

# **Financial Results for the Third Quarter of the Fiscal Year Ending February 29, 2024 (FY2023)**


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December 25, 2023

Takashimaya Co., Ltd.

# Agenda

- I. Financial Results for Q3 of FY Ending Feb 2024 (FY2023)
- II. Forecasts for FY Ending Feb 2024 (FY2023)



# Financial Results for Q3 of FY Ending Feb 2024 (FY2023)

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1. Key Points of Q3 Performance
2. Consolidated Performance
3. Performance of Domestic Department Store Segment
4. Performance of Key Subsidiaries (Domestic)
5. Performance of Key Subsidiaries (Overseas)

# 1. Key Points of Q3 Performance

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- On a **consolidated basis, all profit categories outperformed previous year and the assumptions compared to October targets, resulting in record highs.**

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- **Domestic department stores recorded a significant increase in operating profit.** In addition to growth in net sales from domestic customers and inbound travelers, trends of gross margin ratio improvement and cost-optimization program benefits continued.
- **Group companies also recorded increased revenue and profit.**  
In Japan, Toshin Development Co., Ltd., overseas, the two companies in Singapore drove performance.

## 2. Consolidated Performance

- ✓ Total operating revenue was firm in Japan and overseas, reaching a level that outperformed 2019
- ✓ SG&A to total operating revenue ratio improved by controlling increases in SG&A expenses
- ✓ Profit categories outperformed assumptions compared to October targets, resulting in record highs

(billion JPY)	Q3			H1			Q3		
	cumulative (Mar.-Nov.)	YoY Change	Change from FY2019	(Mar.-Aug.)	YoY Change	Change from FY2019	(Sep.-Nov.)	YoY Change	Change from FY2019
Total operating revenue	682.4	+7.9%	+0.8%	447.6	+8.3%	(1.2%)	234.7	+7.3%	+5.0%
Operating revenue	334.2	+5.2%	(50.6%)	221.2	+5.8%	(51.2%)	113.0	+3.9%	(49.4%)
SG&A expenses	169.8	+3.7	(22.4)	112.8	+2.6	(15.7)	57.0	+1.1	(6.7)
SG&A to total operating revenue ratio	24.9%	(1.4)	(3.5)	25.2%	(1.5)	(3.2)	24.3%	(1.3)	(4.2)
Operating profit	33.2	+10.4	+12.9	20.8	+8.0	+7.4	12.4	+2.4	+5.6
Ordinary profit	35.8	+11.4	+16.4	22.2	+7.6	+9.5	13.6	+3.8	+6.9
Profit attributable to owners of parent	24.3	+1.3	+7.8	15.0	+1.4	+2.6	9.3	(0.1)	+5.2

\* We apply the Accounting Standard for Revenue Recognition from FY2022. As such, operating revenue based on recording methods applied through FY2021 are indicated as total operating revenue.

## 3-1. Performance of Domestic Department Store Segment

- ✓ Total operating revenue increased thanks to increased sales among domestic customers and inbound travelers, exceeding 2019
- ✓ Maintained SG&A expenses to levels largely unchanged from previous FY through the continued promoting of the cost-optimization program
- ✓ Operating profit increased significantly, which greatly contributed to consolidated performance

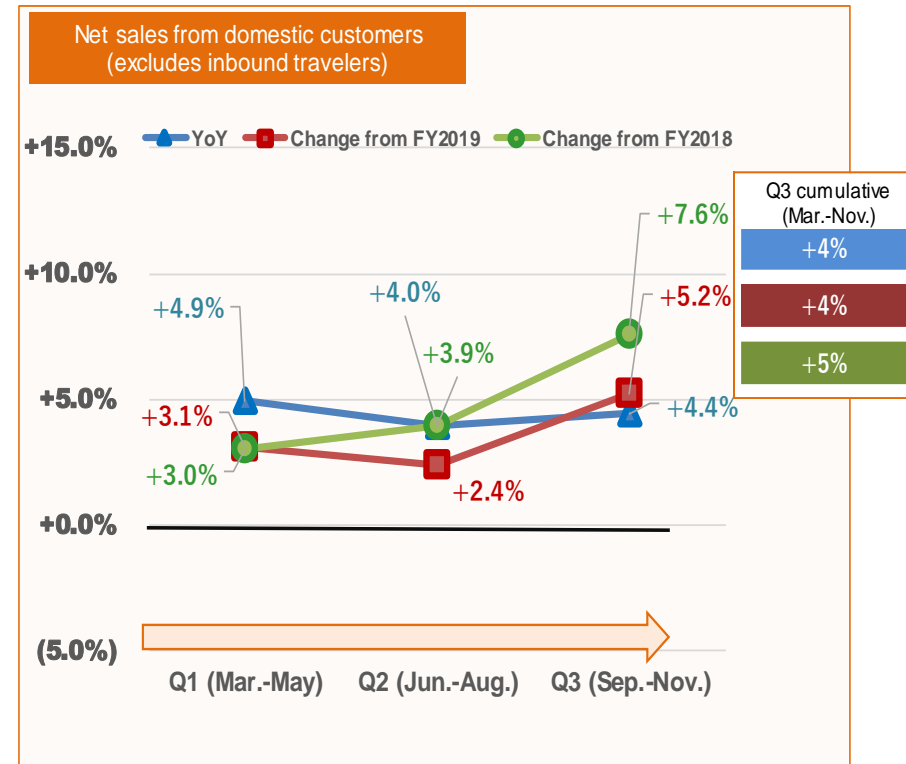
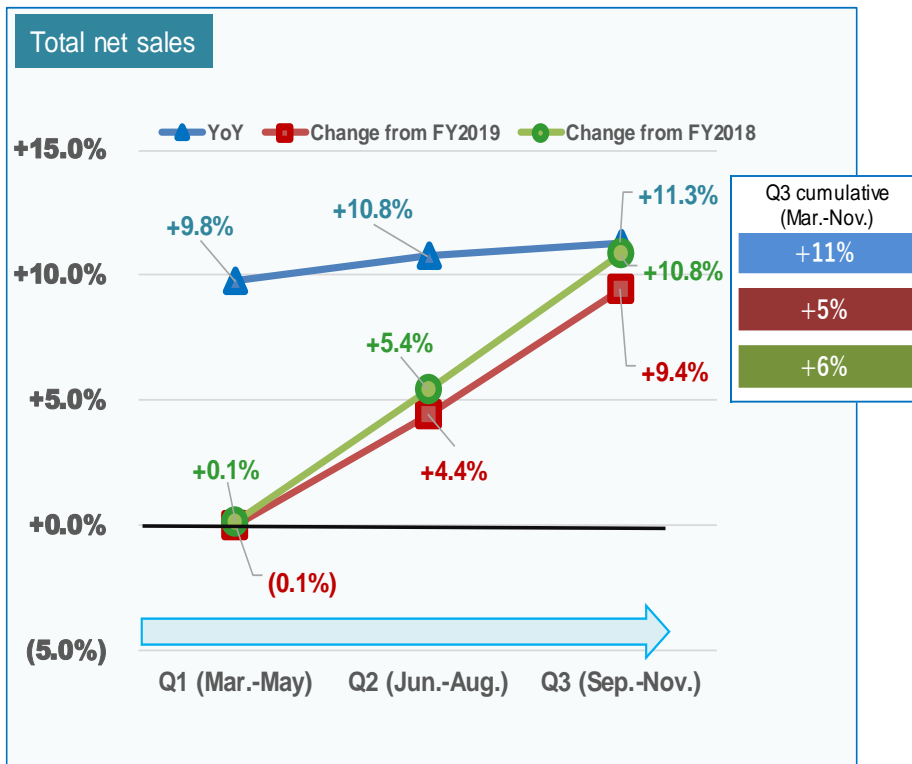
(billion JPY)	Q3 cumulative (Mar.-Nov.)			H1 (Mar.-Aug.)			Q3 (Sep.-Nov.)		
	YoY Change	Change from FY2019	YoY Change	Change from FY2019	YoY Change	Change from FY2019			
Total operating revenue	576.7	+6.7%	+0.9%	377.0	+6.6%	(1.3%)	199.7	+6.9%	+5.4%
Total sales	565.5	+6.8%	+0.9%	369.6	+6.7%	(1.4%)	195.9	+6.9%	+5.4%
Gross margin ratio (% of total sales)	22.29%	(0.13)	(1.50)	22.28%	(0.06)	(1.47)	22.31%	(0.26)	(1.57)
(Department stores In-store)	(22.63%)	(+0.16)	(-1.59)	(22.64%)	(+0.20)	(-1.59)	(22.60%)	(+0.06)	(-1.58)
SG&A	123.2	+0.4	(16.8)	82.0	+0.0	(11.6)	41.3	+0.4	(5.2)
SG&A to total operating revenue ratio	21.4%	(1.4)	(3.1)	21.7%	(1.4)	(2.7)	20.7%	(1.2)	(3.9)
Operating profit	13.9	+6.1	+9.6	7.7	+4.2	+4.9	6.2	+1.9	+4.7

\* We apply the Accounting Standard for Revenue Recognition from FY2022. As such, operating revenue and sales based on recording methods applied through FY2021 are indicated as total operating revenue and total sales, respectively.

## 3-2. Domestic Department Stores (In-Store): Sales Trends

- ✓ Total net sales resulted in double-digit growth YoY and outperforming 2019 and 2018
- ✓ Net sales to domestic customers were firm, with Q3 cumulative results outperforming each FY
- ✓ Firm trend of gradual growth, especially compared to 2018, which was prior to both COVID-19 and the consumption tax rate hike

○ **Total net sales and net sales to domestic customers trends** \*Compared to previous year, FY2019 and FY2018 (existing stores)



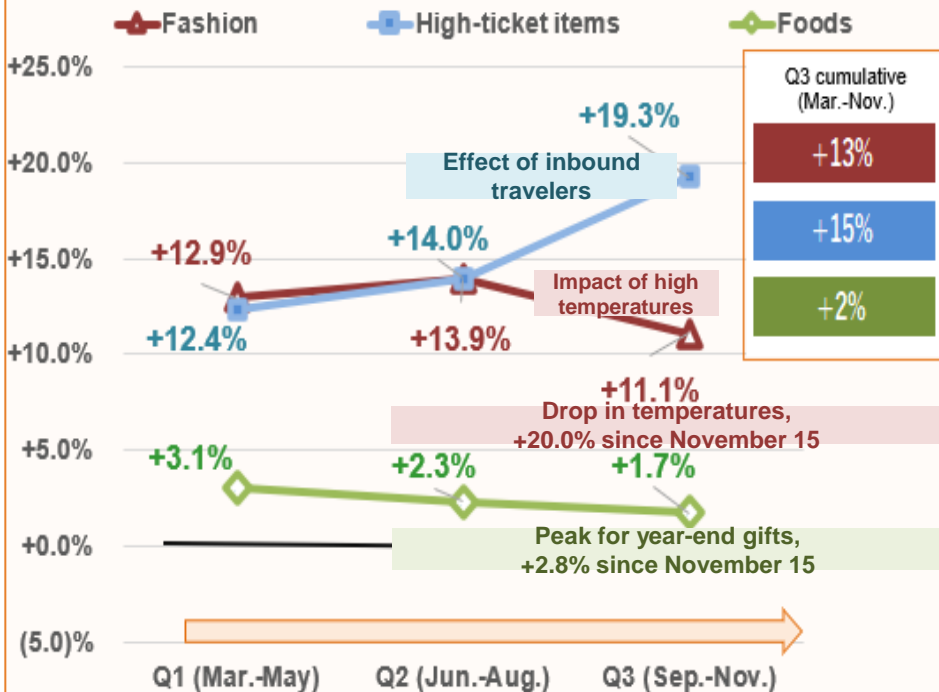
### 3-3. Domestic Department Stores (In-Store): Trends in net sales by product and gross margin ratio

- ✓ Double-digit growth for fashion despite impact of high temperatures, with growth rate expanding as temperatures drop
- ✓ Growth rate for high-ticket items exceeding fashion as well as continued improvement in gross margin ratio
- ✓ Advanced initiatives to improve gross margin ratio such as increasing net sales from retail priced products

#### ○Product-specific sales trends \*YoY comparison

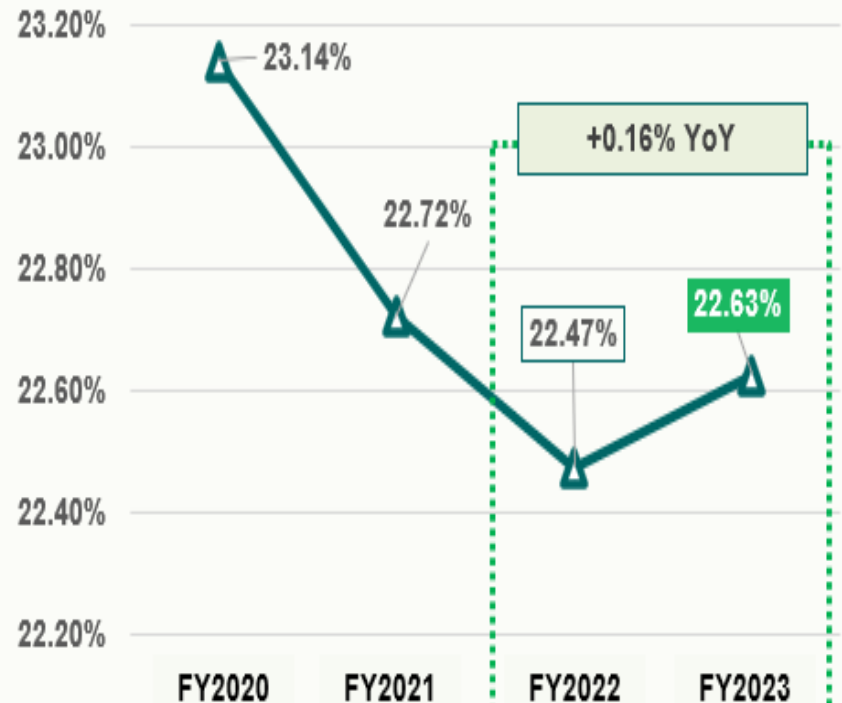
#### ○Gross margin ratio trends (Q3 cumulative Mar.-Nov.)

##### Total net sales



##### Gross margin ratio

◆ Q3 cumulative (Mar.-Nov.)





## 3-4. Domestic Department Stores: SG&A

- ✓ Increased by ¥3.7bn YoY on investments towards increasing base pay and making the department stores more profitable, including by adding new events
- ✓ Steadily implemented cost-optimization program to achieve reductions of ¥3.3bn from the previous year
- ✓ Kept to a slight increase, a total of ¥0.4bn, SG&A to total operating revenue ratio improved

(billion JPY)	Q3 cumulative (Mar.-Nov.)		Breakdown of YoY Change				Q3 (Sep.-Nov.)		Breakdown of YoY Change			
	YoY Change	YoY Change	Increase in variable costs	Increased costs (heating and lighting expenses pay raises)	Measures for making department stores more profitable	Cost-optimization program	YoY Change	YoY Change	Increase in variable costs	Increased costs (heating and lighting expenses pay raises)	Measures for making department stores more profitable	Cost-optimization program
Personnel related expenses	37.5	(0.4)		0.8		(1.1)	12.7	(0.1)		0.3		(0.3)
Advertising expenses	8.1	+1.2	0.3		0.9	0.0	3.3	+0.5	0.1		0.5	0.0
G&A expenses	56.8	(0.1)	0.9	0.2	0.6	(1.9)	18.9	+0.1	0.4		0.4	(0.7)
Accounting related expenses	20.8	(0.3)				(0.3)	6.4	(0.2)				(0.2)
<b>Total</b>	<b>123.2</b>	<b>+0.4</b>	<b>1.2</b>	<b>1.0</b>	<b>1.5</b>	<b>(3.3)</b>	<b>41.3</b>	<b>+0.4</b>	<b>0.5</b>	<b>0.3</b>	<b>0.8</b>	<b>(1.2)</b>
SG&A to total operating revenue ratio	21.4%	(1.4)	Increased by 3.7 (-3.1 *Change from FY2019)				20.7%	(1.2)	Increased by 1.6 (-3.9 *Change from FY2019)			

\* We apply the Accounting Standard for Revenue Recognition from FY2022.

## 4. Performance of Key Subsidiaries (Domestic)

- ✓ Toshin Development recorded increased revenue and profit thanks to increased rent revenue and efforts to rein in costs
- ✓ TFP revenues increased thanks to transaction volume growth but profit decreased slightly due to forward-looking investments
- ✓ Other group companies performed steadily, on par with assumptions

(billion JPY)		Q3 cumulative (Mar.-Nov.)	YoY Change	Change from FY2019	H1 (Mar.-Aug.)	YoY change	Change from FY2019	Q3 (Sep.-Nov.)	YoY Change	Change from FY2019
Toshin Development Co., Ltd.	Operating revenue	44.6	+31.3%	+33.3%	32.2	+44.2%	+44.9%	12.4	+6.4%	+10.3%
	Operating profit	6.6	+2.0	+1.4	4.5	+1.6	+1.2	2.0	+0.3	+0.2
Takashimaya Financial Partners Co., Ltd. (TFP)	Operating revenue	16.1	+1.8%	(0.1%)	10.6	+1.9%	+0.1%	5.5	+1.7%	(0.5%)
	Operating profit	3.4	(0.0)	(0.5)	2.3	(0.0)	(0.4)	1.2	(0.0)	(0.1)
Takashimaya Space Create Co., Ltd. (TSC)	Operating revenue	21.1	+30.3%	(21.2%)	14.3	+47.0%	(22.2%)	6.8	+5.1%	(18.8%)
	Operating profit	(0.5)	(0.0)	(1.8)	0.1	+0.4	(0.6)	(0.6)	(0.5)	(1.1)
R.T. Corporation Co., Ltd.	Operating revenue	9.9	+14.0%	+11.4%	6.6	+14.3%	+8.3%	3.4	+13.5%	+18.0%
	Operating profit	0.4	+0.1	(0.1)	0.2	+0.1	(0.1)	0.1	+0.0	+0.1
CENTURY & Co., Ltd.	Operating revenue	5.2	+8.4%	(35.1%)	3.3	+4.3%	(37.6%)	1.9	+16.5%	(30.2%)
	Operating profit	0.2	+0.0	(0.1)	0.1	+0.0	(0.1)	0.1	+0.0	(0.0)
All Takashimaya Agency Co., Ltd.	Operating revenue	5.1	+4.9%	(21.9%)	3.1	+2.4%	(25.9%)	2.0	+9.1%	(14.7%)
	Operating profit	0.6	(0.0)	(0.4)	0.3	(0.0)	(0.3)	0.3	+0.0	(0.1)
Good Live Co., Ltd.	Operating revenue	3.4	+3.8%	+41.5%	2.0	+14.6%	+47.7%	1.4	(8.0%)	+33.8%
	Operating profit	0.4	(0.1)	+0.2	0.1	+0.0	+0.2	0.2	(0.1)	+0.0

\* Figures indicate a comparison with FY2019 and change from FY2019 with Toshin Development Co., Ltd. figures representing the combined total with T & T Co., Ltd., Takashimaya Space Create Co., Ltd. figures representing the combined total with Takashimaya Space Create Tohoku Co., Ltd., and Takashimaya Financial Partners Co., Ltd. figures representing the combined total for Takashimaya Credit Co., Ltd. and Takashimaya Insurance Co., Ltd.

## 5. Performance of Key Subsidiaries (Overseas)

- ✓ The two companies in Singapore recorded increased revenue and profit on a recovery in internal demand and inbound travelers
- ✓ Shanghai recorded increased revenues but profit decreased slightly due to a correction after recording extraordinary losses for COVID-19-related expenses during the previous year
- ✓ Vietnam recorded steady growth on increased revenues and profit. Siam losses decreased

(billion JPY)					In local currency				H1 (Jan.-Jun.)	YoY change	Change from FY2019	Q3 (Jul.-Sep.)		Change from FY2019
		Q3 cumulative (Jan.-Sep.)	YoY Change	(impact of foreign currency)	Change from FY2019	(impact of foreign currency)	YoY Change	Change from FY2019				YoY Change	Change from FY2019	
Takashimaya Singapore Ltd.	Operating revenue	18.0	+22.9%	-	+49.9%	-	+10.8%	+15.3%	11.7	+27.7%	+43.1%	6.2	+14.8%	+64.5%
	Operating profit	5.4	+1.4	(+0.5)	+2.1	(+1.3)	-	-	3.5	+1.1	+1.3	1.9	+0.3	+0.9
Toshin Development Singapore Pte. Ltd.	Operating revenue	8.0	+18.4%	-	+21.7%	-	+6.7%	(6.4%)	5.2	+20.6%	+17.5%	2.8	+14.4%	+30.5%
	Operating profit	2.5	+0.7	(+0.3)	+0.2	(+0.6)	-	-	1.6	+0.5	+0.1	0.9	+0.2	+0.1
Shanghai Takashimaya Co., Ltd.	Operating revenue	2.2	+21.5%	-	(15.5%)	-	+19.9%	(31.8%)	1.5	+25.7%	(7.8%)	0.7	+13.1%	(28.7%)
	Operating profit	0.0	(0.0)	(+0.0)	(0.1)	(+0.0)	-	-	0.1	(0.0)	+0.1	(0.1)	(0.0)	(0.2)
Takashimaya Vietnam Ltd.	Operating revenue	2.2	+3.3%	-	+53.9%	-	(2.1%)	+22.1%	1.4	+7.2%	+51.0%	0.8	(3.4%)	+59.8%
	Operating profit	0.5	+0.1	(+0.0)	+0.5	(+0.1)	-	-	0.4	+0.1	+0.3	0.2	+0.0	+0.2
Siam Takashimaya (Thailand) Co., Ltd.	Operating revenue	1.9	+31.7%	-	+57.3%	-	+21.2%	+36.6%	1.2	+39.9%	+61.3%	0.6	+18.0%	+50.0%
	Operating profit	(0.4)	+0.2	(-0.0)	+0.3	(-0.0)	-	-	(0.3)	+0.1	+0.2	(0.1)	+0.0	+0.1

Current FY 1SGD=103.98JPY 1CNY=19.72JPY 1VND=0.0058JPY 1THB=4.02JPY  
 Previous FY 1SGD=93.74JPY 1CNY=19.46JPY 1VND=0.0055JPY 1THB=3.70JPY



## Forecasts for FY Ending Feb 2024 (FY2023)

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1. Key Points of Full-year Forecast
2. Consolidated Forecasts
3. Forecast for Domestic Department Stores

# 1. Key Points of Full-year Forecast

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○ On a **consolidated basis**, upward revision for all profit categories compared to October targets, with expectations that profits will reach new record highs.

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○ **Upward revision** reflects firm trends in net sales from inbound travelers at domestic department stores.

○ No revisions to October targets for domestic or overseas Group companies.

## 2. Consolidated Forecasts

- ✓ Upward revision to total operating revenue to reflect inbound sales at domestic department stores
- ✓ Upward revision of ¥1.0bn for operating profit, ¥2.0bn for ordinary profit, and ¥0.5bn for profit attributable to owners of parent
- ✓ Targeting new record high for all profit categories

(billion JPY)	Full-year forecast		Change from FY2019	Change from October 13 forecast	H1 results		Change from FY2019	H2 forecast		Change from FY2019	Change from October 13 forecast
	Full-year forecast	YoY change			YoY change	YoY change		YoY change			
Total operating revenue	949.0	+7.6%	+3.3%	+0.5%	447.6	+8.3%	(1.2%)	501.4	+7.1%	+7.6%	+1.0%
Operating revenue	467.0	+5.3%	(49.2%)	+0.4%	221.2	+5.8%	(51.2%)	245.8	+4.9%	(47.2%)	+0.8%
SG&A expenses	231.5	+2.8	(28.6)	+0.0	112.8	+2.6	(15.7)	118.7	+0.2	(12.9)	+0.0
SG&A to total operating revenue ratio	24.4%	(1.5)	(3.9)	(0.1)	25.2%	(1.5)	(3.2)	23.7%	(1.6)	(4.6)	(0.2)
Operating profit	45.0	+12.5	+19.4	+1.0	20.8	+8.0	+7.4	24.2	+4.5	+12.0	+1.0
Ordinary profit	47.0	+12.5	+23.8	+2.0	22.2	+7.6	+9.5	24.8	+4.9	+14.3	+2.0
Profit attributable to owners of parent	30.0	+2.2	+14.0	+0.5	15.0	+1.4	+2.6	15.0	+0.7	+11.4	+0.5

\* We apply the Accounting Standard for Revenue Recognition from FY2022. As such, operating revenue based on recording methods applied through FY2021 are indicated as total operating revenue.

### 3. Forecast for Domestic Department Stores

- ✓ Upward revision of ¥5.0bn (+0.6%) for total operating revenue on inbound sales
- ✓ No revision to gross margin ratio or SG&A expenses
- ✓ Upward revision of ¥1.0bn for operating profit, with a full-year forecast of ¥18.8bn

(billion JPY)	Full-year forecast	YoY change	Change from FY2019	Change from October 13 forecast	H1 results	YoY change	Change from FY2019	H2 forecast	YoY change	Change from FY2019	Change from October 13 forecast
Total operating revenue	805.0	+6.8%	+3.8%	+0.6%	377.0	+6.6%	(1.3%)	428.0	+7.0%	+8.9%	+1.2%
Total sales	790.1	+6.9%	+3.9%	+0.6%	369.6	+6.7%	(1.4%)	420.5	+7.1%	+9.1%	+1.2%
Gross margin ratio (% of total sales)	22.30%	+0.01	(1.32)	+0.00	22.28%	(0.06)	(1.47)	22.32%	+0.08	(1.18)	+0.00
SG&A expenses	172.6	+2.4	(17.7)	+0.0	82.0	+0.0	(11.6)	90.6	+2.4	(6.1)	+0.0
SG&A to total operating revenue ratio	21.4%	(1.1)	(3.1)	(0.1)	21.7%	(1.4)	(2.7)	21.2%	(0.9)	(3.4)	(0.3)
Operating profit	18.8	+7.8	+14.6	+1.0	7.7	+4.2	+4.9	11.1	+3.6	+9.6	+1.0

\* We apply the Accounting Standard for Revenue Recognition from FY2022. As such, operating revenue and sales based on recording methods applied through FY2021 are indicated as total operating revenue and total sales, respectively.

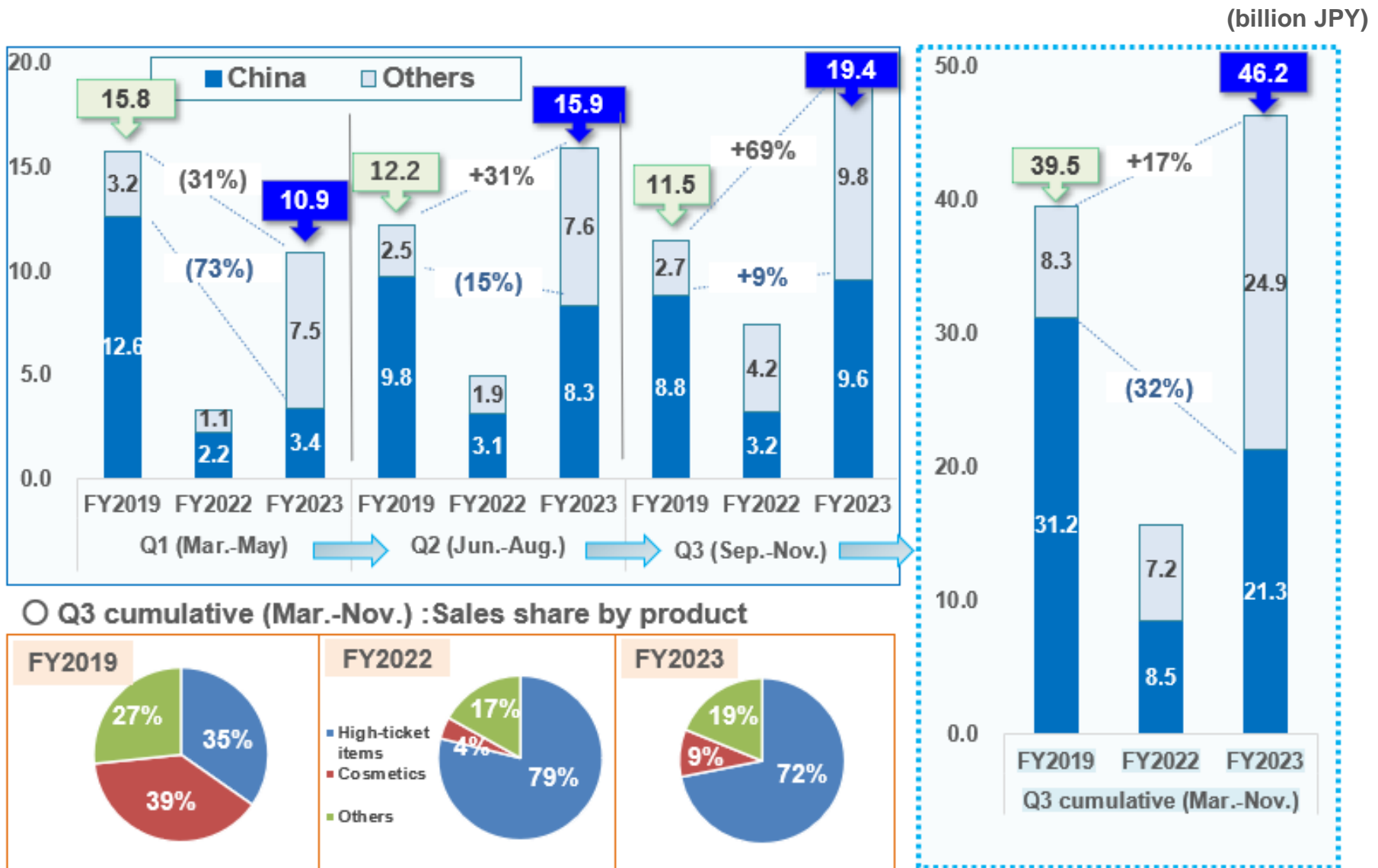
## Reference Materials

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1. Domestic Department Stores (In-Store): Inbound Sales Results
- 2-1. Segment-specific Total Operating Revenue Results
- 2-2. Segment-specific Total Operating Revenue Forecasts



# Reference 1. Domestic Department Stores (In-Store): Inbound Sales Results



## Reference 2-1. Segment-specific Total Operating Revenue Results

(billion JPY)	Q3 cumulative (Mar.-Nov.)		H1 (Mar.-Aug.)		Q3 (Sep.-Nov.)	
	YoY Change		YoY change		YoY Change	
Department Store segment	590.7	+8.5%	386.3	+8.3%	204.4	+8.8%
Commercial Property Development segment	38.4	+9.3%	25.1	+10.2%	13.3	+7.5%
Finance segment	13.0	+1.4%	8.6	+0.2%	4.4	+3.7%
Construction & Design segment	18.2	+22.4%	13.3	+47.3%	4.9	(15.9%)
Others	22.0	(11.5%)	14.3	(13.2%)	7.7	(8.1%)
Consolidated Total	682.4	+7.9%	447.6	+8.3%	234.7	+7.3%

\* We apply the Accounting Standard for Revenue Recognition from FY2022. As such, operating revenue based on recording methods applied through FY2021 are indicated as total operating revenue.

## Reference 2-2. Segment-specific Total Operating Revenue Forecasts

(billion JPY)							
	Full-year forecast	Previous year results	YoY change	H1 results	YoY change	H2 forecast	YoY change
Department Store segment	813.3	757.6	+7.4%	386.3	+8.3%	427.0	+6.5%
Commercial Property Development segment	56.5	47.5	+18.8%	25.1	+10.2%	31.4	+26.8%
Finance segment	17.5	17.2	+1.8%	8.6	+0.2%	8.9	+3.3%
Construction & Design segment	27.9	22.7	+23.0%	13.3	+47.3%	14.6	+6.9%
Others	33.8	36.8	(8.1%)	14.3	(13.2%)	19.5	(3.9%)
Consolidated Total	949.0	881.8	+7.6%	447.6	+8.3%	501.4	+7.1%

\*We apply the Accounting Standard for Revenue Recognition from FY2022. As such, operating revenue based on recording methods applied through FY2021 are indicated as total operating revenue.