1. Financial Results
FY Ending Feb 2018
(FY2017)

2. Takashimaya Group’s Growth Strategy

3. Projections for
FY Ending Feb 2019
(FY2018)
Consolidated Performance

- Operating revenue increased due to the strong performance of domestic department stores, new business, and the full-year revenue contribution of Takashimaya Vietnam, but it fell short of the targeted figure.
- Operating income increased among domestic department stores and other areas, but it decreased on the whole due to factors such as lower income in Takashimaya Space Create (a subsidiary).

<table>
<thead>
<tr>
<th>(billion JPY)</th>
<th>Full year</th>
<th>Year-on-year</th>
<th>Change from projection*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>949.6</td>
<td>+26.0 (+2.8%)</td>
<td>-1.4 (-0.2%)</td>
</tr>
<tr>
<td>SG&amp;A Expenses</td>
<td>246.0</td>
<td>+5.1 (+2.1%)</td>
<td>+1.0 (+0.4%)</td>
</tr>
<tr>
<td>Operating Income</td>
<td>35.3</td>
<td>+1.3 (+3.9%)</td>
<td>-0.7 (-1.9%)</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>38.6</td>
<td>+1.4 (+3.7%)</td>
<td>-0.4 (-1.0%)</td>
</tr>
<tr>
<td>Net Income</td>
<td>23.7</td>
<td>+2.8 (+13.4%)</td>
<td>+0.7 (+2.9%)</td>
</tr>
</tbody>
</table>

Note: Comparison between projected and actual figures is based on the targeted figures announced on October 10, 2017.
Performance of the Domestic Department Store Segment

- Operating revenue improved and exceeded target, reflecting strong inbound sales and stable domestic consumption
- Gross margin declined amid strong inbound sales and low-rate corporate business
- Operating income, ordinary income, and net income improved and exceeded the targeted figures because of increased revenue

<table>
<thead>
<tr>
<th>(billion JPY)</th>
<th>Full year</th>
<th>Year-on-year</th>
<th>Change from projection*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>778.6</td>
<td>+21.5</td>
<td>+5.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+2.8%</td>
<td>+0.6%</td>
</tr>
<tr>
<td>Sales</td>
<td>765.0</td>
<td>+19.9</td>
<td>+4.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+2.7%</td>
<td>+0.6%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>24.06%</td>
<td>-0.18</td>
<td>+0.02</td>
</tr>
<tr>
<td>SG&amp;A Expenses</td>
<td>184.0</td>
<td>+2.2</td>
<td>+0.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+1.2%</td>
<td>+0.4%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>13.6</td>
<td>+2.8</td>
<td>+0.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+26.2%</td>
<td>+5.6%</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>15.9</td>
<td>+2.5</td>
<td>+0.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+18.7%</td>
<td>+3.5%</td>
</tr>
<tr>
<td>Net Income</td>
<td>9.1</td>
<td>+4.5</td>
<td>+0.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+99.8%</td>
<td>+10.7%</td>
</tr>
</tbody>
</table>

Note: Comparison between projected and actual figures is based on the targeted figures announced on October 10, 2017.
Domestic department store sales increased by approximately 20 billion yen thanks to strong inbound, out-of-store, and alliance member sales, as well as improved corporate business.

FY2017 inbound sales* 48.7bn yen, +41.6% YOY
*Excludes airport-style duty-free shop sales
### SG&A Expenses in the Domestic Department Store Segment

- Personnel related expenses increased 600 million yen year-on-year in line with target despite an increase in social insurance.
- General affairs expenses increased 700 million yen year-on-year because higher revenue resulted in increased sales-linked costs.
- Excluding the expenses associated with reforming the rental system of Shinjuku Store, the actual accounting related expenses decreased 900 million yen year-on-year.

<table>
<thead>
<tr>
<th>(billion JPY)</th>
<th>Full year</th>
<th>Year-on-year</th>
<th>Change from projection*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel related expenses</td>
<td>61.8</td>
<td>+0.6 +0.9%</td>
<td>-0.2 -0.4%</td>
</tr>
<tr>
<td>Advertising expenses</td>
<td>25.7</td>
<td>+0.1 +0.3%</td>
<td>-0.0 -0.1%</td>
</tr>
<tr>
<td>General affairs expenses</td>
<td>66.3</td>
<td>+0.7 +1.1%</td>
<td>+1.0 +1.5%</td>
</tr>
<tr>
<td>Accounting related expenses</td>
<td>30.2</td>
<td>+0.8 +2.9%</td>
<td>-0.0 -0.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>184.0</strong></td>
<td><strong>+2.2 +1.2%</strong></td>
<td><strong>+0.7 +0.4%</strong></td>
</tr>
</tbody>
</table>

Note: Comparison between projected and actual figures is based on the targeted figures announced on October 10, 2017.
**Performance of Each Company (Domestic)**

- **Toshin Development** posted an increase in revenue and profits following strong apartment sales.
- **Takashimaya Credit** posted an increase in revenue and profits following the success of its proactive sales promotion strategy.
- **Takashimaya Space Create** experienced a significant decrease in revenue and profits because of a reactionary decline following last year’s major orders, as well as a timing difference in orders.

<table>
<thead>
<tr>
<th>(billion JPY)</th>
<th>Operating Revenue</th>
<th>Year-on-year</th>
<th>Change from projection*</th>
<th>Operating Income</th>
<th>Year-on-year</th>
<th>Change from projection*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toshin Development Co., Ltd.</td>
<td>52.3</td>
<td>+7.7</td>
<td>-2.7</td>
<td>9.0</td>
<td>+0.2</td>
<td>-0.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+17.3%</td>
<td>-4.9%</td>
<td></td>
<td></td>
<td>+2.3%</td>
</tr>
<tr>
<td>Takashimaya Credit Co., Ltd.</td>
<td>18.5</td>
<td>+0.8</td>
<td>-0.0</td>
<td>4.5</td>
<td>+0.1</td>
<td>+0.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+4.5%</td>
<td>-0.2%</td>
<td></td>
<td></td>
<td>+1.7%</td>
</tr>
<tr>
<td>Takashimaya Space Create Co., Ltd. (including Takashimaya Space Create Tohoku)</td>
<td>29.9</td>
<td>-5.2</td>
<td>-5.2</td>
<td>1.2</td>
<td>-1.1</td>
<td>-1.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-14.9%</td>
<td>-14.8%</td>
<td></td>
<td></td>
<td>-48.4%</td>
</tr>
</tbody>
</table>

Note: Comparison between projected and actual figures is based on the targeted figures announced on October 10, 2017.
**Performance of Each Company (Overseas)**

- The Singapore business posted an increase in revenue and profits following an economic upturn and the processing of the previous year’s rents
- Shanghai Takashimaya maintained its revenue growth thanks to the success of its sales strategies, which included introducing a new tenant
- Takashimaya Vietnam shrank its deficit as expected

### Operating Revenue

<table>
<thead>
<tr>
<th>Company</th>
<th>Operating Revenue</th>
<th>Year-on-year</th>
<th>Change from projection*</th>
<th>Operating Income</th>
<th>Year-on-year</th>
<th>Change from projection*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Takashimaya Singapore Ltd.</strong></td>
<td>52.5 (billion JPY)</td>
<td>+1.8</td>
<td>+0.9</td>
<td>3.6</td>
<td>+0.5</td>
<td>+0.5</td>
</tr>
<tr>
<td>(Local currency basis)</td>
<td>644 mil.</td>
<td>+3.5%</td>
<td>+1.7%</td>
<td>44 mil.</td>
<td>+5 mil.</td>
<td>+5 mil.</td>
</tr>
<tr>
<td><strong>Toshin Development Singapore Pte, Ltd.</strong></td>
<td>9.0 (billion JPY)</td>
<td>+0.2</td>
<td>+0.0</td>
<td>2.5</td>
<td>+0.1</td>
<td>+0.2</td>
</tr>
<tr>
<td>(Local currency basis)</td>
<td>110 mil.</td>
<td>+1.9%</td>
<td>+0.5%</td>
<td>30 mil.</td>
<td>+1 mil.</td>
<td>+1 mil.</td>
</tr>
<tr>
<td><strong>Total sales</strong></td>
<td>9.7</td>
<td>+1.0</td>
<td>+0.1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Shanghai Takashimaya Co., Ltd.</strong></td>
<td>7.0 (billion JPY)</td>
<td>+0.7</td>
<td>-0.0</td>
<td>-1.1</td>
<td>-0.2</td>
<td>+0.0</td>
</tr>
<tr>
<td>(Local currency basis)</td>
<td>421 mil.</td>
<td>+10.6%</td>
<td>-0.3%</td>
<td>-69 mil.</td>
<td>-9 mil.</td>
<td>+2 mil.</td>
</tr>
<tr>
<td><strong>Takashimaya Vietnam</strong></td>
<td>4.4</td>
<td>+2.5</td>
<td>+0.1</td>
<td>-0.3</td>
<td>+0.2</td>
<td>+0.03</td>
</tr>
<tr>
<td>(Local currency basis)</td>
<td>909.4 bil.</td>
<td>+139.9%</td>
<td>+1.5%</td>
<td>-58.6 bil.</td>
<td>+47.4 bil.</td>
<td>+6.2 bil.</td>
</tr>
</tbody>
</table>

**Exchange rate:** 1SGD=81.50JPY  1CNY=16.62JPY  1VND=0.0048JPY

**Total sales:** The sum of Shanghai Takashimaya sales and tenant sales

**Note:** Comparison between projected and actual figures is based on the targeted figures announced on October 10, 2017.
Factors Contributing to Changes in Consolidated Performance

- Increased profits among domestic department stores: +6.4 billion JPY
- Gross margin of domestic department stores: -1.4 billion JPY
- SG&A expenses of domestic department stores: -2.2 billion JPY
- New business: -1.2 billion JPY
- Downturn in TSC business: -1.1 billion JPY
- Singapore business’s rent in previous year: +0.7 billion JPY

FY2016 consolidated performance: 34.0 billion JPY
FY2017 consolidated performance: 35.3 billion JPY
1. Financial Results
   FY Ending Feb 2018 (FY2017)

2. Takashimaya Group’s Growth Strategy

3. Projections for
   FY Ending Feb 2019 (FY2018)
Takashimaya Group’s Growth Strategy

- Pursue Group-wide Machi-dukuri Strategy and achieve stable growth
  - Co-create with local communities and channel Group’s energies into developing unique commercial facilities
  - Use the synergy of department stores to gain competitive advantage in each business and further develop business overseas
  - Pursue Group Reform Project to improve management efficiency and underpin Machi-dukuri Strategy

Pursue Machi-dukuri Strategy

- Playing role of anchor of local community
  - Co-existence with communities

- Maximize appeal of the building
  - Develop unique commercial facilities that integrate department stores with specialty stores

Use department stores’ synergy to achieve stable Group growth

- Domestic department store business
- Domestic group business
- Real-estate and finance businesses
- Overseas business

Group Reform Project
Long-term Business Plans of the Takashimaya Group

- Achieve industry-leading earning power, efficiency, and stability

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2022</th>
<th>Change from FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>949.6 billion yen</td>
<td>1,033.0 billion yen</td>
<td>+83.4 billion yen</td>
</tr>
<tr>
<td>Operating Income</td>
<td>35.3 billion yen</td>
<td>50.0 billion yen</td>
<td>+14.7 billion yen</td>
</tr>
<tr>
<td>ROE</td>
<td>5.6%</td>
<td>&gt;7%</td>
<td>+1.4%</td>
</tr>
<tr>
<td>ROA</td>
<td>3.8%</td>
<td>4.5%</td>
<td>+0.7%</td>
</tr>
<tr>
<td>Capital-to-asset ratio</td>
<td>42.4%</td>
<td>47.5%</td>
<td>+5.1%</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td></td>
<td>280.0 billion yen</td>
<td></td>
</tr>
<tr>
<td>Investment cash flow</td>
<td></td>
<td>-270.0 billion yen</td>
<td></td>
</tr>
<tr>
<td>Financial cash flow</td>
<td></td>
<td>-30.0 billion yen</td>
<td></td>
</tr>
<tr>
<td>Interest-bearing debt</td>
<td></td>
<td>170.0 billion yen</td>
<td></td>
</tr>
</tbody>
</table>
Domestic department stores will increase profits by reforming management/business structure.

The domestic subsidiaries will pursue development by positioning financial business as a core business alongside real estate. (Operating income targets: Real estate business = 14 billion yen Financial business = 8 billion yen) *Including overseas real-estate

Overseas, we will expand business in Asia using Singapore as a hub.

### Long-term Business Plans of the Takashimaya Group in Each Business

<table>
<thead>
<tr>
<th></th>
<th>Operating revenue</th>
<th>2017 YOY change</th>
<th>Operating income</th>
<th>2017 YOY change</th>
<th>Growth strategy investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic department stores</td>
<td>788.0 billion yen</td>
<td>+9.4</td>
<td>17.0 billion yen</td>
<td>+3.4</td>
<td>60.5 billion yen</td>
</tr>
<tr>
<td>Domestic subsidiaries</td>
<td>190.0 billion yen</td>
<td>+29.4</td>
<td>25.0 billion yen</td>
<td>+9.1</td>
<td>60.0 billion yen</td>
</tr>
<tr>
<td>Overseas</td>
<td>112.0 billion yen</td>
<td>+38.1</td>
<td>8.0 billion yen</td>
<td>+3.4</td>
<td>32.0 billion yen</td>
</tr>
<tr>
<td>Safety and security systems, etc.</td>
<td>127.5 billion yen</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,033 billion yen</td>
<td>+83.4</td>
<td>50.0 billion yen</td>
<td>+14.7</td>
<td>280.0 billion yen</td>
</tr>
</tbody>
</table>

Figures for each business indicate the values before the elimination of intercompany transactions.

*Including overseas real-estate
*Including Takashimaya Tomonokai and Takashimaya Hoken
Long-term Business Plans of the Takashimaya Group: Change over time

- **FY2018:** Increased expenditure with forward-investments for future growth
- **FY2019:** Return on investment, recovery in performance
- **FY2020-:** Progress toward target, absorbing impact of tax rises

Increased expenditure related to developing Nihombashi Takashimaya Shopping Center and Siam Takashimaya and pursuing Group Reform Project

Return on previous year’s investments

Capitalize on Tokyo 2020, absorb impact of VAT hike, comply with changes in personnel-related legislation

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure (billion JPY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>35.3</td>
</tr>
<tr>
<td>2018</td>
<td>30.0</td>
</tr>
<tr>
<td>2019</td>
<td>36.0</td>
</tr>
<tr>
<td>2022</td>
<td>50.0</td>
</tr>
</tbody>
</table>
Capital Strategy

**Basic approach**

Place importance on balancing future growth-oriented investment with shareholder return so as to achieve both financial health and capital efficiency.

- **Financial health:** Long-term indicator = Capital-to-asset ratio
  - FY2022: 47.5%

- **Capital efficiency:** Long-term indicator = ROE
  - FY2022: >7%

**Shareholder return**

The group will implement the ideal form of shareholder return and also taking into account the various conditions for maintaining a stable dividend scale.
Corporate Governance

- Treat corporate governance as a management priority and pursue the necessary measures
  - Continual analysis and appraisal aimed at strengthening the functions of the Board of Directors

System of controls

1. Energize and enhance the Board of Directors by introducing an executive officer system
2. Streamline the process of decision-making and business execution by delegating authority to those responsible for executing business
3. Clarify the responsibilities of executive staff for each year by establishing one-year terms
4. Further incentivize executive performance by introducing an executive remuneration system
5. Ensure fairness and transparency by establishing nomination and compensation committees consisting of outside directors

Key proposals in February 2018 for enhancing the functions of the Board of Directors

- Allow more time to discuss the general direction of the Group-wide strategy
- Strengthen Group-wide internal controls and supervise business execution more thoroughly
- Nomination and compensation committees should be more active and coordinate more closely with the Board of Directors
Machi-dukuri Strategy
Nihombashi Takashimaya Shopping Center

- The birth of the 66,000m² Nihombashi Takashimaya Shopping Center in the heart of Tokyo
  The shopping center will serve as an anchor in this developing area, drawing in visitors and making its presence felt

  - September 2018  Opening of stores in galleria walkway in new wing
  - Spring 2019    Re-opening of main building following renewal

*Image shows how the Nihombashi will look following redevelopment. Takashimaya is participating in the Nihombashi 2-Chome Type-I Urban Area Redevelopment Project.*
Machi-dukuri Strategy
Nihombashi Takashimaya Shopping Center

- Increased floor space for the new wing, which serves as a specialty store area adjoining the main building; move to four-wing system
- Use Group synergy to integrate department store with specialty stores and maximize appeal of the building
- Achieve a commercial facility that three generations can enjoy throughout the day

Machi-dukuri Strategy

- Our 22 domestic and overseas commercial facilities* have engaged in 22 local Machi-Dukuri projects

  *Refers to the more than 10,000 ㎡ of commercial real-estate managed by the department stores and Toshin Development

- Shinjuku Takashimaya Times Square
  - Increased the potential of the Shinjuku Expressway Bus Terminal area
  - Increased operational freedom by owning real-estate
  - Minimized operating costs by unifying building management under Toshin

- Yokohama Store
  - Best store in area
  - Secured firm area foundation together with Konandai Store, Shin-Yokohama Store and Ebina shops
  - Commenced operation of multi-use hall (1200m²)

- Osaka Store
  - Best store in area
  - Group’s most profitable store
  - Refurbished Toshin-managed restaurant area

- Kyoto Store
  - Best store in area
  - Store to benefit from synergistic effect of adjoining Keihan facility BIO-Style (to open in 2019)

- Tamagawa Takashimaya shopping center
  - Japan’s first fully fledged shopping center
  - Best facility in this 87,000m² area
  - Visitors increased with development of station area

- Nagareyama Otakanomori Shopping Center
  - A 40,000m² large shopping center managed by Toshin (opened Food Maison)
  - Developed area under overhead walkway

- Takasaki Store
  - Refurbished entire store last Autumn to coincide with redevelopment of station façade
  - Best “regional store” in area

- Singapore Takashimaya Shopping Centre
  - In conjunction with 25th anniversary, the store achieved a commanding position as hub for Asian development
Group Reform Project

- Overhaul Group’s business practices
  - 8 projects, 24 deliberative sub-committees
  - Reform work processes to increase management efficiency; reinvest the savings in growth strategy

Redesign underlying systems
Develop client and product databases, develop base for external collaboration, create optimal IT infrastructure

Reform accounting and business processes
Make expenditures visible, optimize accounting processes

Admin/procurement reform
Go paperless, reduce supply costs, etc.

Workstyle reform
Reform workstyles in stores and offices, etc.

Personnel/organizational reform
Introduce time management system, streamline attendance management

Sales promotion / marketing reform
NPS, EC, apps, etc.

Merchandising reform
Sales selections, inventory management, etc.

Finance business reform
Card business, insurance business, etc.

Work processes reform

Growth strategy reform
Group Reform Project: Reform of work processes

- Redesign company-wide system, making it speedy and flexible

Now

<table>
<thead>
<tr>
<th>Customers</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website</td>
<td>PCs, store terminals</td>
</tr>
<tr>
<td>Apps</td>
<td></td>
</tr>
<tr>
<td>Stores</td>
<td></td>
</tr>
<tr>
<td>Call center</td>
<td></td>
</tr>
</tbody>
</table>

Future

1. Company equipped with the flexibility to meet increasingly diverse and sophisticated customer needs

2. Operational and maintenance costs controlled by standardizing requirements (no more service-specific requirements)

3. Company can flexibly adopt new external services and forge new alliances whenever necessary

4. Core product and customer data are managed integratively and better analyzed

Takashimaya

Now

- Customers
  - Website
  - Apps
  - Stores
  - Call center

Future

- Customers
  - Website
  - Apps
  - Stores
  - Call center

- Employees
  - PCs, store terminals

Analysis

- Core product and customer data are managed integratively and better analyzed

Future

- Core product and customer data are managed integratively and better analyzed

Takashimaya
Group Reform Project: Reform of work processes

Optimize budget/results system by making expenditures visible

Now

(Example) General affairs: Repair costs
Inconsistent structure/granularity
Items that are very different typologically are mixed together
(Example) Accounting related expenses: Rents
No consistency between stores
Many separate facility names within master data

- More than 3,000 sub-sub-items under operational expenses
- Accounting rules vary between stores
- Many unused sub-items and sub-sub-items

Data cannot be analyzed effectively, making it difficult to identify wasteful expenditure

Future

- Accounting rules standardized, no more poorly maintained sub-sub-items, sub-level data management possible (data consolidated into approximately 400 sub-items)
- Analytical axes can be used to analyze granular data, making it possible to calculate ROI and manage budgets/results for each strategy or project

Granularity and axes are standardized, allowing effective analysis and budget/results management

Takashimaya

22
First, invest to provide for system improvements and project operation expenses
(5-year cumulative total investment: 12.8 billion yen)

Investment cost to be absorbed and ROI to emerge from FY2019
# Group Reform Project: Finance business reform

- Commence new businesses by leveraging ability to identify customer needs through analysis of customer data
  - Expand finance business by providing a wide array of payment options through Takashimaya Credit
  - Commence concierge and finance businesses through synergy with department store business

<table>
<thead>
<tr>
<th>Expand existing finance business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit card (Takashimaya Credit)</td>
</tr>
<tr>
<td>• Diversify payment functions</td>
</tr>
<tr>
<td>• Enhance card lineup</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commence new businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concierge</td>
</tr>
<tr>
<td>• Provide financial products (e.g., insurance)</td>
</tr>
<tr>
<td>• Tailored to customer’s life stage</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Provide finance options to suit a variety of</td>
</tr>
<tr>
<td>• Customers’ shopping needs</td>
</tr>
</tbody>
</table>

---

I was able to buy a handbag I thought I could never afford, and I could take it home straight away!

Takashimaya Hoken Co., Ltd.
(Insurance agent)
1. Financial Results
   FY Ending Feb 2018
   (FY2017)

2. Takashimaya Group’s Growth Strategy

3. Projections for
   FY Ending Feb 2019
   (FY2018)
- Domestic Department Store Business
- Domestic Group Business
- Overseas Business
- CSR Management
Domestic Department Store Business: Grow customer base

- Grow customer base by leveraging trustworthiness and direct connections
  - Effectively capture inbound demand (FY2018 forecast: 56 billion yen, +15.1% YOY [excluding duty-free sales])
  - Through alliance strategy, expand targeted demographics and bring them into membership
  - Through Group Reform Project, improve customer satisfaction and pursue strategy for expanding points of connection

FY2017 sales by customer type

Group Reform Project

- Manage customer data in uniform manner, analyze the data more effectively
- Introduce Net Promoter Score with a view to strategically increasing customer satisfaction
- Regularly update Takashima apps
Domestic Department Store Business: Merchandising and selling power

- Enhance department stores’ merchandising and selling power, creating synergistic effect with specialty stores
  - Improve ability to discern merchandise with rarity value and curate merchandise thematically
  - Flexibly develop appealing merchandise lineups that additionally cater to customers who do not visit the store
  - In-store sales to be linked with e-commerce

Synergistic effect

<table>
<thead>
<tr>
<th>Department Stores</th>
<th>Specialty stores</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Introduce discerningly selected merchandise</td>
<td></td>
</tr>
<tr>
<td>- Develop item-curated sales spaces</td>
<td></td>
</tr>
<tr>
<td>- Introduce trending shops</td>
<td></td>
</tr>
<tr>
<td>- Introduce experiential (“koto”) products</td>
<td></td>
</tr>
</tbody>
</table>

*Sales services to be unified

Underpinned by:

Group Reform Project
- Visualize needs, including those of customers who do not visit the store
- Unify data management, in-store sales linked with e-commerce

Example: Sen-i Miraijuku

Suit Closet – a sales space for working women
Domestic Department Store Business: Cultural activities

- Continue organizing cultural activities to enrich people’s lives
  - Proactively organize cultural events, use cultural foundation to support artists and cultural organizations
  - Refurbish the museum in Takashimaya Osaka’s East Wing, plan to open “Everyday life culture museum (tentative name)” in Nihombashi Takashimaya Shopping Center

Photographer Kyoichi Sawada: “In the photographer’s gaze”

Refurbish the museum as part of the project to renovate Takashimaya Osaka’s East Wing (to commence in 2019)
● Domestic Department Store Business

● Domestic Group Business

● Overseas Business

● CSR Management
Toshin Development / Toshin Development Singapore (TDS)

Projected operating income: 10.3 billion yen, -9.6% YOY

- Pursue Machi-dukuri Strategy to develop stable base for future
  - Open Nihombashi Takashimaya Shopping Center
    Attract tenants into new wing and east wing, develop shopping center environment to enhance appeal of buildings
  - Develop area around Nagareyama Otakanomori Shopping Center
    Pursue project to develop commercial facilities under TX station walkway

- TDS projected to increase profits following upturn in Singapore economy

- Profits and revenue down this year because of reactionary decline from previous year as well as cost increases associated with Nihombashi development

*New wing of Nihombashi Takashimaya Shopping Center, to be completed in September*
Takashimaya Credit

Projected operating income of Finance business:
4.7 billion yen (+3.5% YOY)

✓ Profits and revenue to increase after gaining new members and promoting department store and alliance sales
✓ Analysis of customer data as part of Group Reform Project will underpin efforts to expand each business

Takashimaya Space Create

Projected operating income of Contract & Design business:
1.4 billion yen (+19.2% YOY)

✓ Favorable business environment will lead to strong orders
✓ Increase in design/construction orders related to Nihombashi 2-chome redevelopment project
- Domestic Department Store Business
- Domestic Group Business
- Overseas Business
- CSR Management
**Overseas Business**

**Siam Takashimaya to open in October 2018**

Following collaboration with major local player Siam Piwat, store to open in large scale mixed-use development facility ICONSIAM

**Target total sales for first year: 13 billion yen**

(first year from opening)

- Highly profitable business scheme will lead to profitability in second year
- Target middle-income segment and above, as well the 19 million+ tourists who visit each year
- Concept: A fusion of Takashimaya with the best of Thailand
Overseas Business

Singapore business

✓ Upturn in performance following improvement of Singapore economy
✓ Project to commemorate 25th anniversary
✓ Singapore rapidly growing as Group’s Asian hub
Overseas Business

Shanghai Takashimaya

✓ Leveraging the features of a Japanese-style department store will lead to double-digit sales growth
✓ Surrounding area will improve with development of adjacent commercial facilities
✓ Maintain efficient management to achieve early profitability

Vietnam Business

✓ Transition to be achieved ahead of schedule through partnership and joint management with Keppel Land
✓ Aim for early profitability while considering future expansion

*Shanghai Takashimaya (March 2018)
- Domestic Department Store Business
- Domestic Group Business
- Overseas Business
- CSR Management
CSR Management

- In line with management philosophy, engage in projects that contribute to a sustainable society
  - Create work environments that enable all employees to work vigorously
  - Improve kitchen environments to ensure that the food we provide is safe

2017 Prime Minister’s award to commend leading companies where women shine

- Proactively recruiting women to management roles (30.4% of management roles held by women)
- Providing weekend / public holiday childcare services for employees (2017: Yokohama Store; 2018: Kyoto Store, etc.)

Improved kitchen environments

- Formulated the Takashimaya Standards for Kitchen Facilities
- Developed hygienic and comfortable temperature environment
CSR Management

Management philosophy, code of conduct

- Unceasing efforts to protect the environment, stepping up measures to tackle environmental issues
- Endeavoring to cut CO2 emissions through Nihombashi redevelopment project
- Encouraging eco-consciousness in day-to-day business activities, such as selecting eco-friendly product lineups
- Used stakeholder feedback to identify issues → Stepped up efforts to cut food waste

Cutting carbon emissions through Nihombashi redevelopment project

Left: Image of rooftop garden on the main building of Nihombashi Takashimaya Shopping Center
Right: Energy center (Taiyo Life Insurance Nihombashi Building)

Eco-consciousness in day-to-day business activities

Organic (no pesticides/fertilizer) rice and vegetables of Takashimaya Farm (a shop featuring a selection of tasty products)
1. Financial Results
   FY Ending Feb 2018 (FY2017)

2. Takashimaya Group’s Growth Strategy

3. Projections for
   FY Ending Feb 2019 (FY2018)
Consolidated Cost and Revenue Projections

- Revenue to increase following higher earnings among domestic and overseas department stores coupled with the impact of Siam Takashimaya’s opening
- Revenue will fall this year because of future growth-oriented expenditures, including Nihombashi Takashimaya Shopping Center and initial investment in the Reform Project

<table>
<thead>
<tr>
<th>(billion JPY)</th>
<th>1H projection</th>
<th>Year-on-year</th>
<th>Full year projection</th>
<th>Year-on-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>460.0</td>
<td>+7.0 +1.5%</td>
<td>965.0</td>
<td>+15.4 +1.6%</td>
</tr>
<tr>
<td>SG&amp;A Expenses</td>
<td>125.3</td>
<td>+3.9 +3.2%</td>
<td>256.8</td>
<td>+10.8 +4.4%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>12.0</td>
<td>-1.9 -13.6%</td>
<td>30.0</td>
<td>-5.3 -15.1%</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>14.0</td>
<td>-1.6 -10.5%</td>
<td>33.5</td>
<td>-5.1 -13.2%</td>
</tr>
<tr>
<td>Net Income</td>
<td>6.3</td>
<td>-2.7 -30.1%</td>
<td>18.5</td>
<td>-5.2 -21.8%</td>
</tr>
</tbody>
</table>

Overseas subsidiaries prepare financial statements in compliance with International Financial Reporting Standards. Accordingly, as of FY2018, these subsidiaries report “consignment buying” on a net basis by presenting revenue as “sales.” However, to enable a comparison, we have presented herein the total amounts for operating revenue.
Factors Contributing to Changes in Projected Consolidated Operating Income

<table>
<thead>
<tr>
<th>Factor</th>
<th>FY2017 Consolidated Performance</th>
<th>Performance of Subsidiaries</th>
<th>FY2018 Consolidated Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reactionary decline following apartment sales</td>
<td>-2.4</td>
<td>+1.6</td>
<td>+0.6</td>
</tr>
<tr>
<td>Carry-over from apartment sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in Shinjuku Store’s rent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group Reform Project</td>
<td>-0.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reactionary decline following processing of Singapore business’s rent in previous year</td>
<td>+0.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs related to opening of Nihombashi Takashimaya Shopping Center</td>
<td>-1.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic department stores (excluding Nihombashi costs)</td>
<td>-2.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs related to opening of Siam Takashimaya</td>
<td>-0.4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Consolidated Cash Flow Projections

- Operating cash flow to increase by 17.1 billion yen following improvement in working capital
- Investment cash flow to decrease by 27.7 billion yen following increased capital investment
- Financial cash flow to increase by 2.8 billion following rise in long-term borrowings
- End-of-period cash balance to decrease by 16.6 billion yen

<table>
<thead>
<tr>
<th>(billion JPY)</th>
<th>Full year projection</th>
<th>Previous year</th>
<th>Year-on-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow</td>
<td>54.0</td>
<td>36.9</td>
<td>+17.1</td>
</tr>
<tr>
<td>Investment cash flow</td>
<td>-90.0</td>
<td>-62.3</td>
<td>-27.7</td>
</tr>
<tr>
<td>Financial cash flow</td>
<td>17.0</td>
<td>14.2</td>
<td>+2.8</td>
</tr>
<tr>
<td>Change in current cash flow</td>
<td>-16.6</td>
<td>-8.7</td>
<td>-7.9</td>
</tr>
<tr>
<td>End-of-period cash balance</td>
<td>78.5</td>
<td>95.1</td>
<td>-16.6</td>
</tr>
</tbody>
</table>
Cost and Revenue Projections at Domestic Department Stores

- Revenue projected to increase given favorable inbound sales and sustained strong domestic personal consumption
- Profits projected to decrease following expenditure on the opening of Nihombashi Takashimaya Shopping Center and other forward-investments, as well as increased SG&A expenses
- Dividends from consolidated subsidiaries to be received in second half

<table>
<thead>
<tr>
<th>(billion JPY)</th>
<th>1H projection</th>
<th>Year-on-year</th>
<th>Full-year projection</th>
<th>Year-on-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>374.4</td>
<td>+0.1 +0.0%</td>
<td>781.9</td>
<td>+3.3 +0.4%</td>
</tr>
<tr>
<td>Sales</td>
<td>367.5</td>
<td>+0.0 +0.0%</td>
<td>767.7</td>
<td>+2.7 +0.3%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>24.07</td>
<td>-0.06</td>
<td>23.99</td>
<td>-0.07</td>
</tr>
<tr>
<td>SG&amp;A Expenses</td>
<td>92.4</td>
<td>+1.4 +1.6%</td>
<td>188.3</td>
<td>+4.3 +2.3%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>3.0</td>
<td>-1.6 -34.2%</td>
<td>10.0</td>
<td>-3.6 -26.5%</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>5.2</td>
<td>-2.3 -30.8%</td>
<td>21.5</td>
<td>+5.6 +34.9%</td>
</tr>
<tr>
<td>Net Income</td>
<td>1.3</td>
<td>-3.2 -71.1%</td>
<td>14.6</td>
<td>+5.5 +61.3%</td>
</tr>
</tbody>
</table>
SG&A Expenses Projections at Domestic Department Stores

- Personnel related expenses to increase following rise in bonuses and wages and absorption of subsidiary employees
- Advertising expenses and general affairs expenses to be affected by expenditure on the opening of Nihombashi Takashimaya Shopping Center and other forward-investments

<table>
<thead>
<tr>
<th>(billion JPY)</th>
<th>1H projection</th>
<th>Year-on-year</th>
<th>Full-year projection</th>
<th>Year-on-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel related expenses</td>
<td>31.3</td>
<td>+1.2, +4.0%</td>
<td>63.8</td>
<td>+2.0, +3.2%</td>
</tr>
<tr>
<td>Advertising expenses</td>
<td>12.6</td>
<td>+0.2, +2.0%</td>
<td>26.1</td>
<td>+0.4, +1.6%</td>
</tr>
<tr>
<td>General affairs expenses</td>
<td>33.7</td>
<td>+0.7, +2.0%</td>
<td>68.4</td>
<td>+2.1, +3.2%</td>
</tr>
<tr>
<td>Accounting related expenses</td>
<td>14.8</td>
<td>-0.7, -4.3%</td>
<td>30.0</td>
<td>-0.2, -0.7%</td>
</tr>
<tr>
<td>Total</td>
<td>92.4</td>
<td>+1.4, +1.6%</td>
<td>188.3</td>
<td>+4.3, +2.3%</td>
</tr>
</tbody>
</table>
Cost and Revenue Projection of Each Company (Domestic)

- Toshin Development will see a decline in revenue and profit because of a reactionary downturn from last year’s apartment sales.
- Takashimaya Credit is projected to increase its revenue and profit as a result of its sales strategies, including gaining new members and having department stores and alliance stores promote sales together.
- Takashimaya Space Create is projected to increase its revenue and as a result of its sales efforts.

<table>
<thead>
<tr>
<th>(billion JPY)</th>
<th>Operating Revenue</th>
<th>Year-on-year</th>
<th>Operating Income</th>
<th>Year-on-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toshin Development Co., Ltd.</td>
<td>45.4</td>
<td>-6.9 -13.2%</td>
<td>7.9</td>
<td>-1.1 -12.2%</td>
</tr>
<tr>
<td>Takashimaya Credit Co., Ltd.</td>
<td>19.1</td>
<td>+0.6 +3.5%</td>
<td>4.7</td>
<td>+0.2 +3.6%</td>
</tr>
<tr>
<td>Takashimaya Space Create Co., Ltd. (including Takashimaya Space Create Tohoku)</td>
<td>32.1</td>
<td>+2.2 +7.5%</td>
<td>1.4</td>
<td>+0.2 +19.2%</td>
</tr>
</tbody>
</table>
The Singapore business is projected to achieve revenue growth as a result of improved local economic conditions and the plan to commemorate the store’s 25th anniversary, but profits will decline because of a reactionary decline following processing of Singapore business’s rent in previous years.

Shanghai Takashimaya and Takashimaya Vietnam are projected to achieve revenue growth and shrink their debts.

<table>
<thead>
<tr>
<th>(billion JPY)</th>
<th>Operating Revenue</th>
<th>Year-on-year</th>
<th>Operating Income</th>
<th>Year-on-year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Takashimaya Singapore Ltd.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Local currency basis)</td>
<td>663 mil.</td>
<td>+19 mil.</td>
<td>+2.9%</td>
<td>40 mil.</td>
</tr>
<tr>
<td><strong>Takashimaya Vietnam</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Local currency basis)</td>
<td>974.6 bil.</td>
<td>+65.2 bil.</td>
<td>+7.2%</td>
<td>-55.0 bil.</td>
</tr>
<tr>
<td><strong>Takashimaya Singapore Ltd.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Local currency basis)</td>
<td>54.0</td>
<td>+1.5</td>
<td>+2.9%</td>
<td>3.2</td>
</tr>
<tr>
<td><strong>Toshin Development Singapore Pte, Ltd.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Local currency basis)</td>
<td>111 mil.</td>
<td>+1 mil.</td>
<td>+1.2%</td>
<td>29 mil.</td>
</tr>
<tr>
<td><strong>Shanghai Takashimaya Co., Ltd.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Local currency basis)</td>
<td>469 mil.</td>
<td>+47 mil.</td>
<td>+11.2%</td>
<td>-50 mil.</td>
</tr>
<tr>
<td><strong>Shanghai Takashimaya Co., Ltd.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Local currency basis)</td>
<td>8.0</td>
<td>+1.0</td>
<td>+14.3%</td>
<td>-0.8</td>
</tr>
<tr>
<td><strong>Takashimaya Vietnam</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Local currency basis)</td>
<td>4.7</td>
<td>+0.3</td>
<td>+7.2%</td>
<td>-0.3</td>
</tr>
</tbody>
</table>

Exchangerate: 1SGD=81.50JPY 1CNY=17.09JPY 1VND=0.0048JPY

Overseas subsidiaries prepare financial statements in compliance with International Financial Reporting Standards. Accordingly, as of FY2018, these subsidiaries report “consignment buying” on a net basis by presenting revenue as “sales.” However, to enable a comparison, we have presented herein the total amounts for operating revenue.
Finally

In FY2018, we will strengthen the foothold for our Growth Strategy, and in FY2019, we will get back on the recovery path.
Statements contained herein regarding cost and revenue projections reflect our judgment based on information currently available, and do not represent a commitment from the company that they will be achieved. It should further be noted that actual results could differ materially from the cost and revenue projections stated herein due to a variety of factors.