



Notice: This document is a translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Six Months Ended August 31, 2023 (Based on Japanese GAAP)

October 13, 2023

Company name: Takashimaya Company, Limited
 Stock exchange listing: Tokyo
 Stock code: 8233 URL <https://www.takashimaya.co.jp>
 Representative: President Yoshio Murata
 General Manager, Public and Investor Relations Office
 Inquiries: Shuichiro Kurosu TEL (03)3211-4111

Scheduled date to file Quarterly Securities Report: October 13, 2023
 Scheduled date to commence dividend payments: November 22, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended August 31, 2023 (from March 1, 2023 to August 31, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended August 31, 2023	221,175	5.8	20,810	62.4	22,181	52.0	14,962	10.6
Six months ended August 31, 2022	209,012	–	12,812	–	14,597	–	13,522	–

Notes: 1. Comprehensive income For the six months ended August 31, 2023 24,253 million yen [(3.8)%]
 For the six months ended August 31, 2022 25,212 million yen [–%]

2. Because we have applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the previous fiscal year, the percentage of year-on-year change of each figure for the six months ended August 31, 2022, is not shown.

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended August 31, 2023	94.85		80.69	
Six months ended August 31, 2022	81.10		69.55	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of August 31, 2023	1,201,750		457,953		36.1	
As of February 28, 2023	1,178,201		436,482		35.1	

Reference: Equity As of August 31, 2023 433,576 million yen
 As of February 28, 2023 413,326 million yen

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended February 28, 2023	–	12.00	–	14.00	26.00
Year ending February 29, 2024	–	17.00			
Year ending February 29, 2024 (Forecast)			–	17.00	34.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

3.Forecast of consolidated financial results for the year ending February 29, 2024 (from March 1, 2023 to February 29, 2024)

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	465,000	4.9	44,000	35.3	45,000	30.4	29,500	6.0	187.02

Note: Revisions to the earnings forecasts most recently announced: Yes

4. Notes

- (1) Changes in significant subsidiaries during the six months ended August 31, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of August 31, 2023	177,759,481 shares	As of February 28, 2023	177,759,481 shares
-----------------------	--------------------	-------------------------	--------------------

Number of treasury shares at the end of the period

As of August 31, 2023	20,027,930 shares	As of February 28, 2023	20,027,587 shares
-----------------------	-------------------	-------------------------	-------------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended August 31, 2023	157,731,745 shares	Six months ended August 31, 2022	166,732,331 shares
----------------------------------	--------------------	----------------------------------	--------------------

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Caution concerning forward-looking statements and others)

- The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors. Please refer to "1. Qualitative Information about Consolidated Operating Results, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements" on page 6 of the attached materials for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

○ Table of Contents of the Attachment

1. Qualitative Information about Consolidated Operating Results	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	5
(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements	6
2. Quarterly Consolidated Financial Statements and Major Notes	7
(1) Quarterly Consolidated Balance Sheets	7
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income.....	9
Quarterly Consolidated Statements of Income	9
Quarterly Consolidated Statements of Comprehensive Income	10
(3) Quarterly Consolidated Statements of Cash Flows	11
(4) Notes to Quarterly Consolidated Financial Statements.....	12
(Notes on Premise of Going Concern)	12
(Notes on Substantial Changes in the Amount of Shareholders' Equity)	12
(Changes in Significant Subsidiaries During the Six Months Ended August 31, 2023)	12
(Additional Information)	12
(Segment Information)	13
(Significant Subsequent Events)	15

1. Qualitative Information about Consolidated Operating Results

(1) Explanation of Operating Results

During the first six months under review (March 1, 2023, to August 31, 2023), the Japanese economy gradually moved towards normalization as the impact of COVID-19 subsided and in May the government downgraded COVID-19 to a Class 5 infectious disease. Consumer spending increased steadily at a mild pace despite the impact of the rising cost of living. Inbound demand also helped stimulate the domestic economy as inbound tourist numbers gradually recovered on an increase in flights, the restoration of certain routes, and yen depreciation.

However, Japan continues to face a lack of transparency regarding the future consumer spending due to increasing consumer thrift triggered by a decline in real-world wages as wage increases have failed to keep up with the rising cost of living.

Against that backdrop, we (Takashimaya Group) are positioning FY2023 as an extremely important year for creating the management platform necessary to transition from a recovery phase to achieving new sustainable growth and taking our next leap forward.

Under the Group-wide Machi-dukuri Strategy, we will continue to promote our management goals: 1) Making the department stores more profitable, 2) Promoting human capital management, 3) Group companies building a competitive advantage, and 4) Enhancing Group ESG into business strategies. We will take a Group-wide approach to increasing the value of the Takashimaya brand.

In the Department Store segment, this year the Group expanded the cost optimization program undertaken since last year to all stores and has achieved a certain level of success towards the formation of a structure for profit generation. The Group is fostering the development of human resources with curation capabilities as we adapt to post-COVID-19 consumer trends and strengthen merchandise selections to offer both the captivating appeal and quality that responds to customer needs. The Takashimaya Group is developing new strategies to attract customers to department stores, something we were unable to do during COVID-19. These strategies include highly innovative events and promotional campaigns. We will also use digital tools to streamline operations and generate time for sales staff that can be applied towards sales. The Takashimaya Group will improve the ability of sales staff to communicate and convey product stories and make qualitative improvements in our sales capabilities as we engage in people-oriented business to make department stores more profitable.

For the Commercial Property Development segment, in addition to partnering with local government in the Nagareyama-Otakanomori area of Chiba Prefecture on revitalization efforts, we will also participate in a Public Private Partnership (PPP *1) project, a first for the Takashimaya Group. We will pioneer new customer layers by producing attractive, community-oriented shopping centers, including through the renewal of existing commercial facilities and the development of the specialty store zone integrated into Kyoto Takashimaya Shopping Center scheduled to open on October 17. The Takashimaya Group is also working to further stabilize our business portfolio by increasing our share in non-commercial domains in Japan and overseas, including rental housing and offices.

In the Finance segment, strengthening cardholder enrollment is the highest priority issue for the credit card business, a revenue pillar for the Group. We are working to attract new members and increase the appeal of Takashimaya Group credit cards. To develop business in the corporate domain, in August we began offering a new business card for business owners and sole proprietors and are promoting new member enrollment. For the Life Partner business, which offers financial products, we will generate steady profits by developing human resources with dedicated expertise, strengthening ties to our excellent customer base, and use department store locations to expand customer contact points.

For other Group companies and businesses, the Group will elevate its expertise in each area and take advantage of strengths and unique characteristics of the Group to secure competitiveness in each segment while promoting initiatives that further strengthen profitability.

The Takashimaya Group has wide range of contact points with customers, engages in transactions with numerous business partners, and the Group is deeply tied to our communities. As an ESG strategy, the Takashimaya Group is promoting initiatives that allow us to exert our advantage as a Group with contact points spanning a diverse array of stakeholders. Through Depart de Loop, our sustainable/circular business for collecting unwanted clothing to be renewed and sold, the Group began selling products made from denim collected the previous year. The Group further expanded this initiative by adding cosmetics and cosmetic containers to the scope of used items it collects. To promote decarbonization, the Takashimaya Group adopted Japan's first short-term agreement scheme for an off-site Power Purchase Agreement (PPA*2) and began providing power to the Yokohama store in April. Through this scheme, renewable energy generated somewhere other than on Takashimaya Group land is received directly from the operator. Moving forward, the Group will expand the adoption of this scheme to other stores. In response to the 2024 Problem in Logistics (*3), the Takashimaya Group is leading the industry in efforts that contribute to driver fatigue reduction by adjusting delivery times from prior to store opening to after store opening for all stores. The Group will continue to engage in proactive efforts to resolve social issues.

(*1) Public Private Partnership (PPP)

Local government and private businesses partnering on the construction, maintenance, management, and operation of public facilities to apply the ingenuity of private companies towards the effective utilization of financial capital or optimization of local government.

(*2) Power Purchase Agreement (PPA)

A contract for purchasing electricity.

(*3) 2024 Problem in Logistics

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

Our earnings for the cumulative first six months under review are consolidated operating revenue of 221,175 million yen (increase of 5.8% YoY), consolidated operating profit of 20,810 million yen (increase of 62.4% YoY), consolidated ordinary profit of 22,181 million yen (increase of 52.0% YoY), and profit attributable to owners of parent of 14,962 million yen (increase of 10.6% YoY).

Segment-specific earnings for each business are as follows.

<Department Stores>

Operating revenue from the Department Store segment was 160,941 million yen (increase of 5.1% YoY) and operating profit was 12,049 million yen (increase of 85.1% YoY).

Department stores in Japan recorded increased revenue and profit.

The number of customers visiting stores increased on the invigoration of social and economic activities. Domestic customer net sales (excluding inbound travelers) were firm, particularly for fashion-related products such as women's clothing, men's clothing, and cosmetics. Looking at net sales from inbound travelers, sales of luxury brands and other high-ticket items were favorable. Net sales were also propelled by an increase in per-customer sales due to the yen depreciation. Many customers were attracted by regional product exhibits such as the Great Hokkaido Fairs held at various stores, the Special Exhibition held at Kyoto Store and Nihombashi Store commemorating the 5th Anniversary of Enthronement and 30th Anniversary of Marriage of Their Majesties the Emperor and Empress, and events planned to coincide with summer vacation.

As a new initiative, we opened "moi salon et ropé" locations at Takashimaya Osaka and Takashimaya Yokohama. The lifestyle shop moi salon et ropé was developed in collaboration with JUN Co., Ltd. The Group will continue working to expand product selection and strengthen marketing capabilities as we strive to meet the needs of customers.

Gross margin ratio is also improving steadily thanks to net sales growth for fashion-related products. The Group will continue with our cost-optimization program to promote profit growth.

Overseas business (January to June 2023) also resulted in increased revenue and profit.

Takashimaya Singapore net sales grew significantly. In addition to a correction from the impact of COVID-19 incurred the previous year, the store also benefitted from firm domestic consumer demand and a recovery in inbound traffic. Ho Chi Minh City Takashimaya also saw a recovery in net sales, meaning that both companies recorded increased revenue and profit. Siam Takashimaya (Thailand) saw a recovery in net sales thanks to an increase in the number of customers visiting the store, which helped reduce losses. On the other hand, Shanghai Takashimaya recorded a decrease in profit. Despite a significant increase in revenue thanks in part to a correction in sales figures after the store was forced to close (67 days) during the previous year due to COVID-19, the impact of recording COVID-19-related expenses associated with the store closure was equally significant.

<Commercial Property Development>

Operating revenue from the Commercial Property Development segment was 25,127 million yen (increase of 10.3% YoY) and operating profit was 6,559 million yen (increase of 48.3% YoY).

Business in Japan recorded increased revenue and profit on increased sales from commercial facilities and a recovery in rent income.

In March, Toshin Development Co., Ltd. concluded a Comprehensive Partnership Agreement on Community Revitalization with the City of Nagareyama in Chiba Prefecture. Through this Agreement, the company will strengthen mutual cooperation on issues such as towards city development, creating an environment conducive to child-rearing, and disaster response and unite with local government to promote community revitalization. The Group is working to further increase appeal of the area through the Nagareyama-Otakanomori Shopping Center. In May, TX Grand Avenue Otakanomori was reopened following a full-scale renewal. This commercial facility was created by utilizing the space under the elevated Nagareyama-Otakanomori Station, which is serviced by the Tsukuba Express. In June, we launched Otakanomori LOOP as a new

space for the local community that provides local residents a place for and opportunities to interact.

The Group has finalized the opening of 51 shops in T8, the specialty shop zone that is part of the Kyoto Takashimaya Shopping Center scheduled to open on October 17. Based on the concept of creating “Kyoto’s No. 1 Meetup Spot,” the site will provide the type of experiential value that can only be attained through the in-store experience of a place where people, products, and services come together.

As a new business, in July the Group entered into a basic agreement with Adachi Ward, Tokyo concerning a “Rokucho Station Area Land Utilization Project.” This represents the Takashimaya Group’s first participation in a PPP project. Selected via a public proposal (*4), this project will involve Toshin Development Co., Ltd. constructing a multi-function commercial facility and bicycle parking on land adjacent to the Rokucho Station on the Tsukuba Express. The Group will use this project as an opportunity to expand our involvement in PPP projects in partnership with local governments.

Overseas (January to June 2023), Takashimaya Singapore S.C., which is operated by Toshin Development Singapore Pte. Ltd, recorded increased revenue and profit thanks to an increase in customer visits. In Vietnam, the Group steadily promoted the Star Lake Project Plan A, which involves operation of a school, and the Lancaster Luminaire Project, a housing, office space, and commercial development project, as part of efforts to expand our local business foundation.

(*4) Public proposal

One form of private contractor selection used by municipalities. Private companies submit proposals in response to a public request for proposal and a contractor to receive priority negotiation rights is decided based on a comprehensive evaluation of factors such as concept, business plan, and contributions to the local community.

<Finance>

Operating revenue from the Finance segment was 8,608 million yen (increase of 1.3% YoY) and operating profit was 2,255 million yen (decrease of 0.8% YoY).

Although revenue increased on growth in net card transactions, profit decreased slightly on forward-looking investments related to developing the market segment and expanding our business foundation.

In the Card business, as the number of customers visiting department stores and shopping centers recovers, the Group continued to strengthen efforts towards new member enrollment and promoted use at external partner stores to capture growing demand for travel and dining. Starting in August, the Group began offering a new business card, “Takashimaya Card (Business Platinum) American Express®,” aimed at business owners and sole proprietors, and began soliciting new enrollment. The Group will continue working to improve customer satisfaction by leveraging synergy with department stores.

In the Life Partner business, in addition to financial counters at three locations of Nihombashi, Yokohama, and Osaka stores, the Group also established a new pre-reservation financial desk (satellite) at Kyoto Store as well as an insurance consultation booth at Nihombashi Store. The Group is increasing customer contact points and expanding our customer base by continuously holding in-person seminars for department store customers on themes such as life plan proposals for the 100-year life era, investment trusts, and inheritance planning.

From July, SUGO-TSUMI (*5), which is offered through Takashimaya NEOBANK, provides a service that allows customers whose accounts reach maturity to use funds towards payment settlement. Compared to the Takashimaya Rose Circle (Tomonokai club), this service is seeing greater use from customers aged 50 and under, a higher ratio of male members, and high average savings balances. The Group will continue to promote an approach aligned with these characteristics of the service to increase member numbers and the retention rate, and promote use towards payment settlement.

(*5) SUGO-TSUMI

Stands for Takashimaya no Sugoi Tsumitate (“Takashimaya’s amazing savings scheme”), one of the services offered through the Takashimaya NEOBANK app. Members who make twelve months of monthly deposits for a specified amount receive one month’s amount as a shopping balance that is charged to their app for use when shopping at Takashimaya.

<Construction & Design>

Operating revenue from the Construction & Design segment was 13,304 million yen (increase of 47.3% YoY) and operating profit was 130 million yen (previous fiscal year had operating losses of 308 million yen).

Takashimaya Space Create Co., Ltd. saw an increase in orders for large-scale properties such as hotels and commercial facilities, particularly luxury brands, resulting in increased revenue and a return to profitability. The Group will build a stable revenue platform by leveraging our

marketing and design capabilities to strengthening proposal-based sales.

<Others>

Operating revenue from Cross Media and other businesses was 13,192 million yen (decrease of 15.1% YoY) and operating profit was 382 million yen (increase of 7.6% YoY).

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

(2) Explanation of Financial Position

1) Status of Assets, Liabilities and Net Assets

Total assets as of August 31, 2023 amounted to 1,201,750 million yen, up 23,548 million yen from the end of the previous fiscal year. This was mainly due to an increase in notes and accounts receivable – trade, and in contract assets. Liabilities amounted to 743,796 million yen, up 2,077 million yen from the end of the previous fiscal year. This was mainly due to an increase in notes and accounts payable – trade. Net assets amounted to 457,953 million yen, up 21,471 million from the end of the previous fiscal year. This was mainly due to increases in retained earnings and foreign currency translation adjustment.

2) Status of Cash Flows

Net cash provided by operating activities was 21,061 million yen, an increase of 15,641 million yen from 5,420 million yen provided in the same period of the previous fiscal year. This was mainly due to an increase of 6,796 million yen in profit before income taxes.

Net cash used in investing activities was 15,517 million yen, an increase of 8,820 million yen (decrease in cash provided) from 6,697 million yen used in the same period of the previous fiscal year. This was mainly due to an increase of 3,282 million yen in purchase of property, plant and equipment and intangible assets, and a decrease of 3,261 million yen in proceeds from sales and redemption of short-term and long-term investment securities.

Net cash used in financing activities was 10,994 million yen, an increased outflow (decreased inflow) of 5,732 million yen from 5,262 million yen used in the same period of the previous fiscal year. This was mainly due to a decrease of 12,000 million yen in proceeds from long-term borrowings.

When exchange differences are added to the above cash flows, cash and cash equivalents as of August 31, 2023 amounted to 87,134 million yen, down 1,496 million yen from the end of the previous fiscal year.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements

For the consolidated earnings forecasts, operating revenue, operating profit, ordinary profit and profit attributable to owners of parent have been revised as follows in light of operating results for the second quarter, progress made in cost structure reforms and other factors.

Consolidated earnings forecasts for the year ending February 29, 2024

(from March 1, 2023 to February 29, 2024)

	Operating revenue	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Forecasts announced on June 29	475,000	37,500	37,500	24,500	155.32
Forecasts revised on October 13	465,000	44,000	45,000	29,500	187.02
Change (amount)	(10,000)	6,500	7,500	5,000	—
Change (%)	(2.1)	17.3	20.0	20.4	—
Results for the previous year (Year ended February 28, 2023)	443,443	32,519	34,520	27,838	169.78

2. Quarterly Consolidated Financial Statements and Major Notes
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2023	As of August 31, 2023
Assets		
Current assets		
Cash and deposits	90,841	90,416
Notes and accounts receivable - trade, and contract assets	143,477	155,066
Merchandise and finished goods	35,201	35,966
Work in process	284	434
Raw materials and supplies	869	1,017
Other	31,625	33,902
Allowance for doubtful accounts	(770)	(733)
Total current assets	301,530	316,070
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	184,336	189,020
Land	419,938	419,961
Leased assets, net	1,625	1,192
Right-of-use assets, net	76,867	77,677
Other, net	22,749	22,046
Total property, plant and equipment	705,517	709,897
Intangible assets		
Goodwill	2,394	2,704
Leasehold interests in land	11,125	11,575
Right-of-use assets	6,477	6,934
Other	17,086	17,483
Total intangible assets	37,084	38,697
Investments and other assets		
Investment securities	78,699	85,176
Guarantee deposits	27,075	26,363
Other	30,655	28,152
Allowance for doubtful accounts	(2,361)	(2,607)
Total investments and other assets	134,069	137,084
Total non-current assets	876,670	885,679
Total assets	1,178,201	1,201,750

(Millions of yen)

	As of February 28, 2023	As of August 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	110,663	116,781
Short-term borrowings	9,660	25,160
Lease liabilities	10,368	11,078
Income taxes payable	3,219	3,735
Contract liabilities	96,912	97,094
Gift certificates	43,571	43,170
Provision for point card certificates	2,201	2,195
Other	89,134	89,682
Total current liabilities	365,731	388,897
Non-current liabilities		
Bonds payable	80,173	80,157
Long-term borrowings	123,750	105,217
Lease liabilities	79,856	80,818
Asset retirement obligations	5,872	6,329
Retirement benefit liability	50,206	48,526
Provision for retirement benefits for directors (and other officers)	248	230
Provision for environmental measures	16	10
Other	35,862	33,608
Total non-current liabilities	375,987	354,898
Total liabilities	741,718	743,796
Net assets		
Shareholders' equity		
Share capital	66,025	66,025
Capital surplus	54,790	54,790
Retained earnings	294,129	306,616
Treasury shares	(32,690)	(32,690)
Total shareholders' equity	382,255	394,742
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,366	10,626
Deferred gains or losses on hedges	(1)	3
Revaluation reserve for land	3,972	3,972
Foreign currency translation adjustment	19,811	25,484
Remeasurements of defined benefit plans	(1,079)	(1,252)
Total accumulated other comprehensive income	31,070	38,834
Non-controlling interests	23,155	24,376
Total net assets	436,482	457,953
Total liabilities and net assets	1,178,201	1,201,750

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income)
(Six months ended August 31, 2023)

(Millions of yen)

	Six months ended 31-Aug-22	Six months ended 31-Aug-23
Operating revenue	209,012	221,175
Net sales	172,896	182,016
Cost of sales	85,985	87,550
Gross profit	86,911	94,466
Other operating revenue	36,116	39,158
Operating gross profit	123,027	133,625
Selling, general and administrative expenses		
Advertising expenses	4,251	4,670
Provision for point card certificates	789	1,094
Provision of allowance for doubtful accounts	326	407
Remuneration, salaries and allowances for directors (and other officers)	29,208	29,854
Retirement benefit expenses	544	464
Rent expenses on real estate	11,389	11,313
Other	63,703	65,009
Total selling, general and administrative expenses	110,214	112,814
Operating profit	12,812	20,810
Non-operating income		
Interest income	209	1,080
Dividend income	902	302
Subsidy income	361	—
Gain on adjustment of unused certificates	662	749
Share of profit of entities accounted for using equity method	960	1,133
Foreign exchange gains	1,171	554
Other	347	351
Total non-operating income	4,615	4,172
Non-operating expenses		
Interest expenses	2,510	2,575
Other	320	226
Total non-operating expenses	2,830	2,801
Ordinary profit	14,597	22,181
Extraordinary income		
Gain on sale of investment securities	248	—
Gain on forgiveness of lease liabilities	3	42
Subsidy income	83	—
Total extraordinary income	335	42
Extraordinary losses		
Loss on retirement of non-current assets	811	1,281
Impairment losses	467	855
Loss related to COVID-19	181	—
Other	212	29
Total extraordinary losses	1,672	2,166
Profit before income taxes	13,260	20,057
Income taxes - current	1,427	2,318
Income taxes - deferred	(2,272)	2,060
Total income taxes	(845)	4,378
Profit	14,105	15,678
Profit attributable to non-controlling interests	583	716
Profit attributable to owners of parent	13,522	14,962

(Quarterly Consolidated Statements of Comprehensive Income)
(Six months ended August 31, 2023)

(Millions of yen)

	Six months ended 31-Aug-22	Six months ended 31-Aug-23
Profit	14,105	15,678
Other comprehensive income		
Valuation difference on available-for-sale securities	1,148	2,232
Deferred gains or losses on hedges	2	4
Foreign currency translation adjustment	6,321	4,147
Remeasurements of defined benefit plans, net of tax	(191)	(173)
Share of other comprehensive income of entities accounted for using equity method	3,826	2,364
Total other comprehensive income	11,107	8,575
Comprehensive income	25,212	24,253
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	23,320	22,726
Comprehensive income attributable to non-controlling interests	1,891	1,527

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended 31-Aug-22	Six months ended 31-Aug-23
Cash flows from operating activities		
Profit before income taxes	13,260	20,057
Depreciation	16,425	16,895
Impairment losses	467	855
Amortization of goodwill	134	149
Increase (decrease) in allowance for doubtful accounts	128	207
Increase (decrease) in retirement benefit liability	(1,472)	(1,929)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(36)	(17)
Increase (decrease) in provision for point card certificates	1,584	(6)
Interest and dividend income	(1,111)	(1,382)
Interest expenses	2,510	2,575
Share of loss (profit) of entities accounted for using equity method	(960)	(1,133)
Loss on retirement of non-current assets	811	1,281
Subsidy income	(83)	—
Loss related to COVID-19	181	—
Loss (gain) on sale of investment securities	(248)	—
Decrease (increase) in trade receivables	(36,864)	(11,530)
Decrease (increase) in inventories	(175)	(851)
Increase (decrease) in trade payables	11,005	5,320
Increase (decrease) in advances received	(118,420)	—
Increase (decrease) in deposits received	29,898	4,533
Increase (decrease) in accounts payable - other	(1,763)	(1,579)
Increase (decrease) in contract liabilities	98,018	(357)
Other, net	(8,409)	(10,836)
Subtotal	4,880	22,252
Interest and dividends received	2,394	2,997
Interest paid	(2,473)	(2,524)
Subsidies received	83	—
Loss related to COVID-19 paid	(64)	—
Income taxes refund (paid)	598	(1,663)
Net cash provided by (used in) operating activities	5,420	21,061
Cash flows from investing activities		
Payments into time deposits	(106)	(1,225)
Purchase of short-term and long-term investment securities	(9)	(1,920)
Proceeds from sale and redemption of short-term and long-term investment securities	3,261	—
Purchase of property, plant and equipment and intangible assets	(11,531)	(14,813)
Proceeds from sale of property, plant and equipment and intangible assets	698	3
Purchase of shares of subsidiaries and associates	(733)	(258)
Net decrease (increase) in short-term loans receivable	2,807	1,682
Long-term loan advances	(2,014)	—
Other, net	929	1,015
Net cash provided by (used in) investing activities	(6,697)	(15,517)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(10,000)	—
Proceeds from long-term borrowings	12,000	—
Repayments of long-term borrowings	(80)	(3,080)
Redemption of bonds	(58)	—
Repayments of lease liabilities	(4,734)	(5,284)
Dividends paid	(2,000)	(2,208)
Other, net	(388)	(421)
Net cash provided by (used in) financing activities	(5,262)	(10,994)
Effect of exchange rate change on cash and cash equivalents	5,926	3,954
Net increase (decrease) in cash and cash equivalents	(613)	(1,496)
Cash and cash equivalents at beginning of period	88,996	88,631
Cash and cash equivalents at end of period	88,383	87,134

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

Not applicable.

(Changes in Significant Subsidiaries During the Six Months Ended August 31, 2023)

(1) Significant changes in the scope of consolidation

In the first quarter of the current fiscal year, The Tamagawa Institute., Ltd., which was a consolidated subsidiary of the Company, has been excluded from the scope of consolidation due to the absorption-type merger with Toshin Development Co., Ltd., which is also a consolidated subsidiary of the Company, as the company surviving the absorption-type merger.

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

Furthermore, Fashion Plaza Sunroser Co., Ltd., which was a consolidated subsidiary of the Company, has been excluded from the scope of consolidation due to the completion of its liquidation in the second quarter of the current fiscal year after its real estate business was taken over by Toshin Development Co., Ltd., which is also a consolidated subsidiary of the Company, through an absorption-type company split in the first quarter of the current fiscal year.

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

Not applicable.

(Additional Information)

(Accounting Estimates Related to the Impact of COVID-19)

In the six months ended August 31, 2023, there was no significant change in "Accounting estimates related to the impact of COVID-19" stated in the securities report for the previous fiscal year.

(Application of the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)

The Company and some domestic consolidated subsidiaries have transitioned from the consolidated taxation system to the group tax sharing system from the first quarter of the current fiscal year. In line with this transition, they conform to the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Solution No. 42, August 12, 2021; hereinafter referred to as "Practical Solution No. 42") with regard to accounting for and disclosures of corporate income taxes and local income taxes as well as tax effect. In addition, based on paragraph 32(1) of Practical Solution No. 42, we consider that there is no effect of changes in accounting policies due to the application of Practical Solution No. 42.

(Segment Information)

I Six months ended August 31, 2022 (from March 1, 2022 to August 31, 2022)

1. Information about amounts of operating revenue and profit (loss) by reportable segment

(Millions of yen)

	Department Store	Commercial Property Development	Finance	Construction & Design	Total of Reportable Segments	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Operating revenue:									
Outside customers	153,160	22,785	8,495	9,034	193,475	15,536	209,012	—	209,012
Intersegment	8,268	5,545	1,950	689	16,454	4,463	20,917	(20,917)	—
Total	161,428	28,331	10,445	9,724	209,930	20,000	229,930	(20,917)	209,012
Segment profit (loss)	6,510	4,422	2,274	(308)	12,898	355	13,253	(441)	12,812

Notes: 1. The “Others” segment refers to business segments not included in reportable segments, such as the mail-order business, the wholesale business and advertising business.

2. Adjustments to segment profit (loss) of (441) million yen consist of 109 million yen in eliminations of intersegment transactions and (550) million yen in depreciation of company-wide assets not allocated to each reportable segment.

3. Segment profit (loss) is adjusted with operating profit (loss) in the consolidated statements of income.

2. Information about impairment loss of non-current assets or goodwill, etc. by reportable segment

(Significant impairment loss on non-current assets)

An impairment loss of 467 million yen was recorded in the “Department Store” segment.

II Six months ended August 31, 2023 (from March 1, 2023 to August 31, 2023)

1. Information about amounts of operating revenue and profit by reportable segment

(Millions of yen)

	Department Store	Commercial Property Development	Finance	Construction & Design	Total of Reportable Segments	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Operating revenue:									
Outside customers	160,941	25,127	8,608	13,304	207,982	13,192	221,175	—	221,175
Intersegment	8,433	13,519	2,031	991	24,975	5,492	30,468	(30,468)	—
Total	169,375	38,647	10,640	14,296	232,958	18,685	251,643	(30,468)	221,175
Segment profit	12,049	6,559	2,255	130	20,994	382	21,376	(566)	20,810

Notes: 1. The “Others” segment refers to business segments not included in reportable segments, such as the mail-order business, the wholesale business and advertising business.

2. Adjustments to segment profit of (566) million yen consist of (29) million yen in eliminations of intersegment transactions and (536) million yen in depreciation of company-wide assets not allocated to each reportable segment.

3. Segment profit is adjusted with operating profit in the consolidated statements of income.

2. Information about impairment loss of non-current assets or goodwill, etc. by reportable segment
(Significant impairment loss on non-current assets)

An impairment loss of 855 million yen was recorded in the “Department Store” segment.

(Significant Subsequent Events)

(Termination of Operations at the Store of a Significant Consolidated Subsidiary and the Dissolution of Said Company)

Takashimaya Company, Limited (hereinafter, the Company) and a consolidated subsidiary Gifu Takashimaya Company, Limited (hereinafter, Gifu Takashimaya) passed resolutions at Board of Directors meetings convened on October 13, 2023, concerning the termination of operations at Takashimaya Gifu (hereinafter, Gifu Store) and dissolve Gifu Takashimaya, the consolidated subsidiary that operated the Gifu Store.

1. Background leading to termination of operations and dissolution

Nearly 46 years had passed since the opening of the Gifu Store. Today, location requires large-scale facility upgrades for the entire property, including electricity, water and plumbing, and air conditioning. However, we were unable to reach an agreement with the landlord regarding construction work.

Furthermore, in an environment of low birth rates and population aging, the operating environment impacting the Gifu Store has gotten increasingly more difficult each year. Despite continued efforts by management, this environment has resulted in conditions where there is no projection for a recovery in performance.

As such, the Company has reached the decision to terminate operations at the Gifu Store on August 31, 2024 and dissolve Gifu Takashimaya on August 31, 2024.

2. Overview of Gifu Takashimaya Company, Limited

(1)	Location	2-25 Hinodemachi, Gifu-shi, Gifu Prefecture	
(2)	Representative title/name	Itsuro Hashimoto, Representative Director and President	
(3)	Business segment	Department store	
(4)	Capital	50 million yen	
(5)	Established	August 28, 1974	
(6)	Major shareholder and ratio	Takashimaya Company, Limited 100%	
(7)	Relationships with listed company	Capital relationship	Wholly-owned subsidiary of Takashimaya Company, Limited
		Personnel relationship	Eight persons, including the representative director, seconded from the Takashimaya Company, Limited
		Transactional relationship	Subleasing of store from Takashimaya Company, Limited, and other transactions
		Status as an affiliate	Consolidated subsidiary of Takashimaya Company, Limited
(8)	Operating results and financial status for 2/2023		
	Net assets	1,996 million yen	
	Total assets	6,490 million yen	
	Operating revenue	6,191 million yen	
	Operating profit	88 million yen	
	Ordinary profit	93 million yen	
	Loss	(31) million yen	

3. Business termination and dissolution schedule

Planned termination of business: Wednesday, July 31, 2024

Planned dissolution: Saturday, August 31, 2024

4. Projected amount losses incidental to dissolution and future forecast

As a result, the Company recorded impairment losses of 855 million yen as extraordinary losses for the consolidated second quarter under review. Furthermore, the Company is currently examining whether or not there is any additional impact.