

Translation

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## Summary of Consolidated Financial Results for the Three Months Ended May 31, 2022 (Based on Japanese GAAP)

June 30, 2022

Company name: Takashimaya Company, Limited  
 Stock exchange listing: Tokyo  
 Stock code: 8233 URL <https://www.takashimaya.co.jp>  
 Representative: President Yoshio Murata  
 Inquiries: General Manager, Public and Investor Yoshiyuki Nishikata TEL (03)3211-4111  
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 Scheduled date to file Quarterly Securities Report: July 14, 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the three months ended May 31, 2022 (from March 1, 2022 to May 31, 2022)

#### (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	%
Three months ended May 31, 2022	101,313	–	6,632	–	7,300	–	5,345	–
Three months ended May 31, 2021	164,959	42.0	(717)	–	148	–	(1,305)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended May 31, 2022	32.05		27.48	
Three months ended May 31, 2021	(7.82)		–	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2022	1,154,991	426,539	35.0
As of February 28, 2022	1,144,335	420,489	34.8

### 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, 2022	–	12.00	–	12.00	24.00
Year ending February 28, 2023	–				
Year ending February 28, 2023 (Forecast)		12.00	–	12.00	24.00

### 3. Forecast of consolidated financial results for the year ending February 28, 2023 (from March 1, 2022 to February 28, 2023)

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
Six months ending August 31, 2022	208,000	(40.1)	7,000	–	7,500	–	5,500	–	32.98
Full year	431,500	(43.3)	17,500	325.7	16,000	131.8	10,000	86.6	59.97

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2022  
 (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: Yes
- 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 May 31, 2022	177,759,481 shares	As of February 28, 2022	177,759,481 shares
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Number of treasury shares at the end of the period

As of May 31, 2022	11,027,098 shares	As of February 28, 2022	11,027,076 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended May 31, 2022	166,732,389 shares	Three months ended May 31, 2021	166,733,116 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of February 28, 2022	As of May 31, 2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	90,672	87,489
Notes and accounts receivable - trade	96,120	–
Notes and accounts receivable - trade, and contract assets	–	113,922
Merchandise and finished goods	37,867	38,052
Work in process	324	334
Raw materials and supplies	1,107	957
Other	44,424	36,143
Allowance for doubtful accounts	(687)	(703)
<b>Total current assets</b>	<b>269,828</b>	<b>276,196</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	188,758	186,562
Land	418,387	418,409
Leased assets, net	2,569	2,323
Right of use assets, net	75,291	77,697
Other, net	21,299	21,851
<b>Total property, plant and equipment</b>	<b>706,306</b>	<b>706,845</b>
<b>Intangible assets</b>		
Goodwill	2,380	2,456
Leasehold interests in land	10,603	10,898
Right of use assets	5,973	6,269
Other	16,973	16,799
<b>Total intangible assets</b>	<b>35,931</b>	<b>36,424</b>
<b>Investments and other assets</b>		
Investment securities	74,563	77,108
Guarantee deposits	27,926	27,572
Other	31,989	33,146
Allowance for doubtful accounts	(2,210)	(2,303)
<b>Total investments and other assets</b>	<b>132,269</b>	<b>135,525</b>
<b>Total non-current assets</b>	<b>874,507</b>	<b>878,795</b>
<b>Total assets</b>	<b>1,144,335</b>	<b>1,154,991</b>

(Millions of yen)

	As of February 28, 2022	As of May 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	93,698	106,638
Short-term borrowings	18,160	8,660
Current portion of bonds payable	55	–
Lease obligations	8,942	9,482
Income taxes payable	1,040	1,550
Advances received	118,105	–
Contract liabilities	–	100,962
Gift certificates	58,206	44,257
Provision for point card certificates	944	2,579
Other	53,663	81,651
Total current liabilities	352,815	355,782
Non-current liabilities		
Bonds payable	80,203	80,195
Long-term borrowings	116,345	115,849
Lease obligations	78,529	81,002
Asset retirement obligations	5,451	5,552
Retirement benefit liability	51,556	50,970
Provision for retirement benefits for directors (and other officers)	256	206
Provision for environmental measures	82	19
Other	38,605	38,873
Total non-current liabilities	371,030	372,668
Total liabilities	723,846	728,451
Net assets		
Shareholders' equity		
Share capital	66,025	66,025
Capital surplus	54,790	54,790
Retained earnings	271,973	274,626
Treasury shares	(15,994)	(15,994)
Total shareholders' equity	376,795	379,448
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,429	7,596
Deferred gains or losses on hedges	(0)	0
Revaluation reserve for land	2,945	2,964
Foreign currency translation adjustment	10,995	14,439
Remeasurements of defined benefit plans	403	194
Total accumulated other comprehensive income	21,773	25,195
Non-controlling interests	21,919	21,895
Total net assets	420,489	426,539
Total liabilities and net assets	1,144,335	1,154,991

## Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

### Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Operating revenue	164,959	101,313
Net sales	148,945	83,124
Cost of sales	112,938	41,553
Gross profit	36,007	41,571
Other operating revenue	16,014	18,188
Operating gross profit	52,021	59,759
Selling, general and administrative expenses		
Advertising expenses	4,880	2,851
Provision for point card certificates	550	(51)
Provision of allowance for doubtful accounts	127	141
Remuneration, salaries and allowances for directors (and other officers)	14,231	14,605
Retirement benefit expenses	331	260
Rent expenses on real estate	5,102	5,703
Other	27,514	29,615
Total selling, general and administrative expenses	52,738	53,126
Operating profit (loss)	(717)	6,632
Non-operating income		
Interest income	80	75
Dividend income	44	37
Subsidy income	783	84
Share of profit of entities accounted for using equity method	320	644
Foreign exchange gains	494	583
Other	290	591
Total non-operating income	2,014	2,016
Non-operating expenses		
Interest expenses	1,091	1,220
Other	57	128
Total non-operating expenses	1,148	1,348
Ordinary profit	148	7,300
Extraordinary income		
Gain on sale of investment securities	136	248
Gain on forgiveness of debts	313	–
Other	–	3
Total extraordinary income	449	251

(Millions of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Extraordinary losses		
Loss on retirement of non-current assets	239	412
Impairment losses	–	467
Loss related to COVID-19	1,847	4
Other	–	169
Total extraordinary losses	2,086	1,052
Profit (loss) before income taxes	(1,488)	6,499
Income taxes - current	751	932
Income taxes - deferred	(1,191)	(65)
Total income taxes	(440)	867
Profit (loss)	(1,048)	5,632
Profit attributable to non-controlling interests	256	287
Profit (loss) attributable to owners of parent	(1,305)	5,345

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Profit (loss)	(1,048)	5,632
Other comprehensive income		
Valuation difference on available-for-sale securities	(371)	120
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	2,590	2,438
Remeasurements of defined benefit plans, net of tax	(109)	(95)
Share of other comprehensive income of entities accounted for using equity method	1,078	1,460
Total other comprehensive income	3,187	3,924
Comprehensive income	2,139	9,557
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,416	8,747
Comprehensive income attributable to non-controlling interests	722	809

## Consolidated statements of cash flows

(Millions of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	(1,488)	6,499
Depreciation	7,531	8,268
Impairment losses	–	467
Amortization of goodwill	58	64
Increase (decrease) in allowance for doubtful accounts	25	107
Increase (decrease) in retirement benefit liability	(731)	(723)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(89)	(49)
Increase (decrease) in provision for point card certificates	(59)	1,630
Interest and dividend income	(124)	(112)
Interest expenses	1,091	1,220
Share of loss (profit) of entities accounted for using equity method	(320)	(644)
Loss on retirement of non-current assets	98	412
Loss related to COVID-19	1,847	4
Loss (gain) on sale of investment securities	(136)	(248)
Decrease (increase) in trade receivables	11,337	(17,774)
Decrease (increase) in inventories	329	92
Increase (decrease) in trade payables	(7,452)	12,409
Increase (decrease) in advances received	2,999	(118,223)
Increase (decrease) in accounts payable - other	(3,610)	(1,329)
Increase (decrease) in contract liabilities	–	100,698
Other, net	(10,447)	18,160
Subtotal	858	10,930
Interest and dividends received	138	1,423
Interest paid	(1,115)	(1,202)
Loss related to COVID-19 paid	(1,492)	(0)
Income taxes paid	(5,758)	(743)
Net cash provided by (used in) operating activities	(7,369)	10,407
Cash flows from investing activities		
Purchase of short-term and long-term investment securities	(8)	(2)
Proceeds from sale and redemption of short-term and long-term investment securities	218	2,602
Purchase of property, plant and equipment and intangible assets	(8,550)	(4,677)
Purchase of shares of subsidiaries and associates	(448)	(733)
Net decrease (increase) in short-term loans receivable	(2,715)	2,797
Long-term loan advances	(1)	(2,014)
Other, net	(1,639)	381
Net cash provided by (used in) investing activities	(13,144)	(1,646)

(Millions of yen)

	Three months ended May 31, 2021	Three months ended May 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(10,000)	(10,000)
Proceeds from long-term borrowings	85	–
Repayments of long-term borrowings	(12,000)	(40)
Net increase (decrease) in commercial papers	18,000	–
Repayments of lease obligations	(2,084)	(2,276)
Dividends paid	(2,000)	(2,000)
Other, net	(392)	(444)
Net cash provided by (used in) financing activities	(8,392)	(14,761)
Effect of exchange rate change on cash and cash equivalents	2,474	2,609
Net increase (decrease) in cash and cash equivalents	(26,431)	(3,391)
Cash and cash equivalents at beginning of period	105,320	88,996
Cash and cash equivalents at end of period	78,888	85,605

## Qualitative Information about Consolidated Operating Results

Effective from the start of the year ending February 2023, we have applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020). Consequently, the method we used to calculate revenues pertaining to the quarter under review (March 1 to May 31, 2022) differs from the one we used for revenues pertaining to the equivalent quarter in the previous fiscal year. For this reason, this document omits year-on-year changes (both numerical and percentage changes).

During the first quarter (March 1 to May 31, 2022), the Japanese economy was reported to have contracted in the January–March quarter following two consecutive quarters of positive GDP growth. The economy had faced downward pressure from poor consumer spending, as a result of rising infections following with the spread of the Omicron variant at the start of the year and pre-emergency measures. Consumer confidence recovered after the Covid restrictions were lifted. Additionally, with the government announcing that it would ease cross-border travel restrictions, hopes emerged of a recovery in inbound demand. However, the outlook remains shrouded. Negative factors include the Ukrainian situation and the falling yen. Additionally, consumers' purse strings have tightened in response to inflation fueled by rising material costs.

Against that backdrop, we (Takashimaya Group) continued our pursuit of sustained growth through our groupwide Machidukuri Strategy. However, in department stores, sales revenue did recover but not to pre-Covid levels, although store takings did recover. There is an urgent need to establish in this core business a structure that will deliver stable profits. Accordingly, our 3-Year Strategy (FY2021–2023) includes a program for reforming the earnings structure of department stores and maximizing group profits. In March 2022, we launched a full-scale business transformation for Osaka Store, reforming both business structure and expenses. The program will be rolled out in other stores in the second half (October 2022 to February 2023). For our growing online business, we aim to achieve 50 billion yen in e-commerce sales in FY2023. To that end, our online store offers original products and products that embody distinctive department store values. We have also leveraged our forte in gift items to attract customers to the online store. Additionally, the online store runs seasonal campaigns (midsummer, end-of-year, and so on) linked with offline store campaigns. In April, Meetz Store, a business of Takashimaya Transcosmos International Commerce Pte. Ltd. opened in Shinjuku Store. Meetz Store showcases sophisticated, carefully selected brands, targeting shoppers who prefer to browse goods in a brick-and-mortar store. Fully capitalizing on the advantages of an offline store, Meetz Store will win new customers.

Toshin Development, our commercial property developer, continued to spearhead the Machidukuri Strategy. In the Nagareyama Otakanomori area (Chiba Prefecture), Toshin has been developing the vicinity of Nagareyama Otakanomori Shopping Center. This project has involved building a new wing for the shopping center to coincide with its 15th anniversary in March 2022. The new wing, Annex 2, opened in June. In Vietnam, Toshin focuses on sectors with bright growth prospects. Toshin is working on Starlake Project, a township development in Hanoi, as a follow-up

to Saigon Centre, which houses Ho Chi Minh City Takashimaya.

Regarding ESG management, we have committed to sustainable corporate development, balancing business growth with engagement in social issues, with a view to building a sustainable 21st-century world in which everyone prospers. In 2019, we joined global initiative RE100, signaling our commitment to achieving, by 2050, a 100% shift to renewable sources for the energy we consume in our business activities. Last year, five group facilities switched to renewable energy. This year, five more will make the switch, including Annex 2 of Nagareyama Otakanomori Shopping Center. In this way, we are accelerating the transition toward carbon neutrality. In another initiative to support the carbon transition, we have started reducing the volume of cardboard waste throughout our supply chains by replacing cardboard packaging with reusable materials.

We have acted to ensure that our businesses serve as social infrastructure. To ensure both stable deliveries and a healthy work environment for our logistics teams, we have dispersed services for peak seasons (such as the midsummer gift-giving season). In another example, in March 2022, Tamagawa Takashimaya Shopping Center entered a partnership with the municipal government of Setagaya, Tokyo, to work with the municipality in times of emergency.

To contribute toward a circular economy, we invest in Depart de Loop, a business that collects discarded goods and recycles and sells them. In the period under review, Depart de Loop started collecting denim material after gaining another partner. We will continue to support the shift to sustainable lifestyles through our businesses and encourage our customers, business partners, and community partners to engage with the task of building a circular economy.

Our consolidated performance was as follows: We recorded a total consolidated operating revenue of 101,313 million yen (compared to 164,959 million yen in the same period of the previous fiscal year), a consolidated operating income of 6,632 million yen (compared to a loss of 717 million yen in the same period of the previous fiscal year), a consolidated ordinary income of 7,300 million yen (compared to 148 million yen in the same period of the previous fiscal year), and a consolidated profit attributable to owners of parent of 5,345 million yen (compared to a loss of 1,305 million yen in the same period of the previous fiscal year). As a result of applying the Accounting Standard for Revenue Recognition, an operating revenue decreased 101,521 million yen, an operating income increased 11million yen, an ordinary income and a profit before income taxes increased 309million yen each.