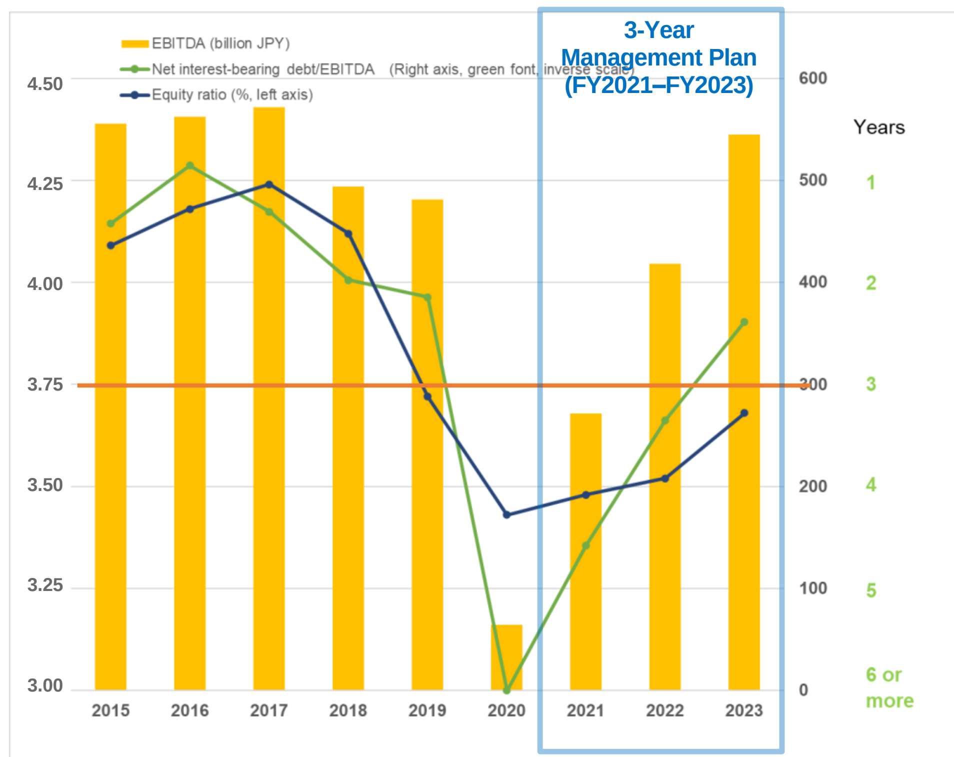
EBITDA (¥30 billion operating income + ¥25 billion depreciation) × 2.5 years = ¥135 billion

¥210 billion interest-bearing debt – ¥80 billion cash and deposits = ¥130 billion

0net interest-bearing debt

■ Past results and targets for equity ratio, interest-bearing debt, and net interest-bearing debt /EBITDA





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1.3 Capital Strategy <Profitability Indicators>

ROE = 4.8%   EBITDA/total assets = 4.8%

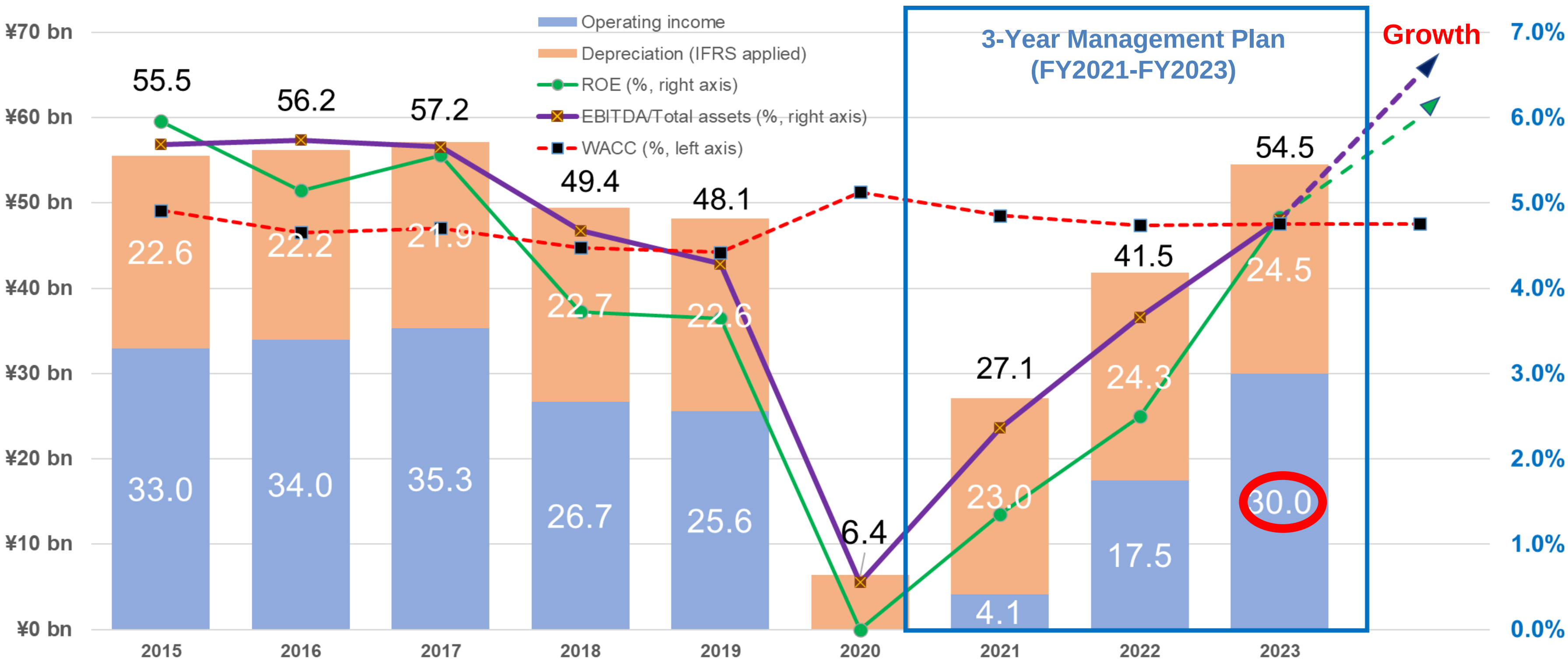
EBITDA (¥30 billion operating income + ¥24.5 billion depreciation) ÷ ¥1,150 billion total assets = 4.8%

||

WACC forecast for FY2023 = 4.8%

* Depreciation in ROU assets of overseas group companies has been adjusted to comply with IFRS

■ Past results and targets for ROE, EBITDA/total assets



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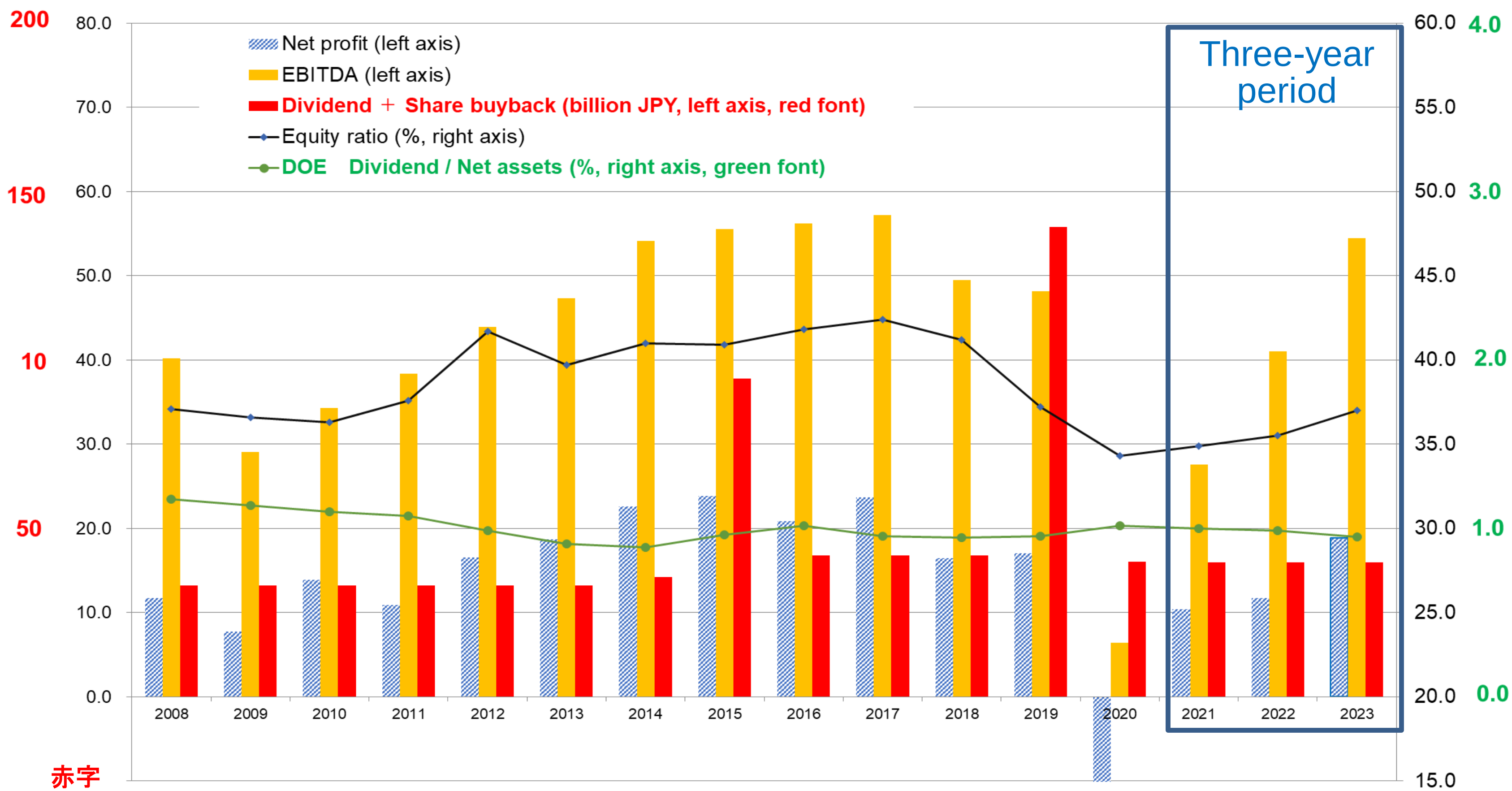
✓ Maintain stable shareholder returns—keep annual dividend at around ¥24

■ Past results and targets for net income, OCF, dividend, DOE, and equity ratio



Summary of Strategy

3-Year Management Plan (FY2021–23)

- Build a new management structure for department stores to provide a foundation for stable profits
- Cost-optimization program is on track—large stores will reduce costs further
- FY2023 targets: Consolidated operating revenue of **¥850 billion,** consolidated operating income of **¥30 billion**

We will earn stakeholders' confidence by achieving these targets while also focusing on ESG performance and shareholder returns

Forecasts for FY2022

- We expect earnings growth with cost-optimization program for department stores
- Consolidated operating revenue of **¥831.5 billion,** consolidated operating income of **¥17.5 billion**
- Domestic department stores: Consolidated operating revenue **¥711.2 billion**, consolidated operating income of **¥2.5 billion**