Financial Results for the Fiscal Year Ended February 28, 2023 (FY2022)

April 14, 2023

Takashimaya Co., Ltd.

Agenda

I. Financial Results for FY Ended Feb 2023 (FY2022)

II. Forecasts for FY Ending Feb 2024 (FY2023)

III. 3-Year Plan: Current Performance, Future Direction

IV. ESG Strategy

V. Financial Information, Shareholder Returns

Ⅰ Financial Results for FY Ended Feb 2023 (FY2022)

1. FY2022 in Review

Strategic objectives

Transform department stores' revenue structure to maximize earnings for the whole group

- ○ Implement cost-optimization program in department stores (starting with the large stores), targeting costs and sales operations
- ○ Lay foundations for higher revenue growth and business expansion (commercial property development, finance, overseas businesses)
- ○ Develop ESG strategy for balancing sustainability engagement with business growth

FY2022 in review

- ○ Of all the product categories, **high-ticket items** were the biggest contributor to sales growth. Revenue got a further boost from **bumper orders and exchange gains**.
- ○ Inbound tourists (from Asia other than Mainland China) surged following the easing of border controls, resulting in **high growth in inbound sales**.
- ○ We implemented the **cost-optimization program for department stores** to transform to a leaner structure that can perpetually generate profits.

  ⇒ We made **fair progress in cutting costs**. Amid rising utility bills and a higher variable costs, the program took **2% off our SG&A to total operating revenue ratio** compared to the FY2019 level. However, we made **less progress in boosting in-store earning power** (in terms of merchandise and services).

- ○ **Consolidated operating profit vastly exceeded both last year's level and the target**. This was thanks to growth in operating revenue in domestic and overseas department stores coupled with cost savings.

  Consolidated net profit reached an all-time high thanks to the high operating profit along with the sale of fixed assets and shares.

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2. Consolidated Performance

- ✓ Amid a rebound from previous year's Covid impact, earnings rebounded significantly, with profit exceeding even the 2019 level.
- ✓ In all profit indicators, we exceeded the target. Operating profit reached 3-year target a year early.
- ✓ Net profit surpassed the FY2006 level, reaching an all-time high.

(billion JPY)	Full-year result	YOY change	Change from FY2019	Change from forecast*
Total operating revenue	881.8	+15.9%	(4.1%)	+1.1%
SG&A expenses	228.7	(0.4)	(31.5)	(1.4)
SG&A to total operating revenue ratio	25.9%	(4.2)	(2.4)	(0.5)
Operating profit	32.5	+28.4	+6.9	+4.0
Ordinary profit	34.5	+27.6	+11.3	+6.5
Profit attributable to owners of parent	27.8	+22.5	+11.8	+1.8

* "Forecast" = As announced on December 26, 2022
* In the current fiscal year, we have applied the standard for revenue recognition (ASBJ 30). "Total operating revenue" indicates the amount of operating revenue that would be recognized under the old standard.

3-1. Performance of Domestic Department Store Segment

- ✓ Total operating revenue: Grew and surpassed target amid lessened Covid impact and bumper orders
- ✓ SG&A expenses: Higher than last year, but SG&A to total operating revenue ratio improved
- ✓ Operating profit: Reached 3-year target a year early

(billion JPY)	Full-year result	YOY change	Change from FY2019	Change From forecast*
Total operating revenue	754.0	+14.9%	(2.7%)	+1.3%
Total sales	739.1	+15.0%	(2.8%)	+1.3%
Gross margin ratio (% of total operating revenue)	22.29%	(0.09)	(1.34)	+0.06
SG&A expenses	170.2	+5.2	(20.1)	+1.4
SG&A to total operating revenue ratio	22.6%	(2.6)	(2.0)	(0.1)
Operating profit	11.0	+18.2	+6.7	+2.0

* "Forecast" = As announced on December 26, 2022

* Starting from the period under review, we have applied the standard for revenue recognition (ASBJ 30). Because of this change, what we once stated as "operating revenue" we now state as "total operating revenue," and what we once stated as "sales" we now state as "total sales."

3-2. SG&A Expenses in the Domestic Department Store Segment

- ✓ Cost-optimization program made progress, generating ¥4.4 bn savings.
- ✓ SG&A expenses increased because of higher variable costs (associated with business expansion) and utility bills.
- ✓ Although expenses were heavier than target, we met our target for SG&A to total operating revenue ratio.

(billion JPY)	Result	YOY change	Breakdown of YOY change: Rebound from store closures in FY2022	Higher variable costs	Cost increases	Change in accounting method, other	Cost-optimization program	Change from FY2019	Change from forecast
Personnel related expenses	51.5	(1.3)	0.9	0.0	0.0	0.0	(2.2)	(8.7)	(0.2)
Advertising expenses	9.1	(12.3)	0.6	1.8	0.6	(15.3)	0.0	(16.4)	+0.2
G&A expenses	80.0	+16.3	1.1	1.7	2.5	13.3	(2.3)	+5.8	+1.1
Rent and tax expenses	29.6	+2.6	1.1	0.0	0.6	0.8	0.0	(0.8)	+0.4
Total	170.2	+5.2	3.7	3.4	3.8	(1.2)	(4.4)	(20.1)	+1.4
SG&A to total operating revenue ratio	22.6%	(2.6)						(2.0)	(0.1)

$\underbrace{3.7 \quad 3.4 \quad 3.8}_{10.9\ \text{increase}}$

"Forecast" = As announced on December 26, 2022

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4-1. Performance of Key Subsidiaries (Domestic)

- ✓ All 3 subsidiaries posted revenue and profit growth amid diminishing Covid impact.
- ✓ Toshin Development and TFP surpassed their operating profit target.
- ✓ TSC returned to profit following growth in orders for luxury projects.

(billion JPY)		Full-year result	YOY change	* Change from FY2019	Change from forecast
Toshin Development Co., Ltd.	Operating revenue	46.1	+11.4%	+2.8%	+0.5%
	Operating profit	6.0	+ 0.9	(0.7)	+0.2
Takashimaya Financial Partners Co., Ltd. (TFP)	Operating revenue	21.3	+5.5%	(2.0%)	(1.1%)
	Operating profit	4.5	+ 0.2	(0.4)	+0.0
Takashimaya Space Create Co., Ltd. (TSC)	Operating revenue	24.6	+37.3%	(33.4%)	(0.3%)
	Operating profit	0.02	+ 0.5	(1.8)	(0.0)

* "Forecast" = As announced on December 26, 2022

* 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 Co., Ltd. ; those for Takashimaya Financial Partners Co., Ltd. include Takashimaya Credit Co., Ltd. and Takashimaya Insurance Co., Ltd.

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4-2. Performance of Key Subsidiaries (Overseas)

- ✓ Takashimaya Singapore: Thanks to strong sales of high-ticket items, revenue and profit surged. Earnings were even better than in 2019 in real terms.
- ✓ Takashimaya Vietnam, Siam Takashimaya: Revenue and profit growth surpassed 2019 level.
- ✓ Shanghai Takashimaya: With 67 closed days, revenue and profit declined. However, the store avoided a loss.

(billion JPY)		Full-year result (Jan.-Dec.)	YOY change	Change attributable to exchange rate	* Change from FY2019	Change attributable to exchange rate	Change from forecast	Effect of denominating in local currency: YOY change	Effect of denominating in local currency: Change from FY2019
Takashimaya Singapore Ltd.	Operating revenue	21.4	+58.5%	–	+25.8%	–	+3.9%	+36.0%	+5.3%
	Operating profit	6.3	+ 4.5	+0.9	+ 1.6	+ 1.0	+0.7	–	–
Toshin Development Singapore Pte, Ltd.	Operating revenue	9.3	+25.6%	–	+6.1%	–	+2.6%	+7.8%	(11.2%)
	Operating profit	2.5	+ 0.9	+0.4	(0.6)	+0.4	+0.1	–	–
Shanghai Takashimaya Co., Ltd.	Operating revenue	2.2	(25.1%)	–	(29.4%)	–	(4.4%)	(34.2%)	(42.7%)
	Operating profit	0.1	(0.3)	+0.0	+ 0.0	+0.0	+0.0	–	–
Takashimaya Vietnam Ltd.	Operating revenue	3.0	+127.9%	–	+47.9%	–	+1.4%	+94.7%	+23.7%
	Operating profit	0.7	+ 0.7	+0.1	+ 0.5	+0.1	+0.0	–	–
Siam Takashimaya (Thailand) Co., Ltd.	Operating revenue	2.1	+58.4%	–	+30.3%	–	+4.7%	+45.7%	+22.6%
	Operating profit	(0.6)	+ 0.2	(0.1)	+ 0.4	(0.0)	+0.1	–	–

* "Forecast" = As announced on December 26, 2022

1SGD=95.70JPY 1CNY=19.49JPY 1VND=0.0055JPY 1THB＝3.74JPY

Ⅱ Forecasts for FY Ending Feb 2024 (FY2023)

1. FY2023: Analysis of Business Environment

– Strategic objectives –

Lay foundations for high and sustainable growth

Prepare for growth as we approach our second centenary in 2031

– Strategic priorities –

(1) Make department stores more profitable

(2) Maximize human capital

(3) Group companies to build competitive advantage

(4) Take ESG strategy further

– Business environment –

- We expect post-bounce dip (**FY2022 saw bumper orders and growth in inbound demand**)
- Sales growth among **high-ticket items** to slow amid market saturation and broadening travel needs
- **Inbound sales to grow** but return of mainland Chinese tourists is less certain.
- Growth of **e-commerce** to slacken amid demand for in-store shopping
- Variable costs to grow with **higher utility bills and higher personnel expenses**.
- **Department store merchandising** will need to **reflect the changes in consumer lifestyles** following Covid's downgrading to Class 5

2. Consolidated Cost and Revenue Forecasts

- ✓ We expect profit growth in domestic department stores and group companies.
- ✓ Variable costs and utility bills will grow, but not enough to stop profit growth.
- ✓ Net profit will decrease because of less extraordinary income.

(billion JPY)	H1 forecast	YOY change	Change from FY2019	Full-year forecast	YOY change	Change from FY2019
Total operating revenue	450.0	+8.8%	(0.7%)	940.0	+6.6%	+2.3%
SG&A expenses	117.0	+6.8	(11.5)	237.0	+8.3	(23.1)
SG&A to total operating revenue ratio	26.0%	(0.7)	(2.4)	25.2%	(0.7)	(3.1)
Operating profit	15.0	+2.2	+1.6	35.0	+2.5	+9.4
Ordinary profit	16.0	+1.4	+3.3	35.0	+0.5	+11.8
Profit attributable to owners of parent	10.5	(3.0)	(1.9)	23.0	(4.8)	+7.0

We now apply the standard for revenue recognition (ASBJ 30). Because of this change, what we stated as “operating revenue” under the old accounting system (which applied before FY2022) we now state as “total operating revenue.”

3-1. Forecasts for Domestic Department Stores

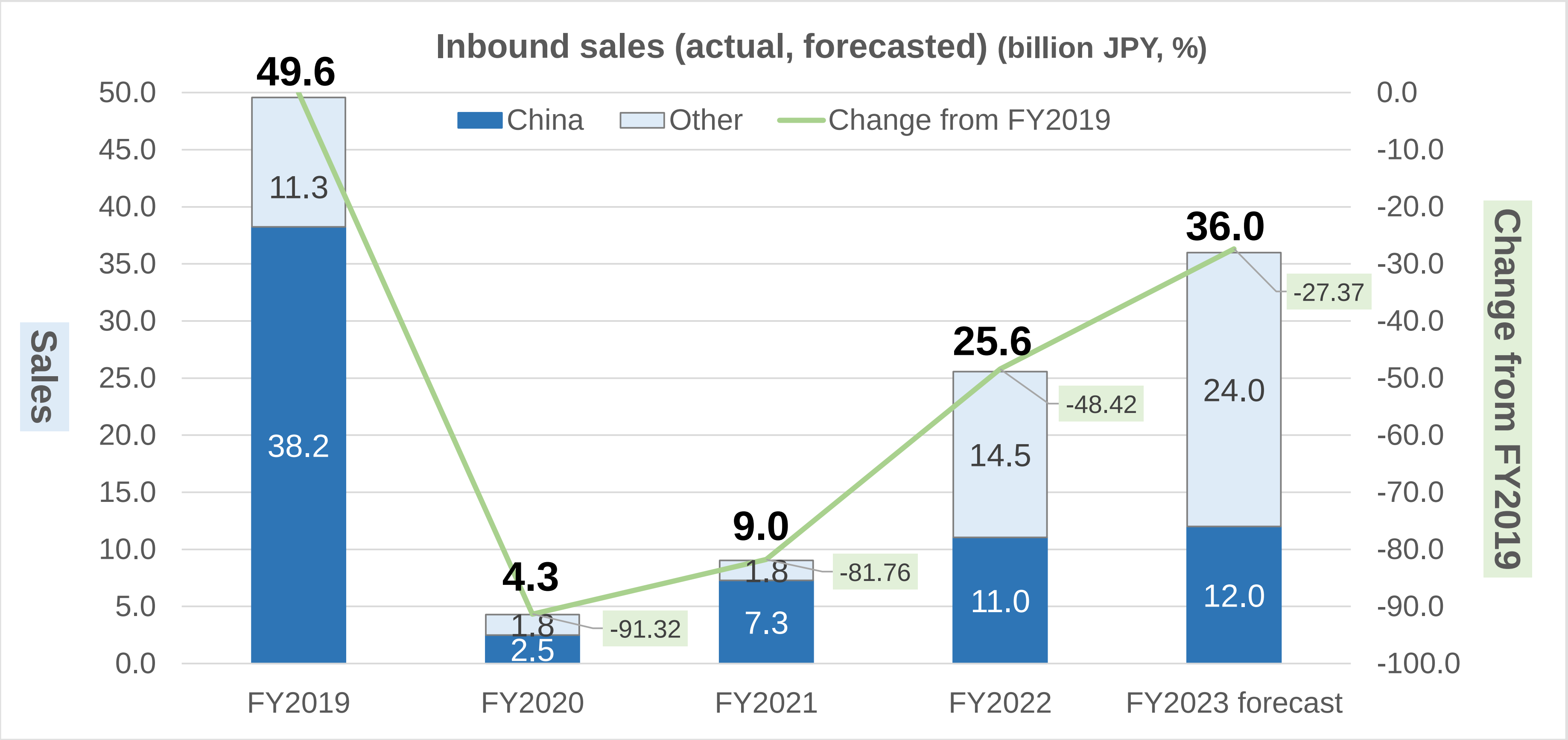
- ✓ Although the stores will experience a post-bounce dip (from the bumper orders in FY2022), they will still see revenue growth thanks to higher inbound sales.
- ✓ SG&A expenses will increase by ¥7.5 billion because of higher variable costs and utility bills.
- ✓ We expect operating profit of ¥11.5 billion, representing significant YoY growth.

(billion JPY)	H1 forecast	YOY change	Change from FY2019	Full-year forecast	YOY change	Change from FY2019
Total operating revenue	377.0	+6.5%	(1.3%)	795.0	+5.4%	+2.6%
Total sales	370.8	+7.0%	(1.0%)	779.6	+5.5%	+2.5%
Gross margin ratio (% of total operating revenue)	22.46%	0.13	(1.29)	22.23%	(0.06)	(1.40)
SG&A expenses	85.3	+3.3	(8.3)	177.7	+7.5	(12.6)
SG&A to total operating revenue ratio	22.6%	(0.5)	(1.9)	22.4%	(0.2)	(2.2)
Operating profit	4.5	+1.0	+1.7	11.5	+0.5	+7.3

* We now apply the standard for revenue recognition (ASBJ 30). Because of this change, what we stated as “operating revenue” under the old accounting system (which applied before FY2022) we now state as “total operating revenue.”

3-3. Domestic Department Stores: Forecasted Inbound Sales

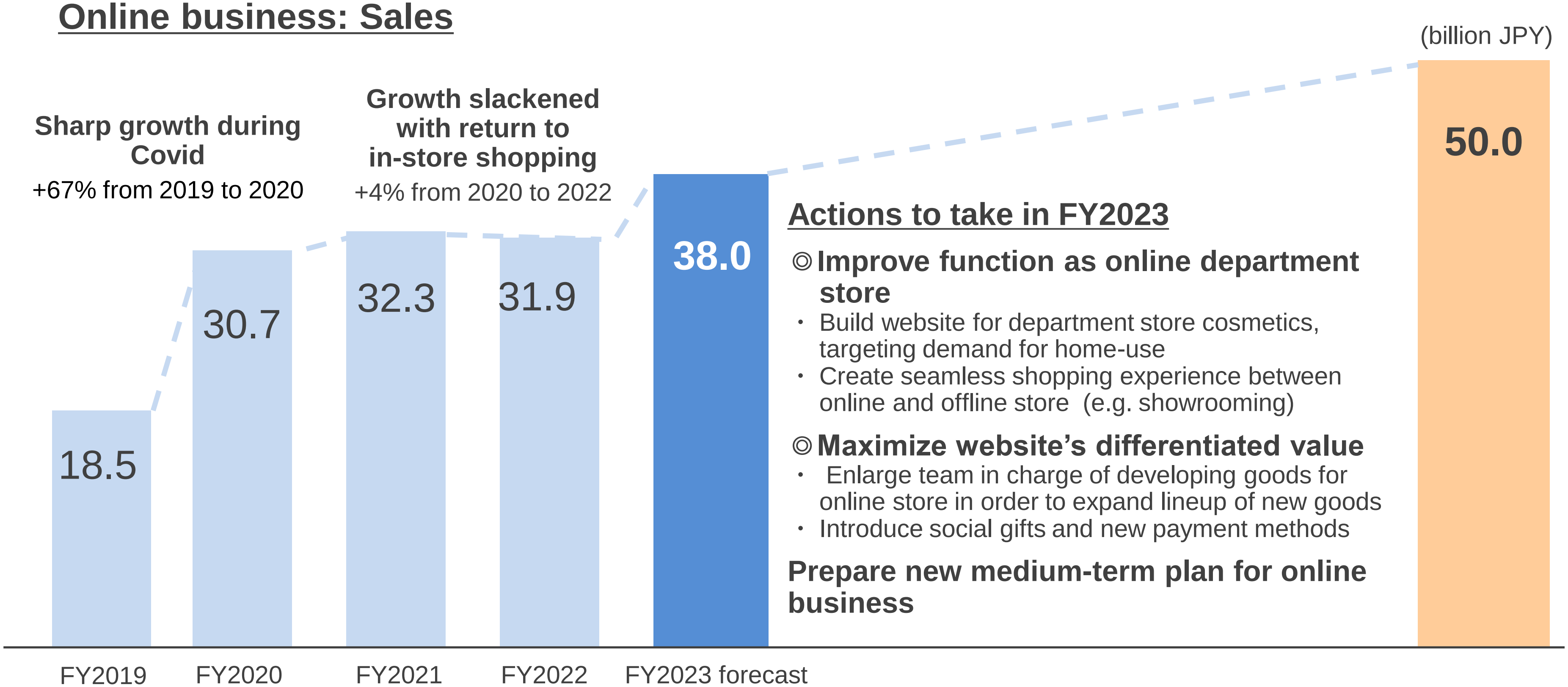
- ✓ Inbound sales in FY2022 reached ¥25.6 billion, half the FY2019 level.
- ✓ In FY2023, we expect inbound sales to reach ¥36 billion, 70% of the FY2019 level.
- ✓ Return of mainland Chinese tourists is doubtful. Tourists from other areas will increase.



3-4. Domestic Department Stores Online Business

- ✓ In FY2022, growth slackened with the post-COVID-19 return to in-store shopping
- ✓ Priorities for FY2023 include improving linkage with offline stores and maximizing the website’s differentiated value.
- ✓ We must also revise the medium-term plan to reflect the OMO* strategy.

Online business: Sales



Actions to take in FY2023

◎Improve function as online department store

- Build website for department store cosmetics, targeting demand for home-use
- Create seamless shopping experience between online and offline store (e.g. showrooming)

◎Maximize website’s differentiated value

- Enlarge team in charge of developing goods for online store in order to expand lineup of new goods
- Introduce social gifts and new payment methods

Prepare new medium-term plan for online business

*OMO: Online Merges with Offline
A marketing approach that transcends the boundary between online and offline (e.g. in-store) experiences

3-5. SG&A Expenses Forecasts for Domestic Department Stores

- ✓ Variable costs will increase by ¥4.1 billion while other costs like utilities will increase by ¥3.2 billion.
- ✓ Strategic expenses (expenses to improve our earning power, like advertising expenses, and investments to enhance safety and comfort) will amount to ¥3.7 billion.
- ✓ The cost-optimization program will improve SG&A to total operating revenue ratio.

(billion JPY)	Full-year forecast	YOY change	Breakdown of YOY change: Variable costs	Breakdown of YOY change: Cost increases	Breakdown of YOY change: Strategic expenditures	Breakdown of YOY change: Savings from cost-optimization program	Change from FY2019
Personnel related expenses	51.6	+0.0		0.8		(0.8)	(8.7)
Advertising expenses	10.5	+1.4	0.5		0.9	0.0	(15.0)
G&A expenses	86.8	+6.8	3.6	2.4	2.8	(2.0)	+12.6
Rent and tax expenses	28.8	(0.8)				(0.8)	(1.5)
Total	177.7	+7.5	4.1	3.2	3.7	(3.5)	(12.6)
			11.0 increase				
SG&A to total operating revenue ratio	22.4%	(0.2)					(2.2)

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4-1. Forecasts for Key Subsidiaries (Domestic)

- ✓ Toshin Development will see revenue and profit growth with the effect of new properties.
- ✓ TFP will see revenue growth with increase in card fees and improvements in Life Partner business*.
- ✓ TSC will see revenue and profit growth with large orders and better proactive pitching.

* Life Partner business: A business that delivers insurance and wealth management services at financial counters

(billion JPY)		H1 forecast	YOY change	Change from FY2019	Full-year forecast	YOY change	*Change from FY2019
Toshin Development Co., Ltd.	Operating revenue	24.9	+11.6%	+12.1%	51.1	+10.8%	+13.8%
	Operating profit	3.2	+ 0.3	(0.1)	6.1	+ 0.1	(0.7)
Takashimaya Financial Partners Co., Ltd. (TFP)	Operating revenue	10.8	+3.1%	+1.3%	21.9	+3.2%	+1.1%
	Operating profit	2.1	(0.2)	(0.5)	4.5	(0.0)	(0.4)
Takashimaya Space Create Co., Ltd. (TSC)	Operating revenue	13.9	+43.4%	(24.1%)	30.0	+21.7%	△18.9%
	Operating profit	0.2	+ 0.5	(0.6)	0.8	+ 0.8	(1.0)

* 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 Co., Ltd. ; those for Takashimaya Financial Partners Co., Ltd. include Takashimaya Credit Co., Ltd. and Takashimaya Insurance Co., Ltd.

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4-2. Forecasts for Key Subsidiaries (Overseas)

- ✓ The two Singapore subsidiaries will see revenue growth with recovery in inbound sales.
- ✓ Shanghai Takashimaya will see huge revenue and profit growth in a post-dip rebound (the store spent much of FY2022 closed),
- ✓ Takashimaya Vietnam and Siam Takashimaya will see revenue and profit growth by capitalizing on demand in promising markets.

(billion JPY)		H1 forecast (Jan.-Jun.)	YOY change	Change from FY2019	Full-year forecast (Jan.-Dec.)	YOY change	* Change from FY2019	Forecasted exchange rate
Takashimaya Singapore Ltd.	Operating revenue	9.5	+3.5%	+16.0%	22.9	+7.3%	+35.0%	1S$＝
	Operating profit	2.7	+ 0.3	+ 0.5	6.2	(0.1)	+ 1.5	¥95.70
Toshin Development Singapore Pte, Ltd.	Operating revenue	4.8	+12.2%	+9.2%	9.7	+4.3%	+10.6%	1S$＝
	Operating profit	1.5	+ 0.3	(0.1)	2.8	+ 0.3	(0.3)	¥95.70
Shanghai Takashimaya Co., Ltd.	Operating revenue	1.6	+33.5%	(2.1%)	3.5	+58.9%	+12.2%	1CNY＝
	Operating profit	0.2	+ 0.1	+ 0.2	0.5	+ 0.4	+ 0.5	¥19.49
Takashimaya Vietnam Ltd.	Operating revenue	1.6	+20.2%	+69.2%	3.3	+10.1%	+62.9%	1VND＝
	Operating profit	0.4	+ 0.1	+ 0.3	0.8	+ 0.1	+ 0.6	¥0.0055
Siam Takashimaya (Thailand) Co., Ltd.	Operating revenue	1.1	+26.1%	+45.4%	2.5	+16.4%	+51.6%	1THB＝
	Operating profit	(0.2)	+ 0.2	+ 0.3	(0.3)	+ 0.4	+ 0.7	¥3.74

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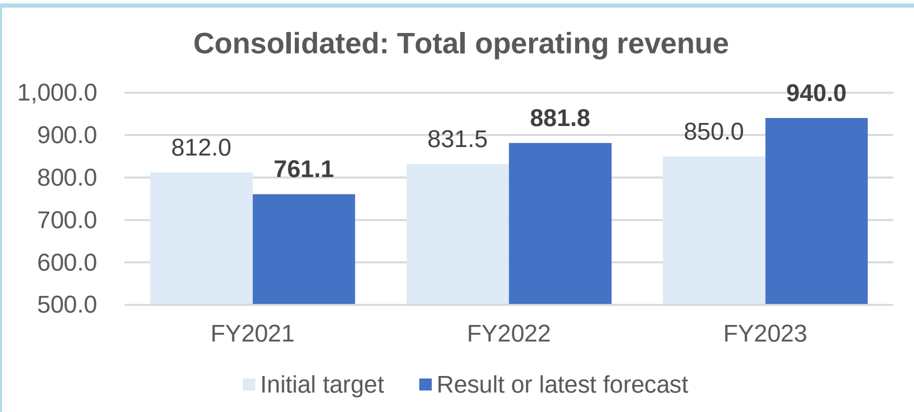
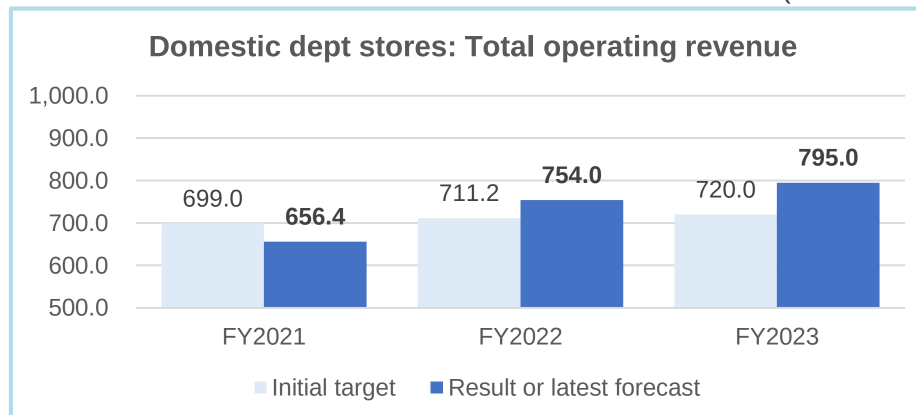
Ⅲ 3-Year Plan: Current Performance, Future Direction

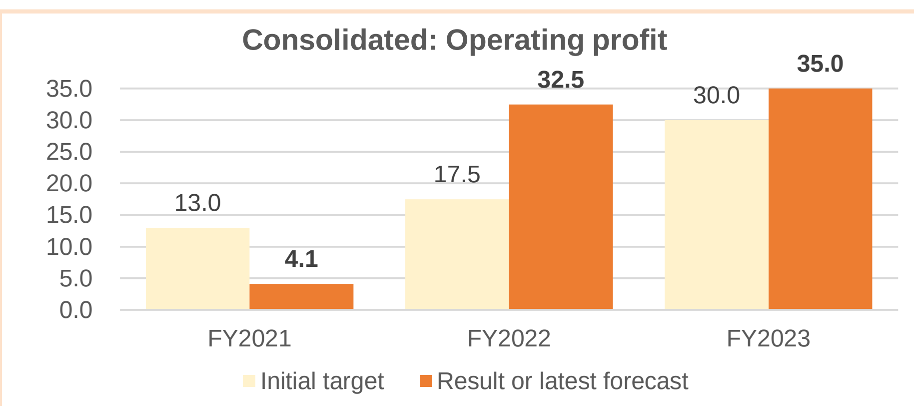
1-1. Current Performance in 3-Year Plan 1:
Consolidated Performance, Performance of Domestic Department Stores

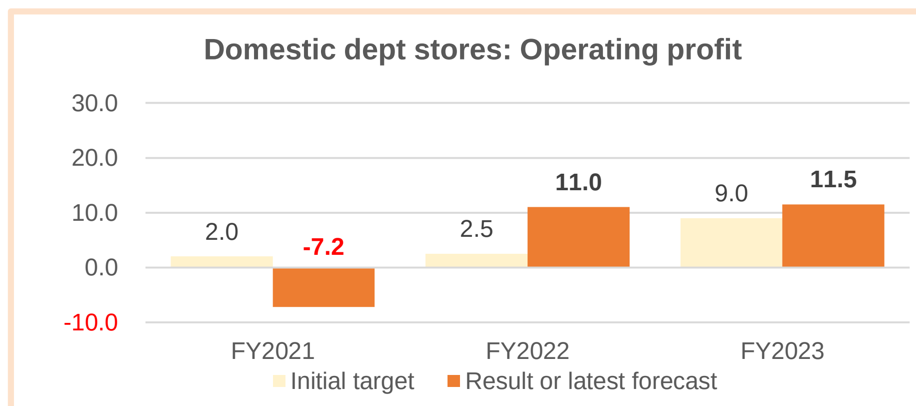
- ✓ We have achieved, a year ahead of schedule, our 3-year targets operating profit, both on a consolidated basis and in our domestic department stores.
- ✓ The domestic department stores have made progress in transitioning to a low-cost structure (via our cost-optimizing program).
- ✓ We expect further growth in FY2023.

(billion JPY)









1-2. Domestic Department Stores, Shopping Centres, Machi-Dukuri Strategy

- ✓ Under our overarching Machi-dukuri Strategy, our five large department stores and other shopping facilities pursue locally focused strategies.
- ✓ The department stores offer high-quality goods and services and a broad mix of specialty stores.
- ✓ To maximize value for shoppers, we have established a model of next-generation shopping centres with a department store at their core.

Next-generation shopping centres with a department store at their core

Kyoto Takashimaya Shopping Centre (to be opened in October 2023)

Nihombashi Takashimaya Shopping Centre

Takashimaya Times Square

Standalone department stores

Takashimaya Osaka

Takashimaya Yokohama

Standalone shopping centres

Tachikawa Takashimaya Shopping Centre

Nagareyama Otakanomori Shopping Centre

1-3. Domestic Department Stores: Better In-Store Merchandise

- ✓ Source of department stores' appeal is merchandising. Improving merchandising is therefore a top priority.
- ✓ We will accelerate efforts to get new merchandise and suppliers.
- ✓ We will follow a talent development strategy to boost our people-driven earning power.

Immediate tasks

Apparel	Strengthen partnerships with key suppliers to secure merchandise
Foods	Deploy assistant buyers in self-curated sales spaces for more nuanced merchandising

Longer-term tasks

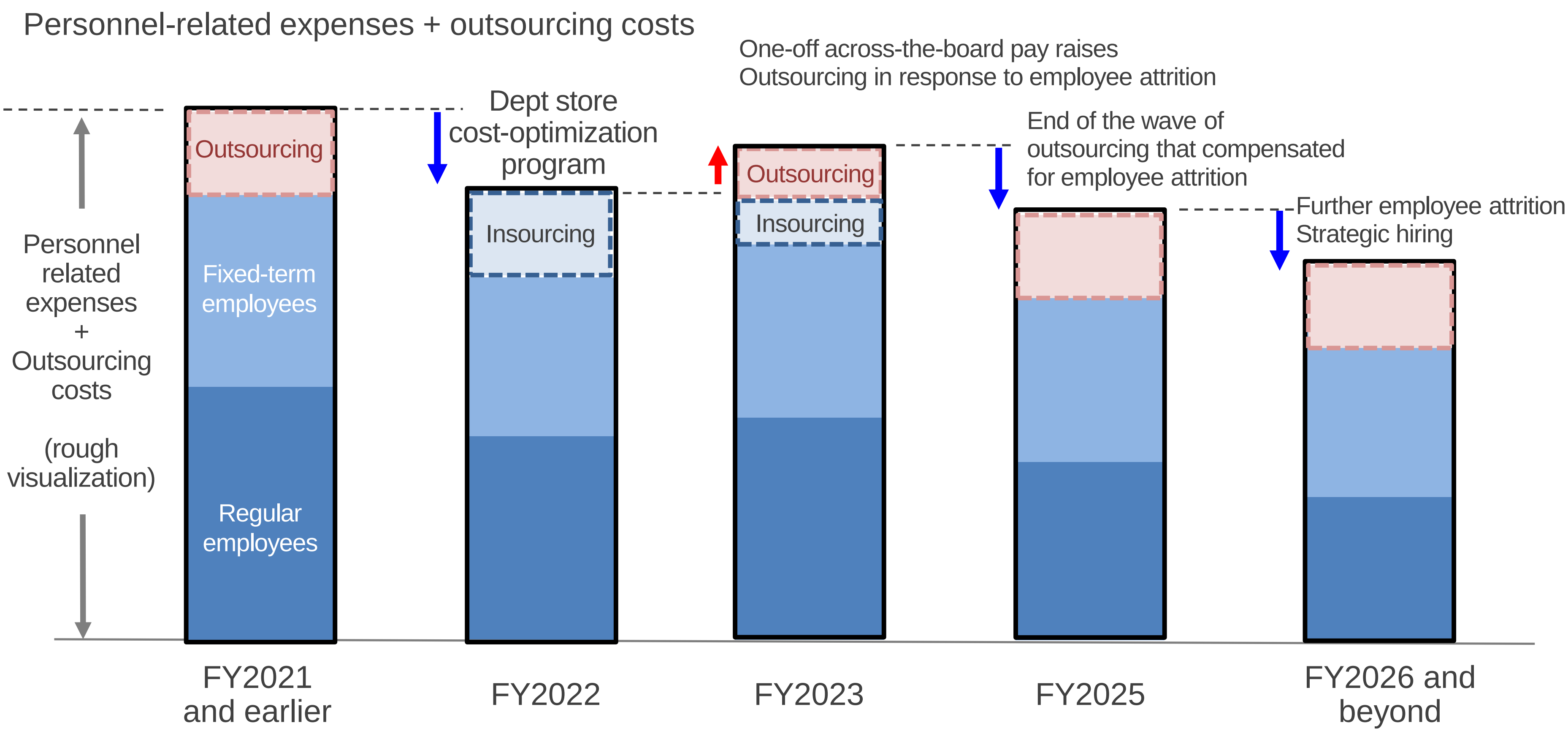
- ○ Lay foundations for developing new merchandise and supplier partnerships
- ○ Strengthen marketing so that we anticipate emerging market trends and preferences

Talent development strategy to enable better merchandising

- ○ Create veteran and junior team system to facilitate transfer of skills (experience, expertise)
- ○ Merchandising division to work with department stores to equip sales teams with sales storytelling skills.
- ○ Attract outside talent to help achieve compelling merchandising

1-4. Domestic Department Stores: Cost-Optimization Program

- ✓ We previously insourced a number of operations. This action helped us cut costs and gain operational know-how.
- ✓ We will now re-outsource the jobs to reduce costs per process.
- ✓ This, along with employee attrition, means we must update our recruitment strategy to ensure we have sufficient talent and earning power.



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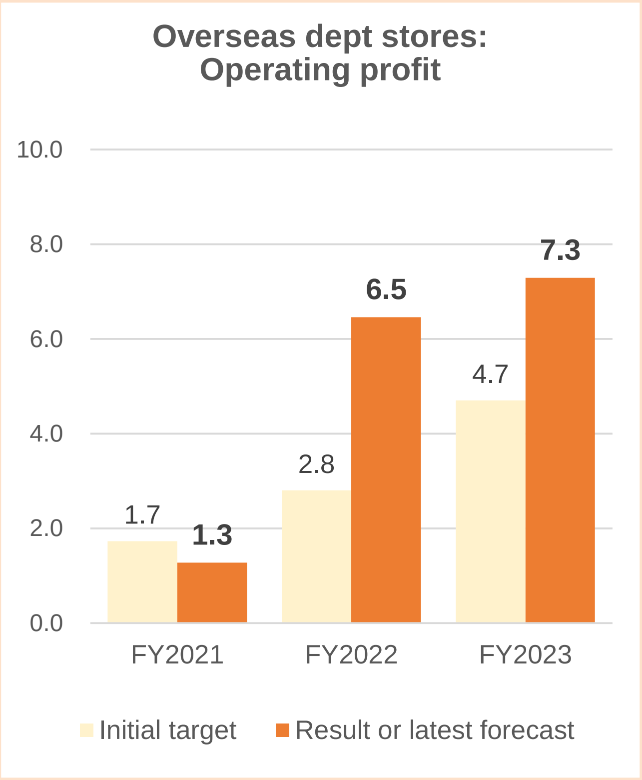
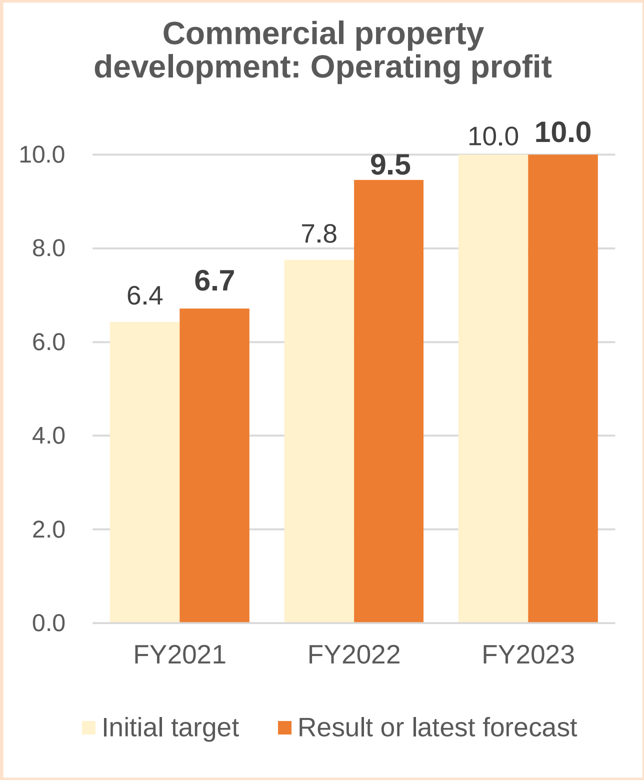
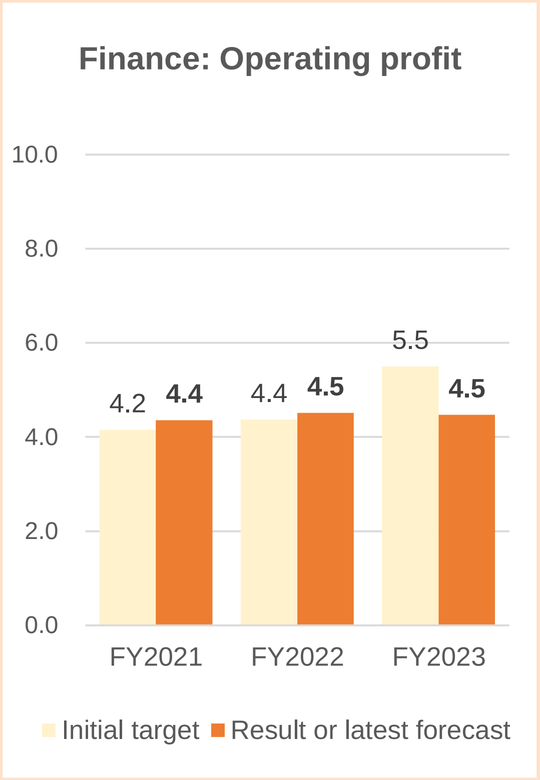
2-1. Current Performance in 3-Year Plan 2: Performance of Other Businesses

- ✓ With Takashimaya Singapore driving earnings, overseas department stores are on track to achieving their initial target for FY2023.
- ✓ Commercial property development: On track to achieving its initial target for FY2023
- ✓ Finance segment must do more to lay foundations for future growth.

(billion JPY)







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2-2. Overseas Department Stores

- ✓ Takashimaya Singapore, the linchpin for our overseas strategy, enjoys strong popularity and patronage.
- ✓ We have leveraged the store’s profile to develop business opportunities across ASEAN.
- ✓ With merchandising and services that embody the brand values of a Japanese department store, our overseas department stores have achieved growth with the local community.

Singapore Takashimaya Shopping Centre

- 30 years old (opened in 1993)
- Combines department store with specialty stores
- Cherished and well patronized by locals and internationals

Shanghai Takashimaya

Opened in 2011

Ho Chi Minh City Takashimaya/ Saigon Centre

Opened in 2016

Siam Takashimaya

Opened in 2018

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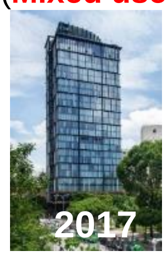
2-3. Commercial Property Development : Vietnam Business

- ✓ Saigon Centre, a shopping centre with a department store at its core, opened in HCMC in 2016.
- ✓ With our growing overseas presence, we started developing a non-retail property portfolio.
- ✓ We will keep expanding our portfolio in up-and-coming markets to capture opportunities for revenue growth.

Further developments

A & B Tower
(**Mixed use**)



Starlake Project A: Dewey School
(**Rental/leasing for school**)

Vietnam business's earnings:
¥1.5 billion*
(FY2022)

Starlake Project B: Phase 1
(Retail)

Starlake Project B: Phase 2
(**Mixed use**)

Saigon Centre
(Retail)

Indochina Plaza Hanoi
(**Mixed use**)

Lancaster Luminaire
(**Residential** + **Mixed use**)

* = Operating profit + Dividend

2-4. Finance

- ✓ We have developed a range of financial products and services as part of the department stores merchandise.
- ✓ The card business, the segment's mainstay, needs to coordinate closer with the corporate group to build membership.
- ✓ For the Life Partner business to grow, we will open more financial counters and improve in-store operations.

1. Card business

- ○ To build membership, the business will coordinate with department stores, shopping centres, and e-commerce business.
- ○ We will issue new cards to expand the membership.

2. Life Partner business

- ○ We will invest in human capital to improve in-store sales power.
- ○ We will open more financial counters to increase customer touchpoints.

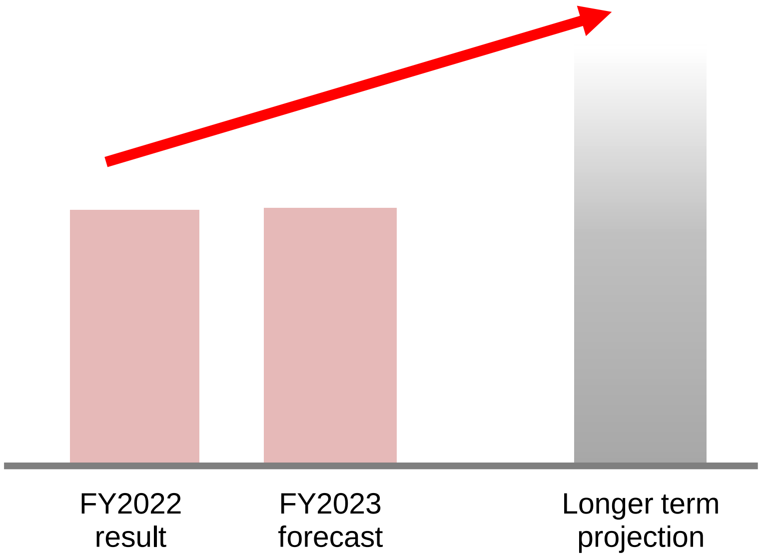
3. Other actions

- ○ We will actively develop social lending leads.
- ○ NEOBANK's SUGO-TSUMI app launched in July, 2022. We will improve the app's usability to build awareness.

Finance Segment's customer base will be linked synergistically with department stores

Department stores' financial merchandise will be expanded to enhance in-store experience

Operating profit targets



* Life Partner business:
A business that delivers insurance and wealth management services at financial counters

Takashimaya

3. Current Performance in 3-Year Plan 3: Investment Budgets

- ✓ For commercial property development, we will invest further to develop our retail portfolio, adapting nimbly to market changes.
- ✓ For domestic/overseas department stores, we will actively invest in projects that will increase earnings growth.
- ✓ For investments to enhance safety and comfort, we will set spending priorities.

	FY2021	FY2022			FY2023			3-Year Plan		
(billion JPY)	Result	Result	Initial target	Change from initial target	Latest forecast (April 2023)	Initial target	Change from initial target	Latest forecast (April 2023)	Initial target	Change from initial target
Investment: Total	42.6	30.3	49.5	(19.2)	61.4	48.0	+13.5	**134.3**	**140.0**	(5.7)
Department stores (domestic, overseas)	4.8	1.9	2.9	(1.0)	5.6	3.3	+2.3	**12.3**	**11.0**	+1.3
Commercial Property Development (domestic, overseas)	29.3	17.6	33.8	(16.2)	42.2	26.9	+15.4	**89.1**	**90.0**	(0.9)
Other group companies	1.2	1.5	1.0	+0.5	1.4	2.8	(1.4)	**4.1**	**5.0**	(0.9)
System investments	3.0	4.3	3.9	+0.4	5.9	6.1	(0.2)	**13.2**	**13.0**	+0.2
Safety and security investments, other investments	4.3	5.0	7.8	(2.8)	6.3	8.9	(2.6)	**15.6**	**21.0**	(5.4)

4. Current Performance in 3-Year Plan 4: Financial Indicators

- ✓ Profitability indicators: We achieved, a year ahead, the targets for EBITDA/total assets and ROE.
  ⇒ With sustained earnings growth, we will build our aggregate market value (with a P/B ratio of >1).
- ✓ Stability indicators: We achieved, a year ahead, our net interest-bearing debt/EBITDA target.
  ⇒ We will keep investing within the boundaries of our OCF. We will maintain a healthy ratio.

		Unit	FY2021	FY2022		FY2023		3 –year plan	
			Result	**Result**	Change from initial target	**Latest forecast**	Change from initial target	**Latest forecast**	Change from initial target
Profitability indicators	OCF	Billion JPY	21.0	**36.5**	-7.6	**80.0**	+15.1	**137.5**	+7.5
	CFC	Billion JPY	-37.1	**-10.7**	36.3	**-60.0**	-14.1	**-107.8**	22.2
	EBITDA	Billion JPY	27.0	**55.4**	+14.4	**58.9**	+4.4	**141.3**	+18.8
	EBITDA / total assets	%	2.4%	**4.8%**	1.2%	**5.0%**	0.2%		
	ROE	%	1.4%	**6.9%**	4.4%	**5.5%**	0.7%		
Stability indicators	Equity ratio	%	34.8%	**35.1%**	-0.1%	**36.3%**	-0.5%		
	Interest-bearing debt	Billion JPY	214.8	**213.6**	-6.4	**209.0**	-1.0		
	Net interest-bearing debt	Billion JPY	124.1	**122.7**	-8.4	**120.0**	-10.0		
	Net interest-bearing debt / EBITDA	Multiple	4.6	**2.2**	-1.0	**2.0**	-0.4		

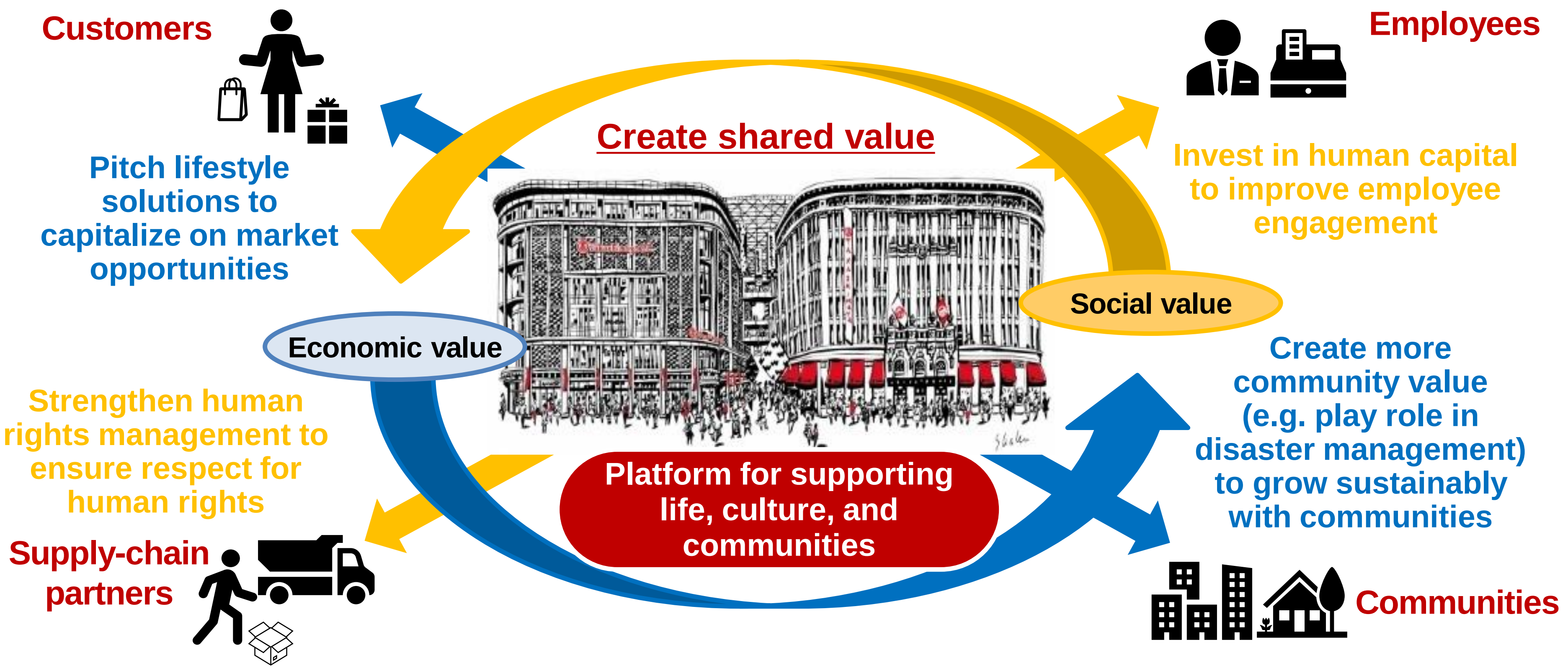
EBITDA = Operating profit + depreciation
(other than depreciation of overseas subsidiaries' right-of-use assets recognized under the IFRS 16 requirements)

Takashimaya

Ⅳ ESG Strategy

1. Taking the ESG Strategy Further

- ✓ We will work with stakeholders as part of an ESG strategy that differentiates us from peers.
- ✓ By linking the ESG strategy directly with our business activities, we will obtain new business opportunities.
- ✓ We will expand TSUNAGU ACTION*, a sustainability program.



* TSUNAGU ACTION is a program for engaging customers in our vision of contributing to a prosperous 21st century. In this program, we pitch eco-friendly and ethical goods and services that contribute to sustainable lifestyles.

2. ESG Priorities

✓ We have built a renewable energy scheme using offsite PPAs* with partners.

✓ We will install more charging stations to help local disaster-management efforts and promote a shift to electric vehicles.

✓ We promote sustainable/circular businesses by creating opportunities for customers to engage in our ESG efforts.

Climate Action RE100

- **Get new offsite PPAs**

* Working with PPSs, we have built Japan's first scheme for short-term offsite PPAs.

Renewable power supply

Climate Action EV100

- **Install more charging stations**

* We will install more charging stations to help local disaster-management efforts and promote an EV shift. The charging fees will be put toward local greenification.

Sustainable/circular businesses

- **Create more opportunities for customers to engage in our ESG efforts**

* We will use reduce-reuse-recycle schemes to strengthen customer engagement.

Depart de Loop
TAKASHIMAYA×BRING

* Power purchase agreements are agreements between power sellers and buyers in which the seller supplies renewable energy to the buyer via the national grid.

V Financial Information, Shareholder Returns

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

✓ We will aim for sustained earnings growth while maintaining fiscal health.

■Milestones toward >1 P/B ratio

		FY2022 (ended Feb 28, 2023)		Necessary level		Ref: Calculations on P/E ratio basis	
ROIC *1	(WACC)	4.4%	(4.5%)	6.1%	(4.5%)	4.4%	(4.5%)
Operating profit	(EBITDA) *2	¥32.5 bn	(¥55.4 bn)	¥48 bn	(¥72 bn)	¥32.5 bn	(¥55.4 bn)
NOPAT *3	(EPS) *4	¥27.0 bn	(¥170)	¥37.6 bn	(¥238)	27.0 bn¥	(¥170)
Invested capital *5		¥618.1 bn		¥618.1 bn		¥618.1 bn	
Target stock price	P/B ratio *6	¥1,896	0.72	¥2,620	1.00	¥2,620	1.00
	P/E ratio *7		11.0		11.0		15.3

*1 Return on invested profit = NOPAT / Invested capital

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

*3 Net operating profit after tax = (Ordinary profit + Interest expenses - Interest income) × (1− Effective tax rate)

*4 Earnings per share = Net profit / (End-of-period shares outstanding)

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

*6 Price-to-book ratio = Market price per share / (Net assets / Shares outstanding)

*7 Price-to-earnings ratio = Share price / EPS

2. Profitability Indicators

✓ We added ROIC to our profit indicators. Over the longer term, we aim to get ROIC above WACC.

■ Operating profit (by business), ROIC, EBITDA to total assets ratio

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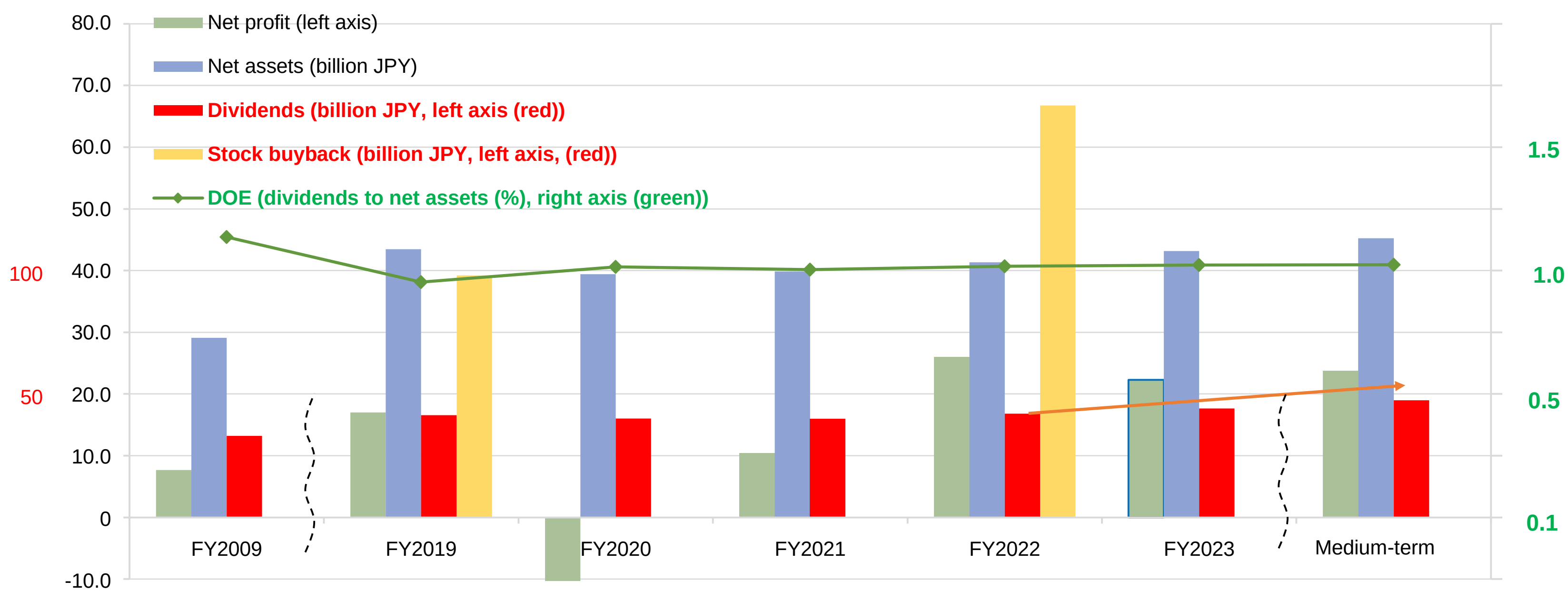
3. Shareholder Returns

- ✓ Regardless of the business environment, we keep DOE stable (at around 1.0%).
- ✓ We are increasing the dividends following better-than-expected performance (extra ¥2 on FY2022 year-end dividend, extra ¥2 on FY2023 interim dividend).
- ✓ We will take net assets into account when setting future dividends.

■ Comparison with 3-year targets

	Unit	FY2021	FY2022		FY2023	
		Result	**Result**	Change from initial target	**Latest forecast**	Change from initial target
Dividend per share	JPY	24	**26**	+2	**28**	+4
DOE	%	1.0%	**1.0%**	0.0%	**1.1%**	0.1%

■ Net profit, net assets, dividends, stock buyback, DOE



*DOE = Dividends on equity

Summary

FY2022 results

- ○ Earnings were boosted by burgeoning sales of high-ticket items, bumper orders, and foreign exchange gains (from the weak yen).
- ○ We switched to a leaner structure through our cost-optimization program for department stores.
- ○ Consolidated operating profit amounted to **¥32.5 billion**, exceeding the 3-year target (¥30 billion) a year early.

Forecasts for FY2023

- ○ In FY2023, we will see a post-bounce slowdown (following FY2022's bumper orders, sales growth in high-ticket items, and growth in e-commerce). However, we will still see sales growth by capitalizing on the recovery in spending and inbound tourism following the downgrading of COVID-19 to a Class 5 disease.
- ○ We will keep generating savings to absorb the unavoidable cost increases (e.g. higher utility bills).
- ○ Group companies will achieve growth by gaining a competitive advantage in their target markets.
- ○ We expect consolidated operating revenue of **¥940 billion** and consolidated operating profit of **¥35 billion.**
- ○ We are **adding ¥2** to the year-end dividend for FY2022. It will now be ¥14. We are also **adding ¥2** to the interim dividend for FY2023. It will now be ¥14.