January 13, 2026

Takashimaya Company, Limited FY2025/Q3 Financial Results Briefing: Main Q&A

The following is a summary of the questions and answers during the financial results briefing held on Tuesday, January 6, 2026.
We refer to the Zero Coupon Convertible Bonds due 2028 as “CB” below.

<Overall Financial Results>

Q: It appears that your Q3 results do not deviate from your forecasts. Can you tell us about the situation in each segment?

A: Each segment is progressing without major deviation from our forecasts. One highlight is the steady growth of our Finance segment that we have positioned as our third pillar after our Department Store and Commercial Property Development segments. Specifically, we changed our reward point program to improve convenience in April of last year in our Card business. In addition, expanding our other services has meant that the number of new members and transaction volume have remained strong. This is contributing to higher revenue from fees and annual membership fees. Furthermore, we are also making steady progress on our efforts to expand our customer base and business domains such as with private banking services and the Investment and Lending business through M&As. We feel confident we can achieve profit at a level of 10.0 billion yen in FY2031 when we will celebrate the 200th anniversary of our founding.

<Department Stores in Japan>

Q: In the preliminary net sales report for December, you stated that while net sales from inbound travelers were down compared to results in the previous year, net sales from domestic customers remained strong. You have not changed your full-year forecast. Can you tell us how you see future business conditions?

A: Net sales from inbound travelers in the Q3 exceeded our expectations. However, we are now beginning to see the impact from the request by the Chinese government to its citizens to avoid traveling to Japan due to the deterioration in Japan-China relations. On the other hand, net sales from domestic customers continued to be strong in December again, especially around Christmas and the end of the year, just as they were up to November. We do not foresee any major risks concerning domestic customers going forward. Nevertheless, we will continue to take various measures to further increase net sales.

Q: You said that net sales from inbound travelers in the Q3 exceeded your expectations. Nevertheless, you have not changed your full-year forecast at 84.0 billion yen. Can you tell us how you have structured net sales in the Q4?

A: As we are beginning to see the effects due to the deterioration in Japan-China relations, Chinese New Year, a major sales event, is approaching in February. Our structure for net sales takes into consideration the impact due to a further reduction in flights and other issues.

Q: Your in-store gross margin ratio for the three months of the Q3 was lower than in the previous year. Can you tell us whether the ratio was affected by changes to your product composition ratio and whether the situation will continue in the future?

A: That was mainly due to a change in the sales composition ratio as a result of net sales from luxury brands and other products with a low-profit ratio being significantly higher than in the previous year amid solid net sales from domestic customers. We intend to drive improvements to this ratio through efforts in collaboration with key business partners, such as strengthening net sales from fashion products with a high-profit ratio, going forward.

Q: My impression is that you were able to keep your SG&A expenses under control in the Q3. Can you tell us whether there is room for further cuts in the future while there is uncertainty about the top line such as in terms of slowing net sales from inbound travelers?

A: We clearly designated the expense managers for each category while steadily taking measures to cut costs. This enabled us to keep the increase in SG&A expenses to a minimum. We will continue to flexibly work to cut expenses given the uncertain situation, such as in regards to net sales from inbound travelers, in the Q4 as well.

Q: You have not changed your forecast for operating profit in FY2026, the final year of your Medium-Term Management Plan, from the 57.5 billion yen you announced it to be at the time of the Q2 financial results briefing. I understand that you may revise that figure when you announce your financial results for the fiscal year. Nevertheless, can you tell us how you currently structure net sales and SG&A expenses in Department Stores in Japan?

A: We view net sales from domestic customers as having limited risks given the current state of wages, prices and other factors. This is a structure we have built on the assumption that we will further advance and boost efforts to enhance product appeal and strengthen our customer base again in FY2026. We did not anticipate significant growth in net sales from inbound travelers in FY2026 initially. Therefore, although there is a risk with China, we expect the degree of divergence from our forecast to be small.

In terms of SG&A expenses, we will continue to proactively allocate expenses for the promotion of human capital management and expenses arising from ESG and digital transformation (DX) investments going forward. Moreover, we will also appropriately allocate expenses for strengthening sales after determining effectiveness. Meanwhile, if net sales slow significantly, we intend to take measures to secure profits. This will include taking measures to reduce additional costs.

<Capital Policy / Shareholder Returns>

Q: Can you tell us about the background to your decision to purchase and cancel the CBs and the impact on your future financial strategy and cash position?

A: We recognized there was an issue in that the existence of the CBs themselves was suppressing the rise in our stock price and leading to a lower PER. Therefore, we explained in our Q2 financial results briefing that in addition to share buybacks at the scale of 20.0 billion yen in FY2026 we will carry out share buybacks aimed at achieving a total shareholder return ratio of 70% in our next Medium-Term Management Plan as well. We aim with this to dispel concerns about dilution due to the conversion of the CBs into shares. We have now switched to a policy to purchase and cancel the CBs. The background to this decision was to dispel concerns about dilution at an earlier stage and to thereby increase shareholder value by effectively providing large-scale shareholder returns.

In terms of the impact of our financial strategy and cash position, the purchase and cancelation of the CBs will result in a temporary decrease in net profit for FY2025. Nevertheless, the tax benefits will improve our cash position over the next four to five years. Allocating these funds to growth investments and shareholder returns will create a virtuous cycle of sustainable profit growth and increased shareholder returns.

Q: Can you tell us about the possibility of carrying out additional share buybacks depending on the subscription status for the purchase and cancelation of the CBs?

A: If the number of subscriptions for CBs is low or if the share conversion proceeds, dilution will occur. Therefore, we will comprehensively consider what measures we will take, including additional share buybacks. As we stated in our financial results briefing materials, we envision stacking up measures to improve our EPS to a high-teen percentage. However, we cannot predict the number of subscriptions or share conversions at the present time. Therefore, we plan to provide additional explanations based on future progress as necessary.

Q: Can you tell us in detail about the premium on the CB purchase price?

A: The purchase premium will be 3% with an additional 1% (for a total of 4%) only for early subscribers. We believe this premium is at a level worth considering for subscription even in comparison to cases of the purchase and cancelation of CBs carried out in Asian markets. Moreover, if any CBs remain after the purchase and cancelation and their total face value amount falls below 10% of their total face value amount at the time they were issued, we plan to redeem all of them early at book value pursuant to the cleanup clause. We intend to encourage subscription by further adding the premium as the current CB market value significantly exceeds the book value.

Q: Can we view the capital policy measures you have taken since last year, this purchase and cancelation of CBs, and other efforts as a message that you are looking to improve capital efficiency?

A: Yes. You can view them that way. We will continue to flexibly take measures to improve capital efficiency in the future.