

TAKASHIMAYA

FINANCIAL STATEMENTS 2026

Years ended February 28, 2026 and February 28, 2025



Saigon Centre and HO CHI MINH CITY TAKASHIMAYA DEPARTMENT STORE, located in the heart of Ho Chi Minh City, Vietnam, will mark their 10th anniversary since opening in July 2016. They have steadily built performance while adapting to changes in the business environment. As a core hub for overseas operations, they will continue to pursue further expansion and enhance quality.



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Independent Auditor's Report

Part 1 Overview of the Company

1. History

Year	Takashimaya Events	
1831	Takashimaya founded. Shinshichi I started a used clothing business on the west side of Matsubara-agaru, Karasuma, Kyoto	
1876	Men from American company, Smith, Baker & Co. visited the shop (first major sales to foreigners)	
1888	Exhibited at the Barcelona World Expo, won Silver Medal	
1898	Osaka store opened (Shinsaibashi-suji, Minami-ku)	
1899	Opened Lyon office (Also opened offices in Tianjin, London, Sydney, New York, and other cities by the early 1990s)	
1900	Nihombashi store opened (Nishi-konyamachi, Kyobashi-ku)	
1904	 made a registered trademark	
1912	Karasuma store opened (Yakushima-cho, Takatsuji-sagaru, Karasuma)	
1916	New Minami-Demma-cho store (Minami-Denma-cho, Kyobashi-ku) opened in Tokyo	
1919	Takashimaya Dry Goods Store Co., Ltd. founded (Name changed to Takashimaya Co., Ltd. in Dec. 1930)	
1922	New Nagahori store opened (Nagahori-bashi-suji, Minami-ku)	
1932	Full opening of Nankai store (Namba-shinchi, Minami-ku)	
1933	New Nihombashi store opened (Nihombashi Street)	
1952	The rose-patterned wrapping paper made its debut (since this time roses have been the Takashimaya symbol)	
1958	Takashimaya New York opened (Closes Jun. 2010)	
1959	Yokohama store opened Licensing contract with Pierre Cardin signed	
1969	Toshin Development's Tamagawa Takashimaya SC, Tamagawa store opened	
1973	Kashiwa store opened Takashimaya Paris store opened (inside Printemps) (Closes Aug. 2011)	
1992	Toshin Development's Kashiwa Station Mall opens (Apr.)	
1993	Takashimaya Singapore SC grand opening (Oct.)	
1996	Shinjuku store opened (Oct.)	
2000	JR Nagoya Takashimaya opened (Mar.)	
2002	Iyotetsu Takashimaya opened in Matsuyama, Ehime Prefecture (Mar.)	

Year	Takashimaya Events	
2007	Toshin Development's Nagareyama Otakanomori SC opened (Mar.)	
2012	Shanghai Takashimaya opened (Dec.)	
2016	Saigon Centre, Ho Chi Minh City Takashimaya opened (Jul.)	
2018	Nihombashi Takashimaya S.C. opened	
	Siam Takashimaya (Bangkok, Thailand) opened	

2. Subsidiaries and Other Affiliated Companies

	Company	Country	Capital Millions of yen	Segment	Voting rights ownership ratio (%)
Consolidated subsidiaries	Okayama Takashimaya Co., Ltd.	Japan	90	Department Stores in Japan	100.0
	Gifu Takashimaya Co., Ltd.	Japan	50		100.0
	Takasaki Takashimaya Co., Ltd.	Japan	50		100.0
	Takashimaya Tomonokai Co.,Ltd.	Japan	50		100.0
	Takashimaya Singapore Ltd.	Republic of Singapore	Thousands of SGD 100,000	Overseas Department Stores	100.0
	Shanghai Takashimaya Co.,Ltd.	People's Republic of China	Thousands of RMB 660,000		100.0 (61.7)
	Takashimaya Vietnam Ltd.	Socialist Republic of Viet Nam	Hundreds of USD 320,042		100.0 (100.0)
	Siam Takashimaya (Thailand) Co.,Ltd.	Kingdom of Thailand	Millions of THB 2,200		51.0 (51.0)
	Toshin Development Co., Ltd.	Japan	2,140	Commercial Property Development In Japan	100.0

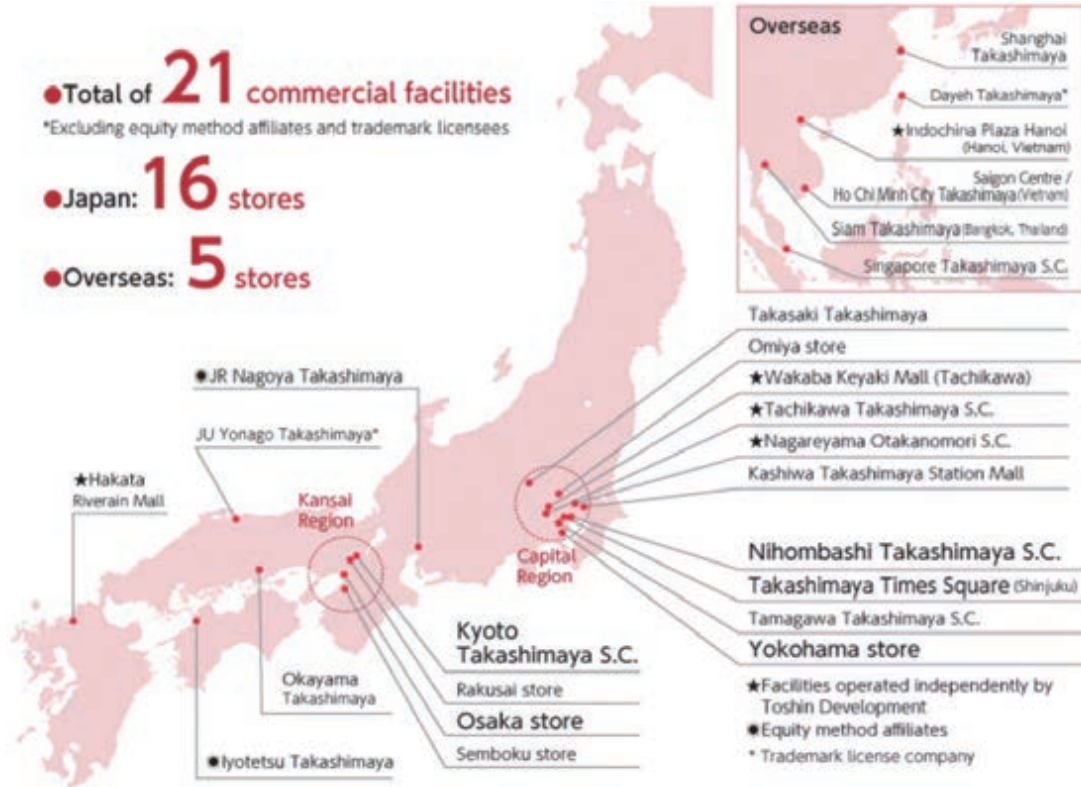
	Company	Country	Capital Millions of yen	Segment	Voting rights ownership ratio (%)
Consolidated subsidiaries	Toshin Development Singapore Pte. Ltd.	Republic of Singapore	Thousands of SGD 8,526	Overseas Commercial Property Development	100.0 (100.0)
	A&B Development CORP.	Socialist Republic of Viet Nam	Millions of VND 23,375		70.0 (70.0)
	Gateway Vietnam Education Joint Stock Company	Socialist Republic of Viet Nam	Millions of VND 168,320		75.0 (75.0)
	Globaland Ltd.	British Virgin Islands	Hundreds of USD 100		60.0 (60.0)
	Hanoi Residential and Commercial Centre - HRCC Ltd.	Socialist Republic of Viet Nam	Millions of VND 441,102		100.0 (100.0)
	SLUC Co., Ltd.	Socialist Republic of Viet Nam	Millions of VND 867,460		90.0 (90.0)
	Toshin Development Vietnam Ltd.	Socialist Republic of Viet Nam	Millions of VND 38,390		100.0 (100.0)
	NSland Viet Nam Joint Stock Company	Socialist Republic of Viet Nam	Millions of VND 81,800		75.0 (75.0)
	VN AB Holding PTE.LTD.	Republic of Singapore	5,143		51.0 (51.0)
	Toshin Property Investment PTE.LTD.	Republic of Singapore	763		100.0 (100.0)
	Toshin Education Investment PTE.LTD.	Republic of Singapore	6,961		100.0 (100.0)
	VNIP Holdings PTE.LTD.	Republic of Singapore	Hundreds of USD 466,190		100.0 (100.0)
	VNSL Holdings PTE.LTD.	Republic of Singapore	4,225		100.0 (100.0)
	VNLL Holdings PTE.LTD.	Republic of Singapore	2,390		100.0 (100.0)
	VNOP Holdings PTE.LTD.	Republic of Singapore	538		100.0 (100.0)
	TVNVY PTE.LTD.	Republic of Singapore	Hundreds of USD 635,727		100.0 (100.0)
	VNBC PTE.LTD.	Republic of Singapore	USD 1		100.0 (100.0)
	VNIBS PTE.LTD.	Republic of Singapore	USD 1		100.0 (100.0)

	Company	Country	Capital Millions of yen	Segment	Voting rights ownership ratio (%)
Consolidated subsidiaries	Takashimaya Financial Partners Co., Ltd.	Japan	100	Finance	69.5
	Vaste Culture & Cie.	Japan	5		50.0
	Claylish Co.,Ltd. *Trade name changed to Takashimaya Clay Capital Co., Ltd. as of March 1, 2026	Japan	99		51.0
	Takashimaya Space Create Co., Ltd.	Japan	100	Construction & Design	100.0
	TAKASHIMAYA INTERIOR LIMITED LIABILITY COMPANY	Socialist Republic of Viet Nam	Hundreds of USD 700		100.0 (100.0)
	Good Live Co., Ltd.	Japan	100	Others	100.0
	RTD Co., Ltd.	Japan	10		60.0 (60.0)
	TAKASHIMAYA TRANCOSMOS INTERNATIONAL COMMERCE PTE. LTD.	Republic of Singapore	Hundreds of USD 129,426		51.0
	R.T. Corporation Ltd.	Japan	470		100.0
	ATA CO., LTD.	Japan	80		100.0
	SOARZROCK Inc.	Japan	3		100.0
	Century & Co., Ltd.	Japan	90		100.0
	Takashimaya Facilities Co., Ltd.	Japan	30		100.0 (100.0)
	Select Square Co., Ltd.	Japan	100		100.0
7 other companies	—	—	—		
Equity-method affiliates	JR Tokai Takashimaya Co.,Ltd.	Japan	10,000	Department Stores in Japan	34.1
	Iyotetsu Takashimaya co., Ltd.	Japan	100		33.6
	Ngee Ann Development PTE.LTD.	Republic of Singapore	Thousands of SGD 376,471	Overseas Commercial Property Development	26.3
	7 other companies	—	—	—	—

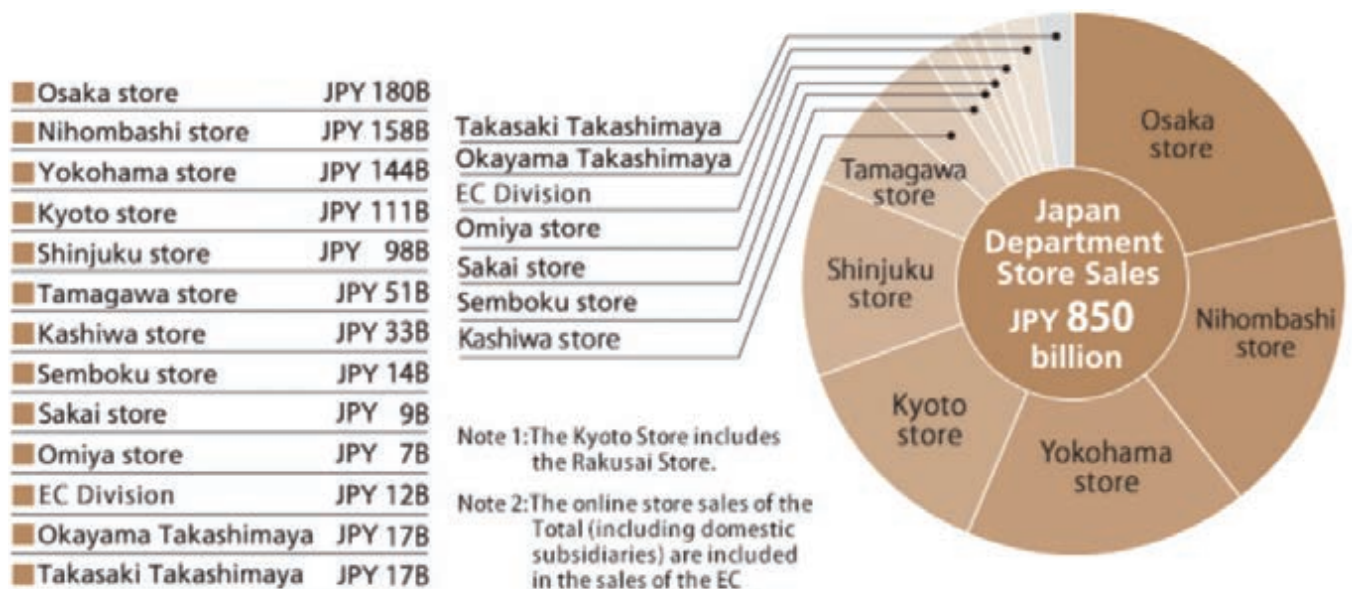
*The figures in parentheses in the "Voting rights ownership ratio" column are the indirect holding ratios.

3. Store Network and Japan Department Store Sales

Store Network



Japan Department Store Sales



Note 1: The Kyoto Store includes the Rakusai Store.

Note 2: The online store sales of the Total (including domestic subsidiaries) are included in the sales of the EC Division and each store.

Note 3: The corporate business and cross-media business sales are included in the stores in the regions where each business is located.

Note 4: The sales before the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations are presented.

Note 5: Store operations of Sakai Store ended on January 7, 2026.

4. Details of Audit Fees etc.

Details of audit fees etc. of fiscal year ended February 28, 2026 and February 28, 2025 are as follows:

(1) Fees for auditing certified public accountants, etc., and others

Category	Millions of yen			
	2026		2025	
	Fees for audit and attestation services	Fees for non-audit services	Fees for audit and attestation services	Fees for non-audit services
Filing company	¥160	¥5	¥157	¥—
Consolidated subsidiaries	54	—	52	—
Total	¥214	¥5	¥209	¥—

As for details of non-audit services for the Company, the Company has mainly requested advisory services relating to sustainability disclosure and paid consideration for the services.

(2) Fees for the same network as auditing certified public accountants, etc. (KPMG) (excluding (1))

Category	Millions of yen			
	2026		2025	
	Fees for audit and attestation services	Fees for non-audit services	Fees for audit and attestation services	Fees for non-audit services
Filing company	¥—	¥15	¥—	¥15
Consolidated subsidiaries	64	30	56	46
Total	¥64	¥45	¥56	¥61

As for details of non-audit services for the Company, the Company has mainly requested advisory services relating to examination of application of the group tax sharing system and paid consideration for the services. In addition, as for details of non-audit services for consolidated subsidiaries, they have requested advisory services relating to tax matters of foreign subsidiaries etc. and paid consideration for the services.

Part 2 Business Overview

1. Business Policies, Business Environment, Issues to Be Addressed

The Takashimaya Group (Group) business policies, business environment, and issues to be addressed are as detailed below.

Furthermore, forward-looking matters indicated in this document are judgments made by our Group at the end of the current consolidated fiscal year.

(1) Business Policies

In FY2025, we set “accelerate growth through a surge in independence and co-creation” as our management target. We then started work on a full-fledged basis to “achieve seamlessness within our group.” This is a crucial part of realizing the Grand Design that serves as the vision for our ideal position in 2031 when we will celebrate the 200th anniversary of our founding. We began a project to renovate the food floor of Tamagawa Takashimaya Shopping Center in stages from January 2026. Through this project, we aim to realize the seamless provision of products and services that transcends the boundaries of department stores and specialty stores.

There is increasing uncertainty, especially in the Department Stores segment, about the business environment in FY2026. For example, in addition to the lack of clarity surrounding domestic consumption trends due to continuing price increases, volatility in inbound demand is rising, primarily due to exchange rate trends and geopolitical risks. In addition, rising operating expenses, including personnel and logistics costs, are weighing down profits against the backdrop of a declining workforce and soaring crude oil prices. To achieve sustainable growth, we recognize the importance of further promoting management conscious of the cost of capital focused on ROIC in addition to improving customer experience value through measures such as the introduction and development of new content and services unique to our company and strengthening and collaborating with our customer base both domestically and internationally.

FY2026 marks the final year of our three-year Medium-Term Management Plan that we set forth in FY2024. We recognize the importance of laying the groundwork to realize the Grand Design and mitigating the aforementioned business environment risks while steadily connecting those efforts to the growth and investment recovery phase from FY2027 onward. In light of this, we have set the following strategic objectives and priorities for FY2026.

[Strategic objectives]

Make certain to achieve the Medium-Term Management Plan through the full utilization of the collective strengths of our group companies: lay the groundwork to realize the Grand Design

[Strategic priorities]

- (1) Strengthen the Machi-dukuri Strategy by achieving seamlessness within our group
- (2) Transform work (reform organizational culture and utilize digital technology)
- (3) Enhance management foundations (practice ESG management and human capital management)

We will carefully examine the progress we are making on the three main issues we have outlined in our Medium-Term Management Plan (Machi-dukuri Strategy, ESG management, and human capital management) to ensure that we are proceeding as we planned. We will then aim to complete the plan after making the necessary adjustments as suitable. In particular, we will strongly promote the following three areas as pillars of growth for our unique Machi-dukuri Strategy: next-generation shopping centers that leverage the full strength of our group to create diverse reasons for customers to visit them such as through seamless integration with department store-focused specialty stores, overseas business that includes development in Vietnam where our investment is focused, and the Finance business which represents a new point of contact with customers and which is the key to maximizing lifetime value (LTV).

(2) Objective metrics for judging the status of target achievement

Consolidated strategic objectives for FY2026 are as follows.

Total operating revenue was calculated using the previous standard before the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations.

○Total operating revenue	JPY 1,055bn	(vs. FY2025	+ JPY 22.7bn)
○Selling, general and administrative expenses / Total operating revenue	23.8 %	(vs. FY2025	± 0.0 %)
○Operating profit	JPY 57.5bn	(vs. FY2025	+ JPY 3.9bn)
○Equity ratio	33.9 %	(vs. FY2025	+ 0.5 %)
○ROE (Profit attributable to owners of parent / Equity)	8.3 %	(vs. FY2025	+ 10.1 %)
○EBITDA / Total assets	6.0 %	(vs. FY2025	+ 0.3 %)
○Net interest-bearing debt / EBITDA	3.0 times	(vs. FY2025	+ 0.3 times)
○ROIC (Return on invested capital)	5.5 %	(vs. FY2025	- 0.2 %)

(3) Business Environment and Issues to Be Addressed

The next fiscal year, the final year of the current medium-term management plan (FY2024-FY2026), will serve as a crucial year to accomplish the targets we have set. As such, we have established the following as our management issues: strengthen the Machi-dukuri Strategy by achieving seamlessness within our group, transform work (reform organizational culture and utilize digital technology), and enhance management foundations (practice ESG management and human capital management).

□Strengthen the Machi-dukuri Strategy by achieving seamlessness within our group We position transformation into next-generation shopping centers, overseas business (Vietnam business), and finance business as new pillars of growth in our current Medium-Term Management Plan. Accordingly, we are concentrating our investments in these pillars. It is essential we achieve seamlessness within our group to ensure that we meet the target we set for FY2031 to generate business profit at the level of 10 billion yen in each area. In the next fiscal year, we will formulate a roadmap that specifically sets out what we need to do to achieve seamlessness. We will then look to speed up our efforts toward that goal.

Next-generation Shopping Centers: Promoting Transformation at Each Location and Making the Core Department Stores More Profitable The creation of next-generation shopping centers by the whole group is a symbolic initiative that embodies our group-wide Machi-dukuri Strategy. In addition to introducing new content and creating diverse motivations for visiting stores, we will leverage the strengths of our core department stores while gaining the participation of local communities, customers, and business partners to combine the value of department stores and specialty stores. In doing so, we will enhance the overall appeal of our shopping centers. Through the transformation into nextgeneration shopping centers, we will accelerate our evolution to becoming a familiar platform that helps achieve fulfilling lifestyles as is the goal of the Takashimaya Group. We will further strengthen efforts at department stores, the core of our next-generation shopping centers, to acquire sales capabilities not affected by the external environment. In our product strategy, we will promote people-centered marketing that captures changes in values and consumer behavior. We will also provide higher experience value by creating new products and services based on customer needs. In terms of our customer policy, we will advance personalized measures tailored to customer characteristics. These measures will include product proposals using digital technology and finance service proposals leveraging the collective strengths of our group companies. In this way, we will seek to improve the loyalty of each customer to the Takashimaya Group.

Overseas Business: Executing Strategies in Line with the Market Environment and Strengthening Human Resource Development In our overseas business, we will steadily implement growth strategies based on market trends at each location with a focus on development in Vietnam where we are making key investments. Together with this, we will reinforce the foundations that support business growth across the Takashimaya Group, including overseas management functions and support structures. In addition, we

will recruit local human resources and carry out personnel exchanges beyond national borders. Through such efforts, we will also strive to develop human resources with a view to the future.

Finance Business: Strengthening the Finance Business Across the Entire Takashimaya Group We position finance services as one of our key offerings. Accordingly, we will develop a structure to promote our Finance business. We will implement these measures across the Takashimaya Group to support the fulfilling lives of our customers and to maximize lifetime value (LTV) while expanding points of contact with new customers.

□Workstyle transformation: reform organizational culture and utilize digital technology Amid an uncertain operating environment, we cannot respond to changes in society and customer needs unless individuals and organizations act proactively and speedily. It is important we enhance the job satisfaction and engagement of all people working at the Takashimaya Group. To this end, we will strive to establish a workplace environment where everyone can work comfortably and to foster a corporate culture that encourages employees to take on new challenges. Additionally, the digital transformation (DX) of operations has become an urgent issue as the working population declines and labor shortages become increasingly severe. We will work to free up time by automating routine work through the use of DX and AI. At the same time, we will aim to improve customer satisfaction by providing high-value-added products and services using digital technology.

□Enhance management foundations: practice ESG management and human capital management ESG management is transitioning to a stage in which it elevates corporate sustainability by reducing ESG risks in addition to solving issues. As part of our management strategy, we have renamed the ESG Promotion Office to the Sustainability Promotion Office. This aligns the office with its strengthened functions to formulate and advance a group sustainability strategy in accordance with international standards. To absorb cost increases associated with environmental and social issues while enhancing profitability and continuing to create value, we will accelerate efforts integrated with our management strategy. We are strengthening our efforts for our ESG sales initiatives based on a management strategy to simultaneously create social value and economic value (creating shared value; CSV) centered on TSUNAGU ACTION. Our aim is to increase sustainable revenue. Moreover, we launched the Centennial Goodwill Project in February 2026. The aim of this project is to preserve the traditions and techniques of small and medium-sized enterprises in Japan and to connect that culture and history to the future. In this project, we will undertake a study toward the realization of a Centennial Goodwill Investment Strategy with the cooperation of partners. Those partners will mainly be companies with funding needs and support requirements for maintaining and improving brand value (formulation of strategies toward expanding sales channels and ensuring business continuity, etc.). Through these efforts, we will build a sustainable platform that will support the future of Japan. Together with this, we will promote ESG Management that contributes to the revitalization of local communities and economies. Even in the current era when AI is entering a period of dominance, the driving force for sustainable growth remains the power of people. The quality of human resources is directly linked to our services and Takashimaya's brand value. Therefore, a high level of skill and experience is required. We also require a wide range of abilities in our overseas business, including multilingual and multicultural capabilities, and merchandising skills. Human capital management that leads to securing and developing the human resources to play those roles and improving employee engagement is an important issue. We will continue in the future to proactively invest in people. For example, we will increase labor's share of income and improve the workplace environment under the assumption that doing so will raise productivity per employee.

Segment-specific initiatives are as follows.

<Department Stores in Japan>

We will continue to engage in efforts to realize attractive merchandise assortment focused on our five large stores in the east and west of Japan, one of our strengths, as a part of our product policy. Furthermore, we will continue to strengthen our unique item spaces, self-curated sales spaces, and e-commerce, and develop new products and services. With such efforts, we will aim to improve customer

satisfaction. We will strengthen operations in the fashion domain focused on clothing products and miscellaneous goods with a high-profit ratio through collaboration with key business partners. That will lead to an improvement in our gross margin ratio. In terms of our customer policy, we will strive to improve the satisfaction of our existing customers and to capture the next generation of customers. We will achieve this through strengthening our sales structure for VIP customers and by providing new services in finance and other areas. Additionally, we will take advantage of having outstanding overseas stores to undertake efforts aimed at establishing a base of overseas customers and creating loyal customers. Furthermore, we will enhance the appeal of the Takashimaya app, which is seeing a steady increase in members, as an important tool to serve as a point of contact with all our customers. We will establish a structure for our Rakusai Store that will close on August 3, 2026 so that its customers can continue to shop mainly at our Kyoto Store.

<Overseas Department Stores>

Amid an uncertain operating environment, we will maintain and increase the number of domestic customers and tourists we have at Takashimaya Singapore. We will achieve this by promoting customer policies in addition to further strengthening our product lineup of fashion-related items, foods and more. We will continue to stabilize our revenue base at Shanghai Takashimaya against the backdrop of a prolonged slowdown in consumption due to the economic downturn. Examples of the efforts we will take to do that include introducing tenants based on customer needs. We will aim to further expand net sales at Ho Chi Minh City Takashimaya as it celebrates the 10th anniversary of its opening. We will enhance the store's ability to attract customers through a reorganization of product categories and brands and an enhancement of the events we hold there. Following on from the renovation of the cosmetics sales area, we will gradually expand the luxury zone at Siam Takashimaya (Thailand). We will seek to maximize the effects of these renovations, including by enhancing the store's ability to attract customers and increasing net sales.

<Commercial Property Development in Japan>

Toshin Development Co., Ltd. has launched a project to renovate Tamagawa Takashimaya Shopping Center with the aim of fully opening in FY2027. We are also working to enhance the overall appeal of our shopping centers at other facilities, including Kyoto Takashimaya Shopping Center, Kashiwa Takashimaya Station Mall, and Nagareyama Otakanomori Shopping Center.

<Overseas Commercial Property Development>

In our Vietnam business, which we position as a growth driver, in addition to a mixed-use development project for housing and offices in Hanoi, we will be fully putting into effect our expansion plan for the Saigon Centre in Ho Chi Minh City in the future. Having continued to grow since its opening in 2016, the Saigon Centre will now further evolve. We will develop the facility into our second ASEAN base to put it on par with our Takashimaya Singapore Shopping Centre that has been highly praised internationally since opening in 1993. We will also appropriately control the size of our assets by combining participation in core businesses that realize sustainable growth through long-term asset holding with participation in short-term return business from the perspective of improving capital efficiency.

<Finance>

To achieve sustainable growth, we will enhance measures in each of our three businesses: Card, Life Partner, and Investment and Lending. In doing so, we will aim to build a comprehensive financial platform for Takashimaya's stakeholders that covers needs from individual asset management to corporate funding.

<Construction & Design>

Takashimaya Space Create Co., Ltd. expects to see its main hotel and luxury markets remain buoyant. On the other hand, the interior design industry as a whole is facing an increasingly serious labor shortage. Therefore, we will promote human capital management to secure diverse human resources. Furthermore, the Vietnamese subsidiary we established last year will commence full-scale operations. This will ensure

we capture demand for Japanese-quality interior design to drive sustainable growth.

<Others>

We will enhance our competitiveness in each industry for our other businesses as well, including R.T. Corporation Ltd. in the restaurant business, CENTURY & Co., Ltd. in the staffing business, and All Takashimaya Agency Co., Ltd. in the advertising business. This will lead to us building a stable revenue base.

We are practicing ROIC management focused on capital costs. In addition to ROIC by segment, group company, and individual department store, we have also adopted ROIC by location (department stores and specialty stores) as a management indicator as we move forward with the transformation into next-generation shopping centers. We have formulated ROIC trees in light of the characteristics of each business and region. Based on these ROIC trees, we are also working to build mechanisms and cultivate a corporate culture in which each individual on the frontline can take concrete actions to improve ROIC. We position the current Medium-Term Management Plan (FY2024 to FY2026) as a phase in which we make investments first. We then anticipate we will transition to a phase in which we will steadily recover the results of those investments as revenue from FY2027 onward. We will seek sustainable profit growth and improved capital efficiency by further enhancing the effectiveness of our ROIC management. Moreover, we will continue to strengthen dialogue with the market. To minimize the gap with our market valuation, we will enhance expectations for sustainable profit growth while pursuing flexible capital policies and shareholder return measures. Subject to approval at the 160th Ordinary General Meeting of Shareholders scheduled to be held in May 2026, we plan to transition from being a company with a board of corporate auditors to being a company with an audit and supervisory committee. Our group management is becoming more diversified and sophisticated. Against this background, we will further accelerate decision-making through the delegation of authorities, enrich strategic discussions in Board of Directors' meetings, and strengthen supervisory functions even more. In doing this, we will speed up our efforts to provide value unique to the Takashimaya Group under our group-wide Machi-dukuri Strategy.

(4) Basic Strategy for Capital Policy (Basic Views)

The Group promotes the utilization of appropriate financial leverage while ensuring financial soundness to prepare for future business risks. The Company sets ROIC, EBITDA, equity ratio, DOE, and TSR as key performance indicators (KPI). In particular, we are implementing ROIC management as an initiative to promote management that is focused on capital costs. The ROIC for FY2025 was 5.7%, exceeding the WACC of 4.8%. Going forward, we will use ROIC trees specific to the characteristics of each business entity, including each department store, to build a system that enables each individual on the front lines to be aware of ROIC and take action accordingly. For EBITDA, the Company sets a value for net interest-bearing debt to EBITDA to promote financial stability and also sets a value for EBITDA to total assets to ensure the Group's ability to generate cash.

All KPIs and capital policies are disclosed in the financial results presentation materials*.

* <https://www.takashimaya.co.jp/corp/english/ir/financial/>

The Company will increase price earnings ratio (PER) through improved dialogue with the market, in addition to increasing earnings per share (EPS) in its aim to increase corporate value. In addition, given that the promotion of EBITDA-conscious management has increased the cash generation capacity of each business both in Japan and overseas, we will promote initiatives to improve capital efficiency, including the optimization of capital allocation. Furthermore, while maintaining an acquisition approach for assets that contribute to long-term, stable growth, we will also improve asset efficiency by building a cycle that further improves ROIC and cash generation capabilities based on flexible management decisions.

(Shareholder returns)

Dividends will consist of progressive dividends based on increases in net assets with consideration also

given to various management indicators. In times where greater than expected free cash flow is created due to favorable performance trends, the Company will make flexible and comprehensive decisions regarding the use of funds from the perspectives of balanced profit allocation to multiple stakeholders, including additional growth investments—such as investments in human capital and ESG initiatives—as well as shareholder returns.

2. Sustainability Approach and Initiatives

The Group's sustainability approach and initiatives are detailed below.

Furthermore, forward-looking matters indicated in this document are judgments made by our Group at the end of the current consolidated fiscal year.

(1) Takashimaya Group ESG management

Our Group management philosophy of "Putting People First" is strongly linked to the realization of a society that leaves no one behind, the central mission of the Sustainable Development Goals (SDGs). In 2006, we formulated our CSR activity domains based on this management philosophy. Today, we continue to promote our business management and disclose information aligned with this philosophy. Our activity domains include basic activities, such as ensuring compliance and making economic contributions by distributing profits earned through business activities to various people. We also engage in activities aimed at making social contributions by ensuring that we act in accordance with corporate ethics, work to create new value, and help resolve societal issues.

Group ESG management is a method to promote this conventional CSR management by incorporating the SDGs concept. We are aiming to use group ESG to contribute to realize a sustainable 21st-century world in which everyone prospers. In doing so, we seek to earn the empathy and support of our stakeholders by delivering value unique to our Group, such as an environmentally friendly, more prosperous lifestyle and culture; responsiveness to diverse values and the utilization of diverse human resources; and customer-oriented management.

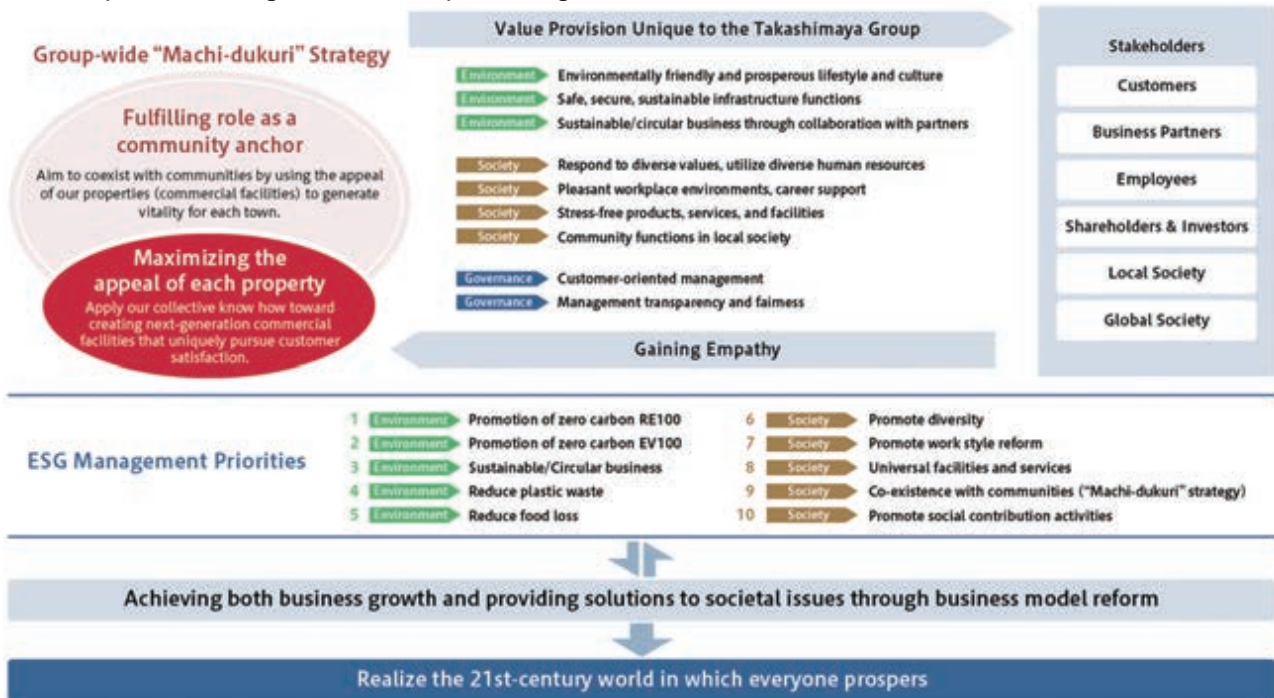
We have defined 10 key issues for ESG Management, including "RE100 to promote zero carbon" and "promoting diversity."

For instance, to promote decarbonization, we are transitioning to electricity sourced from effectively 100% renewable energy at various facilities, including Nagareyama Otakanomori Shopping Center, and advancing additional procurement of electricity sourced from renewable energy through off-site PPAs at some of our stores. We transitioned to using electricity sourced from effectively 100% renewable energy at Nagareyama Otakanomori Shopping Center, the Takashimaya Group Headquarters Building, and Yokohama Logistics Center from March 2025. In April 2026, we achieved electricity sourced from 100% renewable energy throughout the building at Tamagawa Takashimaya Shopping Center. We also entered into a new off-site PPA agreement for the Main Building of Nihombashi Takashimaya Shopping Center.

To promote diversity, we are engaging in initiatives related to increasing women's opportunities and increasing gender equality. We are promoting acceptance of foreign workers and providing support for establishing lives as residents of Japan. We are working to create and promote a motivating environment of diversity and inclusion in which diverse values and capabilities are respected, and all individuals are able to maximize their potential.

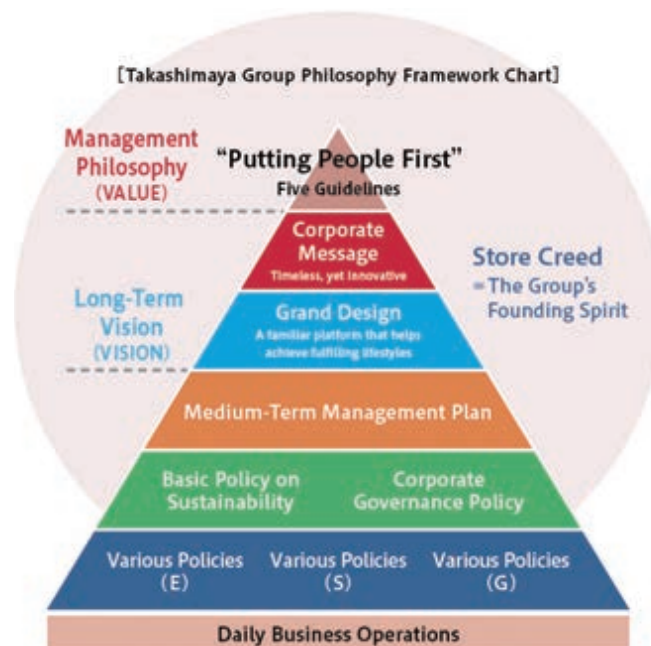
It is important that we promote Group ESG management in order to break away from conventional business models and transform ourselves to meet the demands of the times and modern society. We believe that promotion of this strategy will not only enable us to help resolve societal issues, but also will create favorable opportunities for business growth.

● Group ESG Management Conceptual Diagram



We established our Basic Policy on Sustainability in October 2025. This policy clearly stipulates that we will fulfill our role as “a familiar platform that helps achieve fulfilling lifestyles” as outlined in our Grand Design while addressing social issues and achieving the sustainable growth of our group. We have positioned this policy as the fundamental policy underpinning our Grand Design that serves as the ideal position we aim to achieve over the medium- to long-term and our Medium-Term Management Plan for realizing it. Based on this policy, we are working to realize a sustainable society and enhance corporate value throughout our entire supply chain by building good partnerships with our customers, employees, business partners, investors, local communities, and other stakeholders.

● Takashimaya Group Philosophy Framework Chart



Furthermore, information on ESG management is also provided in "1. Business Policies, Business Environment, and Issues to Be Addressed, (3) Business Environment and Issues to Be Addressed: Enhance management foundations."

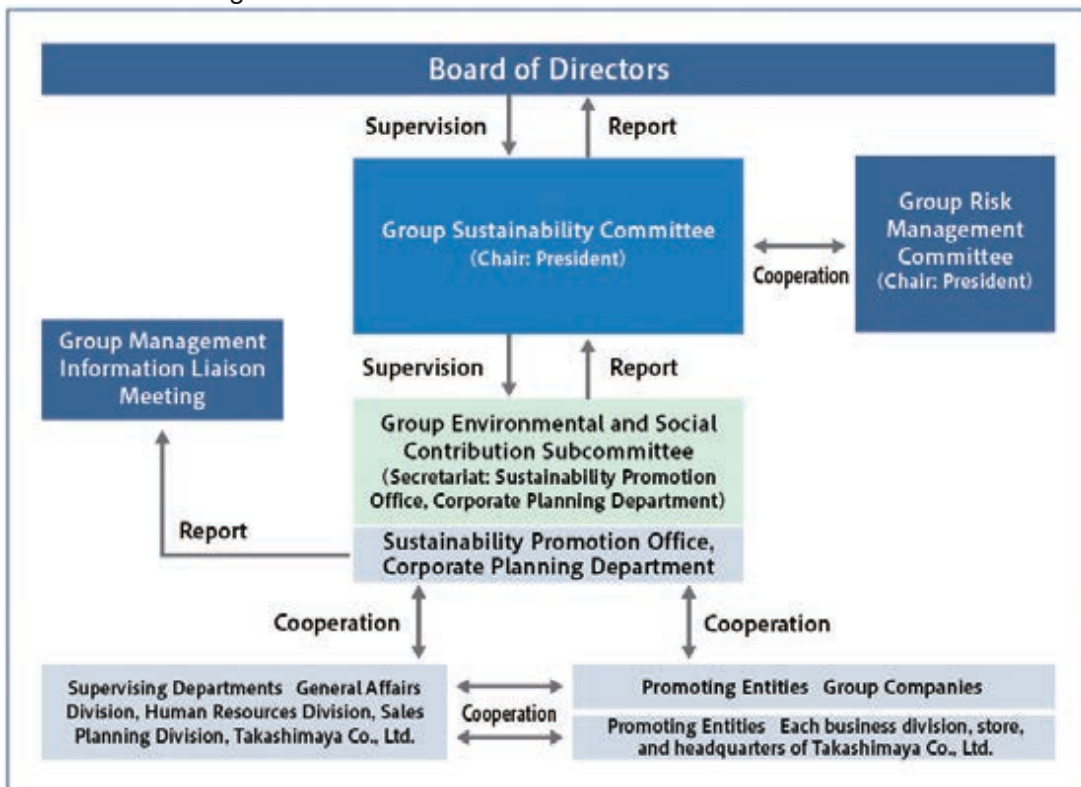
(i) Governance

Our Group will work to resolve social issues, increase our corporate value, and pursue sustainable growth by promoting Group ESG management. To respond to the expectations of customers, shareholders and investors, and our many other stakeholders, the Group is working to strengthen corporate governance and establish an internal control system. Specifically, we have established the Takashimaya Group Sustainability Committee chaired by the President. This committee discusses and confirms important matters relating to sustainability. It then reports its findings to the Board of Directors.

The Takashimaya Group Sustainability Committee meets once every six months. The committee has established a structure to verify and strengthen progress on core ESG issues and initiatives to address new social issues across our Group. In addition, the committee reports the details of its discussions to the Board of Directors. It then strives to strengthen governance for initiatives under the oversight structure with the Board of Directors.

The organizational chart for the internal control system is provided in “IV. Status of the Company Submitting the Report, 4. Status of Corporate Governance, etc., (1) Overview of Corporate Governance, (iii) Other matters related to corporate governance.”

●Promotion structure diagram for core ESG issues



*On March 1, 2026, we renamed the ESG Promotion Office in the Corporate Planning Department as the Sustainability Promotion Office in the Corporate Planning Department. This change serves as part of our management strategy for sustainability growth. The purpose of it is to strengthen the functions of the office. These functions include the formulation and promotion of group sustainable strategies in line with international standards, the establishment of a structure to collect non-financial information, and the disclosure of information.

We also renamed the Takashimaya Group CSR Committee as the Group Sustainability Committee to strengthen policy and strategy discussions with a view to our sustainability strategy.

• Main agenda items for the Takashimaya Group Sustainability Committee






In addition to our Company's Directors and Executive Officers, Group company Presidents attended the meetings of this committee. The agenda items for these meetings were as below.






FY2024	First meeting (August 2024)	<ul style="list-style-type: none"> • Talk by an external speaker: “Latest Trends in ESG (Human Capital, Biodiversity, Supply Chains, Human Rights and More)” • TSUNAGU ACTION • Engagement visualization and improvement including for business partner employees • Progress on priority issues for sustainability • Group initiatives to convert waste cooking oil into sustainable aviation fuel (SAF)
	Second meeting (February 2025)	<ul style="list-style-type: none"> • Talk by an external speaker: “Current Status and Future Issues for Japanese Companies Relating to Sustainability Management” • Verification of the priority issues for governance and sustainability in FY2024 • Business partner questionnaire report (supply chain management)
FY2025	First meeting (August 2025)	<ul style="list-style-type: none"> • Talk by an external speaker: “Supply Chain Management Required of Companies” • TSUNAGU ACTION • Engagement visualization and improvement including for business partner employees • Confirmation of sustainability issues and direction for addressing them based on market demands
	Second meeting (February 2026)	<ul style="list-style-type: none"> • Talk by an external speaker: “Utilization of the SSBJ System Disclosure for Enhancing Corporate Value” • Verification of the priority issues for governance and sustainability in FY2025 • Review of Group ESG Priority Issues • Supply chain management measures for FY2026

(ii) Strategy

The Takashimaya Group categorizes initiatives through which we can greatly contribute to achieving the SDGs into two domains, environment and social. We further identified 10 core issues (materiality) in each domain, and engage in initiatives related to those issues.

●Core issues and action plan

		Initiatives, measures	By 2025	By 2030	By 2050
Environment	RE100 zero carbon initiative 	<ul style="list-style-type: none"> Transition to renewable energy Reduce electricity consumption 	<ul style="list-style-type: none"> Transition to/adoption of renewable energy Switch to LEDs in stores and facilities 		Achieve RE100
	EV100 zero carbon initiative 	<ul style="list-style-type: none"> Switch to EVs Streamline/reduce number of sales vehicles Develop EV charging facilities 	<ul style="list-style-type: none"> Switch to EVs Streamline number of vehicles Install chargers 	Achieve EV100	
	Circular business 	<ul style="list-style-type: none"> Expand environmentally friendly products Build circular platform 	<ul style="list-style-type: none"> Expand Takashimaya-exclusive products Expand collaboration partners Expand items eligible for collection 	Build circular business	
	Reduce waste plastic 	<ul style="list-style-type: none"> Reduce use of plastics Switch to biodegradable plastics and non-plastics for food containers 100% use of recycled materials, etc. 	<ul style="list-style-type: none"> Reduce, use substitutes Change ingredients Promote recycling 	Zero creation of waste plastic	
	Reduce food loss 	<ul style="list-style-type: none"> Expand secondary processing Use external agencies Reevaluate sales methods, etc. 	<ul style="list-style-type: none"> Expand application in processed products Utilize food banks Expand small-volume, volume-based sales 	Zero food loss	

		Initiatives, measures	By 2025	By 2030	By 2050
Society	Promote diversity 	<ul style="list-style-type: none"> Fair and equal human resource management that leaves no one behind Gender equality Acceptance of foreign workers (Acceptance as workers and support as residents) 	<ul style="list-style-type: none"> Establish LGBTQ+ work environment Expand systems and correct inequalities Improving living and work environments 	Society of coexistence that respects diverse perspectives	
	Promote workstyle reform 	<ul style="list-style-type: none"> Improve productivity by promoting multi-tasking Create environment aimed at realizing diverse workstyles Promote employee awareness 	<ul style="list-style-type: none"> Promote digital shift, establish environment Design new systems Employee education 	Improve productivity Increase employee satisfaction	
	Universal facilities and services 	<ul style="list-style-type: none"> Create universal facilities Permeate understanding of universal hospitality 	<ul style="list-style-type: none"> Realize facilities that are comfortable for all people Increase credentialed sales staff 	Pleasant society that is stress-free for all people	
	Coexistence with local communities (Machi-dukuri) 	<ul style="list-style-type: none"> Partnerships with municipal governments Promote creation of disaster prevention hubs Provide community for gathering and spending time 	<ul style="list-style-type: none"> Develop functions for safe and secure facilities Expand provision of community functions in regions 	Sustainable community infrastructure hub	
	Promote social contribution activities 	<ul style="list-style-type: none"> Expand opportunities for participation Culture business 	<ul style="list-style-type: none"> Expand activities that offer customer participation Promote employees' participation Support cultural activities 	Social contribution activities for leaving no one behind	

Meanwhile, amid a changing social environment, we recognize the necessity of regularly reviewing our sustainability strategy alongside our management strategy. Accordingly, we have been proceeding with discussions to update our core issues and KPIs taking into account changes in the external environment, stakeholder feedback, our strategies, financial impacts, and other factors since FY2025.

●TSUNAGU ACTION: our flagship ESG-driven sales initiative

To position our ESG approach at the center of Group management and establish related initiatives as broadly and directly linked to our business, it is important that we gain the support and understanding of as many stakeholders as possible. The Group will contribute to the realization of sustainable and enriched lifestyles by further fulfilling our role as a platform for supporting lifestyles, culture, and local communities, and by working with customers, business partners, and local communities to promote ESG management across all channels.

As part of that commitment, from FY2023 the Group has expanded TSUNAGU ACTION, our sustainable initiative based on co-creation with business partners and customers. We propose sustainable lifestyles by offering value unique to the Takashimaya Group, including product development that balances environmental load reduction with design and functionality, and product proposals, facilities, and services that emphasize a respect for diversity (inclusiveness).



●Approach to human capital

Investments in human capital directly link to sustainable growth and increased corporate value. These strategic investments are essential to achieving both social sustainability and generating profits.

The Takashimaya Group promotes human capital management aimed at maximizing the value of all people of different expertise and diverse perspectives. We strive to be a company in which all employees, including staff assigned from our business partners, are autonomous, energetic, and able to produce results. Details of human capital are provided in “(2) Specific Issues Related to Sustainability <Human capital and diversity>.”

(iii) Risk management

Our Company deals with risks to our business including climate-related issues and other sustainability issues. The Takashimaya Group Sustainability Committee and Takashimaya Group Risk Management Committee, both chaired by the President, identify and assess various risks relating to the execution of business by our Company. These committees then discuss measures to prevent those risks and to minimize losses in the event those risks do materialize. The committees ultimately report the details of their discussions on risk identification and assessment to the Board of Directors.

At the same time, we are advancing initiatives to realize a decarbonized society, including the promotion of RE100 and EV100, the reduction of waste plastics and food loss, and the development of circular business models. In addition, to minimize the loss of business opportunities associated with the increasing severity and frequency of natural disasters, we are making capital investments to enhance the resilience of our stores and facilities, while also establishing a human rights due diligence framework to prevent and mitigate human rights risks across our supply chain.

Detailed information on risk management is provided in "3. Business and Other risks."

The Group provides information on risks related to climate change (risks and opportunities based on scenario analysis, financial impact, etc.) in "(2) Specific Issues Related to Sustainability, <Response to climate change>."

(iv) Metrics and targets

With a view toward the future society envisioned by our group, in 2020, we formulated KPIs and numerical targets to address environmental and social issues. We are putting into practice and monitoring efforts to achieve these.

Furthermore, the Group provides information on metrics and targets related to climate change in "(2) Specific Issues Related to Sustainability, <Response to climate change>."

●Core issues and KPI

	[Priority Issues]	[Relevance to the Medium-Term Management Plan]			[KPIs]	[Numerical Targets]		
		TSUNAGU ACTION	"Machi-dokuri"	Human Capital Management		2025 >>	2030 >>	2050
E Environment	1 Promotion of zero carbon RE100		●		RE (renewable energy) conversion rate	8.6%	30% or more	100%
					Reduction rate in greenhouse gas emissions from electricity use (compared to 2019)	(10.5%)	(35%)	(100%)
	2 Promotion of zero carbon EV100		●		EV conversion rate	3.1%	100%	
					Reduction in the number of vehicles owned (compared to 2019)	(52units)	(115units)	
	3 Sustainable/Circular business	●	●		Volume of unwanted items collected	12t	15t	
S Society	4 Reduce plastic waste	●	●		Waste plastic recycling rate	99%	100%	
					Reduction in total waste (compared to 2019)	(26.3%)	(30%)	
	5 Reduce food loss	●	●		Compostable waste recycling rate	80%	100%	
					Reduction in compostable waste discharge (compared to 2019)	(16.7%)	(20%)	
	6 Promote diversity	●		●	Ratio of female managers	35.4%	40% or more	
G Governance					Ratio of persons with disabilities employed, number of foreign employees	*No numerical targets have been set.		
					Paid leave acquisition rate	80%	100%	
	7 Promote work style reform			●	Improvement in per capita productivity (operating profit per employee)	4.7million yen	6.6million yen	
					Employee turnover rate	*No numerical targets have been set.		
					Acquisition status of support systems for work-life balance	*No numerical targets have been set.		
	8 Universal facilities and services	●	●	●	Ratio of employees with qualifications	14.5%	20%	
	9 Co-existence with communities ("Machi-kairi" maigi)	●	●		Conversion of facilities to barrier-free access	*No numerical targets have been set.		
	10 Promote social contribution activities	●	●	●	Collaboration with local communities (individual stores/shopping centers)	*No numerical targets have been set.		
					Number of days of volunteer leave acquired	*No numerical targets have been set.		

(2) Specific Issues Related to Sustainability

<Response to climate change>

The Takashimaya Group Environmental Policy calls for our company to contribute to fighting climate change and reducing greenhouse gas emissions (GHGs). As such, we are aiming to propose a fulfilling lifestyle for the 21st century that will help to solve environmental issues.

This Group Environmental Policy is also our fundamental stance for linking business activities to the resolution of environmental issues undertaken through ESG management. We engage in various activities in line with our environmental policy while applying unique trait of our business, including our direct connections with many customers, business partners, and local communities.

At the same time, however, environmental issues such as climate change, resource depletion, and a decline in biodiversity have been worsening globally in recent years, increasing the importance and urgency for initiatives to address environmental issues. Particularly with department store operations, our mainstay business, our current business model is based on the assumption of an environmental load, including the large-scale consumption of electricity generated from fossil fuels and other underground resources, large volumes of plastic and food waste, and the overstocking of clothing. This is something we recognize as fundamental risk.

Recognizing these challenges, we have decided to transform our conventional business model into one that regenerates and repairs the Earth’s resources and to strive to achieve both environmental solutions and business growth. We have also declared our support for the TCFD recommendations. We will further enhance our information disclosure for the four disclosure items recommended by the TCFD: “Governance,” “Strategy,” “Risk Management and initiatives,” and “Metrics and Targets.”

Please note that the Takashimaya Group Environmental Policy was revised in March 2026. For details on this policy, please visit our Sustainability website.

* <https://www.takashimaya.co.jp/corp/csr/>

<Information disclosure aligned with TCFD recommendations>

Our Group implements climate-related information disclosure based on the four disclosure items outlined in TCFD recommendations (governance, strategy, risk management, and metrics and targets) and the specific disclosure content outlined for each item.

(i) Governance

Governance related to climate change is incorporated into general sustainability governance. Information on the structure diagram is provided in "(1) Takashimaya Group ESG management, (i) Governance".

(ii) Strategy (climate-related scenario analysis)

a. Details on short, medium, and long-term risks and opportunities

To understand the risks, opportunities, and financial impacts that future climate change may have on our business activities, we projected and analyzed changes in the external environment in 2050 using a scenario analysis methodology in accordance with the framework advocated by the TCFD.

Issues such as changes in our natural environment caused by climate change and resource depletion will have a significant, long-term impact on our business activities. As such, we recognize the need to transform from our existing business to a business that helps regenerate the earth’s resources. This transformation must go beyond our department stores to encompass the business of our entire Group. Based on our vision for a future society, we set achievement goals for 2030 (medium to long-term) and annual numerical targets (roadmap) for the 10 ESG priorities related to the environmental and social domains, and are implementing a PDCA cycle to manage progress.

b. Details and extent of impact from risks and opportunities related to Group business, strategy, and financial plans

The Takashimaya Group separates climate-related risks recommended by the TCFD into two categories, transition risks and physical risks, and then identifies major risk items with the potential to have a significant impact on its business activities. To conduct evaluations based on various climate-related scenarios, including the 2 degrees scenario, we reference existing scenarios such as IPCC and IEA to analyze the impact on our business activities and financial health. We then evaluate and implement response measures designed to support sustainable growth. For our scenario analysis, we used the 2 degrees scenario outlined as a goal in the Paris Agreement and the 4 degrees scenario, which assumes insufficient CO2 emission reductions. During our analysis, we also referenced the typical climate-related risks and opportunities recommended by the TCFD.

Assumed scenario	
2 degrees scenario	Increase in business operating costs due to the enforcement of strict laws and rules related to climate change response Increased product procurement risks due to soaring energy costs and product prices Capturing new markets created by increase in consumer environmental awareness
4 degrees scenario	Loss of business opportunities caused by increasing intensity/frequency of natural disasters, including store damages and supply chain disruption. Soaring energy prices and increasing product procurement risks due to lack of resources Market elimination of companies that are unable to break away from business models that assume causing an environmental load

- Summary of Takashimaya Group risks & opportunities, impact on business and finance position
- ◎:Incredibly significant / ○: Significant / ↑ : Will increase greatly / ↗ : Will increase / → : Minor

Risk/opportunity category			Summary of climate-related risks & opportunities for the Takashimaya Group	Impact on business and finances	
				+2°C	+4°C
Risks	Transition risks	Market and technology	*Increased procurement costs associated with conversion to renewable energy *Decline in competitiveness due to delays in capturing environmental market demand	○	↗
		Reputation	*Loss of trust from stakeholders, damage to brand value, decline in Takashimaya cardholders, some of our most loyal customers, due to delays in responding to environmental issues	◎	↑
		Policies and laws	*Increased business operating costs associated with enhanced regulations, including adoption of carbon tax and response to the Act on Promotion of Resource Circulation for Plastics.	○	→
	Physical risks	*Store closures due to occurrence of large-scale natural disaster, lost sales opportunities due to supply chain disruption	◎	↑	
Opportunities	Energy sources	*Reduced utility bills associated with promotion of energy conservation *Secure resilience for business activities through disaster preparation	○	↗	
	Markets	*Resonate with stakeholders and increase corporate value through promotion of ESG management *Capture markets by offering products and services aligned with increasing environmental awareness	○	↗	

*The arrows in the +4°C column indicate the magnitude of the impact on our company as compared to the under +2°C scenario.

c. Scenario-based risks & opportunities, financial impact, and relevant response strategy and resilience

We assume that the adoption of a carbon tax as part of regulatory enhancements and the costs of procuring electricity derived from renewable energy could have an impact on our financial position. As such, when evaluating the impact of the two scenarios for 2030 on our business and finances, we have estimated the financial impact of the 2 degrees scenario.

●Financial impact on the Takashimaya Group

Estimated financial impact in 2030		
Carbon tax adoption	Cost increase of approx. 2,500 million yen	*Calculated based on our CO2 emissions from FY2019 (approx. 230,516 t) using the carbon tax price (approx. 11,000 yen/t-CO2) for leading nations in 2030 based on the IEA(*) 2°C Scenario
Renewable energy procurement	Cost increase of approx. 1,600 million yen	*Calculated based on our electricity use from FY2019 (approx. 392,824 MWh) using the current price difference for procured electricity (approx. 4 yen/kWh)

*Cited from the IEA (International Energy Association) World Energy Outlook 2019

In light of the impact that climate change-related risks could have on our business activities and financial position, we are promoting “group ESG management” aimed at resolving social issues and achieving business growth with the goal of contributing to the realization of a sustainable society. As a part of these efforts, in 2019, we joined the global RE100 initiative aiming to procure 100% of the electricity we use in our business activities from renewable energy. In this way, we are advancing initiatives to realize a decarbonized society. To realize decarbonization, we are also introducing renewable energy-derived electricity via off-site PPAs at our Yokohama store, Osaka store, Kyoto Takashimaya Shopping Center, Takasaki Takashimaya, and Nihombashi Takashimaya Shopping Center while anticipating the risk of increased costs from renewable energy-derived electricity procurement in the medium- to long-term. Furthermore, we are working to reduce our electricity use and CO2 emissions by progressively upgrading store equipment to highly energy-efficient models and replacing existing lighting with LED lighting. In FY2024, we invested approximately 530 million yen in converting to LED lighting in our domestic department stores. Through this, we achieved an estimated reduction in CO2 emissions of approximately 1,300 t-CO2 (calculated using Japan’s average emission factor).

In FY2025, we also continued LED investment of approximately 210 million yen.

Through our Machi-dukuri strategy, we work to fulfill a community anchor role and to maximize the attractiveness of our commercial facilities. At the same time, the Takashimaya Group is working to capture new markets by offering environmentally friendly products, services, and storefront facilities, and by engaging in the development of next-generation commercial facilities that propose new value. Takashimaya Group management pursues the effective utilization of internal business assets previously concentrated in department stores to strengthen the profitability of existing businesses and promote business expansion and new business development that will support future growth. We capture new business opportunities by working to constrain risks related to climate change while proactively responding to market changes.

(iii) Risk management and initiatives

Climate change risk management and related initiatives are incorporated into our general sustainability governance. The Group provides detailed information in “(1) Takashimaya Group ESG management (iii) Risk management and initiatives.”

(iv) Metrics and targets

a. Metrics used to manage climate-related risks and opportunities

As metrics to manage climate-related risks and opportunities, we defined Scope 1, 2, and 3 greenhouse gas (GHG) emissions volume and the ratio of renewable energy within power used during business activities.

b. GHG emissions (Scope 1, 2, and 3)

With a high share of our profits coming from the Department Stores and Commercial Property Development segments, we view our current business model, which assumes an environmental burden, as a risk. As such, we are working toward resolving environmental issues.

In 2019, we joined RE100, an international initiative that aims to supply 100% renewable energy for the electricity consumed in business activities to promote the realization of a zero-carbon society. In FY2024, our Scope 1 and Scope 2 GHG emissions were roughly 207,000 t-CO2 and Scope 3 GHG emissions for department stores were roughly 4,438,000 t-CO2.

●GHG emissions

		Scope		2020	2021	2022	2023	2024
GHG emissions	CO2	Consolidated	Scope 1 emissions (t)	21,055	20,197	19,910	18,905	18,214
			Scope 2 emissions (t) (Calculated using market-based methods)	178,090	183,301	179,377	187,350	189,028
			Scope 1 + 2 emissions (t)	179,145	203,497	199,286	206,255	207,242
	Department stores in Japan	Scope 3 emissions (t)	2,495,547	2,772,244	4,264,236	3,442,335	4,438,641	
	Fluoro-carbon emissions	Department stores and shopping centers in Japan	t-CO2	1,609	1,580	967	1,119	1,094

*A third-party organization has verified our Company's GHG emissions in accordance with the Takashimaya Group's rules for calculating GHG emissions.

*The figures cover only domestic department stores until FY2023. Calculations have been made on a consolidated basis, including overseas, since FY2024.

* Fluorocarbon leakage from freezers and refrigerators is converted into CO2 in accordance with the Fluorocarbon Emissions Control Act.

c. Baseline and targets used in climate risk and opportunity management, and results

We joined RE100 in 2019. As a target, we set the goal of reducing Scope 1 and Scope 2 GHG emissions by 30% or more by FY2030, and achieving zero Scope 1 and Scope 2 GHG emissions by FY2050. Based on a roadmap outlining numerical targets for each fiscal year, we are working towards the realization of a zero-carbon society. We used Scope 1 and Scope 2 GHG emissions from FY2019 as the basis for setting medium and long-term GHG emission reduction targets and RE achievement targets, and are promoting zero carbon initiatives based on these targets.

We have been promoting the transition to using renewable energy-derived electricity in our facilities since FY2020. In FY2023, we launched Japan's first short-term off-site PPA at our Yokohama store. We then expanded this to Takasaki Takashimaya, Osaka store, and Kyoto store in FY2024. Furthermore, in FY2025 we transitioned to using electricity sourced from effectively 100% renewable energy at three facilities: Nagareyama Otakanomori Shopping Center, the Takashimaya Group Headquarters Building, and Yokohama Logistics Center.

Scope1・2	Unit	FY2019 (Base year)	FY2025	FY2030	FY2050
GHG emissions	t-CO2	230,516	208,961	161,361	0
Reduction (vs. FY2019)		—	-21,555	-69,155	-230,516
GHG reduction target (vs. FY2019)	%	—	-9.4%	-30% or more	-100%
RE achievement rate		0%	8.6%	30% or more	100%

<Human Capital Management & Diversity> - "People" as the Source of Value Creation -

We have placed the concept of "Putting People First" at the foundation of our corporate activities since our founding. Having created value through relationships with customers, employees, business partners, local communities, and all our other stakeholders, our group believes that people are not merely a management resource but rather the starting point of value creation and the source of our competitiveness.

The business structure of our group, which engages in business in diverse segments, including Department Stores, Commercial Property Development, Finance, and Construction & Design, does not derive its value solely from tangible assets such as products and spaces. The value unique to our company has been formed through the accumulation of intangible value created by people, such as each individual's judgment and ingenuity in workplaces, dialogues with customers, and relationships of trust with communities and business partners.

Therefore, we position human capital throughout our group as the foundation that supports medium- to long-term corporate value enhancement instead of as a target for short-term measures. We view it as an integral part of our management strategy.

(i) Governance

Important matters in promoting our human capital management are reported to and deliberated on by the Board of Directors and various management meeting bodies. In FY2025, management confirmed our approach of positioning human capital as the source of value creation and the themes that we should tackle on a priority basis. Moreover, the Group Sustainability Committee, chaired by the President, and various management meeting bodies discuss and confirm the status and metrics of our human capital initiatives. The relevant matters are reported to the Board of Directors as necessary.

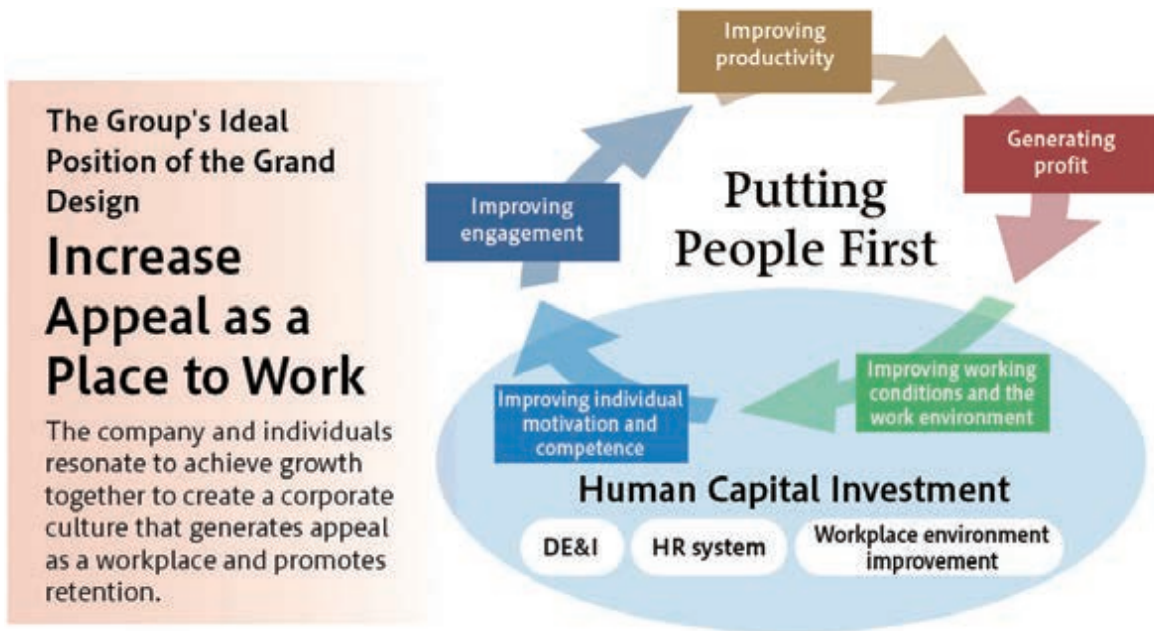
Through this, we have set up a structure to understand human capital issues and changes at the management level and to then reflect them in management decisions.

(ii) Strategy

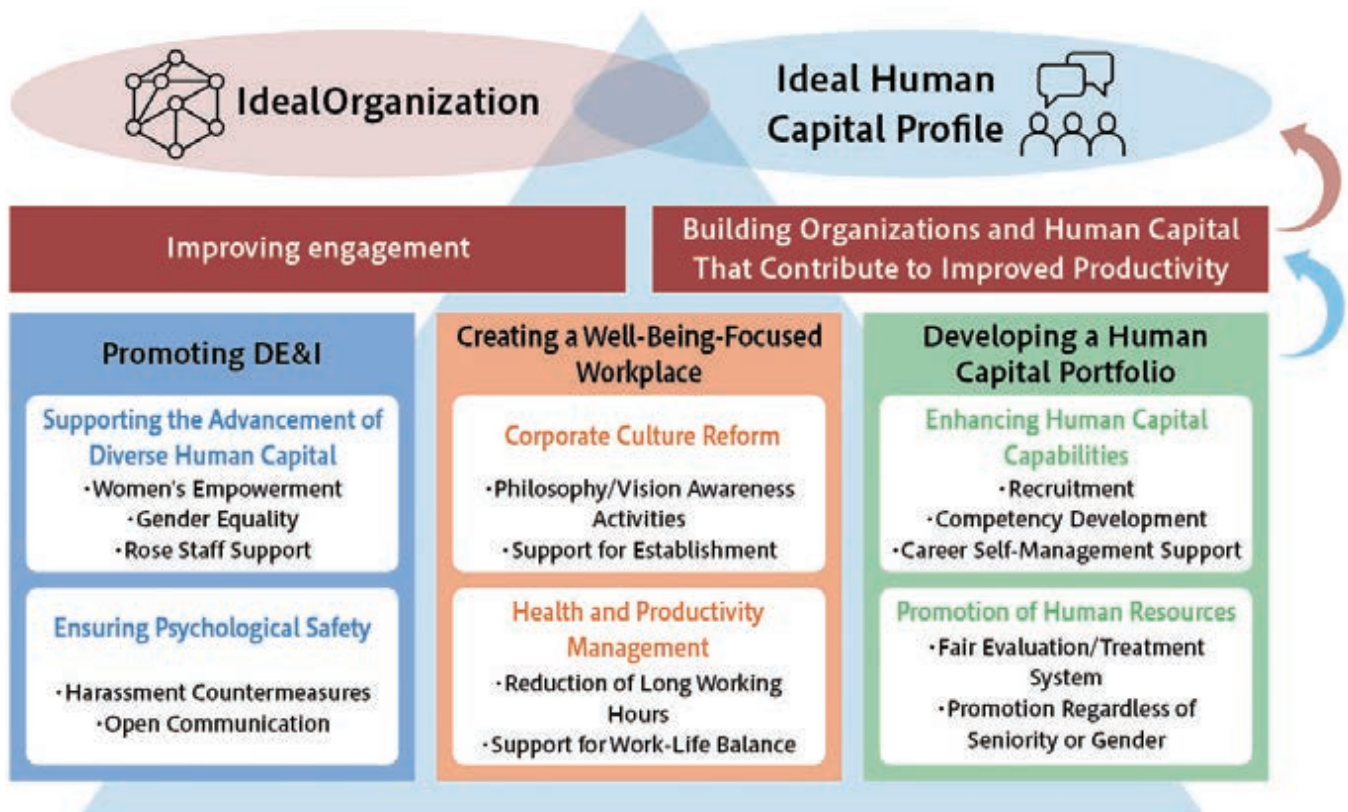
Sustainable value creation through our Machi-dukuri Strategy is at the core of our group's management strategy. This is a strategy that is not limited to simply the development of facilities and the provision of commercial functions; rather, it is rooted in the community and connects people, products, and services to enhance value from a long-term perspective. This strategy is supported by diverse human resources leveraging their strengths and expertise while continuing to be involved in value creation in response to the changing environment. Amid a declining population and increasing diversification of values, we recognize that it is difficult to realize the sustainable growth our group seeks and to build long-term relationships with customers through a uniform approach to utilizing human resources.

Based on this understanding, we confirmed in our management discussions for FY2025 that sustaining value creation through the active participation of diverse human resources serves as the core approach of our human capital management. This clearly demonstrates our intent to view securing, developing, and ensuring the active participation of human resources not as a collection of short-term personnel measures, but as a medium- to long-term foundation for realizing our management strategy.

● Human capital as the source of value creation (conceptual diagram)



● Basic principles regarding human resources



This figure illustrates our group's basic approach to viewing human capital as a source of value creation. It reproduces the content we present on pages 56 to 58 of the "Takashimaya Group Integrated Report 2025."

To make the department stores more profitable, improve core competence, and increase motivation, the Group has established a basic policy on human resource development to ensure our human resource development incorporates trends in the internal/external environment and generational shifts.

a. Human resource development policy

- As our social environment changes rapidly, business transformation that looks ahead to the future is essential to the sustainable growth of a company. With this in mind, we support diverse human resources taking initiative in developing their skills and autonomously developing their careers.
- OJT represents the foundation of our human resource development. Through OJT, employees learn how to conduct work and are able to acquire knowledge and skills that can only be obtained on the job. This helps improve practical abilities and problem-solving abilities. Using a variety of off-the-job training, we organically combine training tailored to the rapidly changing environment outside of the workplace. This helps cultivate the ability to conceptualize creative and innovative ideas.

●Skills development structure

While OJT is the foundation of our skills development structure, we also offer a range of training courses to help employees systematically develop their careers, including programs to acquire the basic business skills required of working professionals and programs to develop specialized skills by job type or category. We have also established an environment where all employees, regardless of employment type, can equally participate in training, with the exception of certain programs.

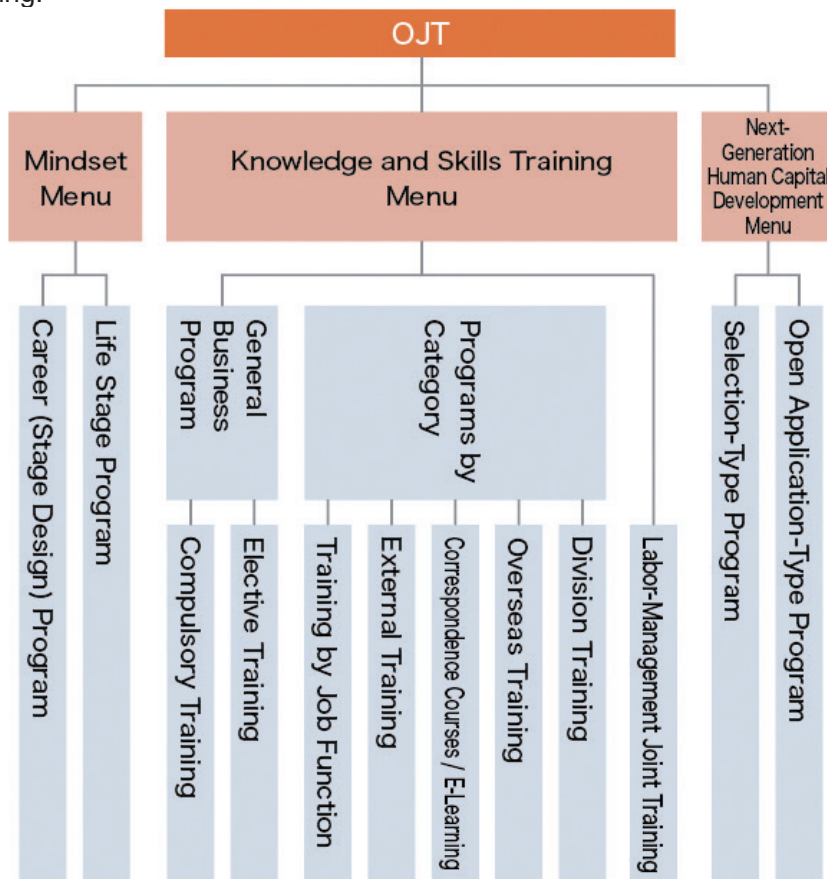
Among our training offerings is the “Overseas Training Program” designed to develop expertise in overseas business strategy and overseas store operations. In FY2026, we have dispatched long-term trainees to Paris, Milan, and Siam. This is helping to foster human resources capable of playing a role globally while embracing diverse values and cultures.

Moreover, in addition to our existing support for correspondence courses and qualification acquisition costs, we have introduced a “Qualification Acquisition Celebration Bonus System” to promote individual career autonomy and enhanced expertise. We have also introduced a “Learn-Work” program to provide institutional support for learning by individuals. In this way, we have established mechanisms that enable employees to balance learning with work.

To enhance the digital skills of individuals aimed at promoting digital transformation, we have made the nationally certified “IT Passport” exam mandatory for all officers and management as a foundational IT knowledge requirement. We are also encouraging our employees to acquire this certification. Currently, 326 employees (total for domestic department stores as of February 2026) have obtained the IT Passport.

Furthermore, we are advancing initiatives for operational improvements and work style reforms through the development of digital human resources. For example, we have established internal digital skill standards for the Department Stores segment and set actionable goals for skill improvement and practical application every six months.

While OJT is the foundation of our skills development structure, we also offer a diverse range of programs and training courses to enable employees to systematically develop their own careers. We have also established an environment where all employees, regardless of employment type, can equally participate in training.



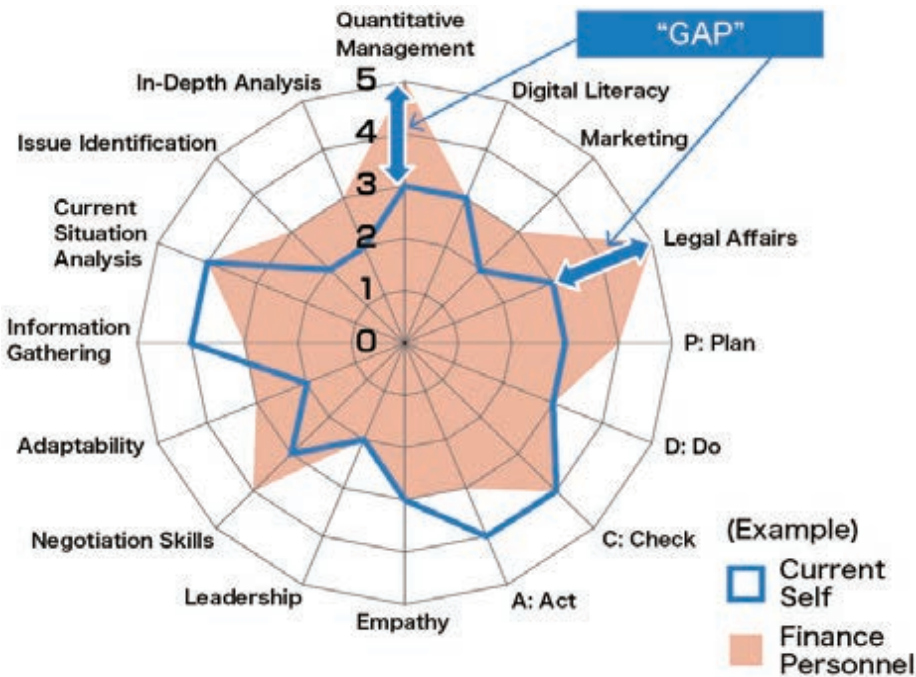
*The above competence development system chart currently only applies to domestic department stores.

- Career support (Assessment System, Open Entry, FA System)

Our basic approach to Group management of systems related to human resources is to respect individuality and to strive for human resource development that respects the uniqueness and desires of each individual. In order to support career development, we have established support mechanisms.

- Assessment System

Once a year, we conduct a “Competency Assessment” to clarify the discrepancies between the competencies and skills required for each role and employee’s current competencies and to reflect this in future competency development plans along with a “Self-Assessment” for employees to express their own intentions regarding their career path and plans. By connecting this to optimized staffing and effective human resource development, we drive both individual competency improvement and enhanced overall organizational performance. When conducting the Competency Assessment, we utilize the “Job Description” as a benchmark for achieving desired future roles (career development). Both the employee and his or her supervisor mutually evaluate the employee’s competencies against each item defined in the Job Description. After identifying competency gaps required for the role, the employee and his or her supervisor discuss and establish annual competency development goals and a development plan, including OJT, at the beginning of the following year. This process is integrated with the biannual performance appraisal goals and feedback discussions to create a system that links organizational goal achievement with individual growth.



- Open Entry, FA System

This is a system that utilizes job rotation to fulfill individuals’ desired roles and career challenges. We launched this system in 1991 to enable each individual to develop advanced expertise and build an autonomous career path through a mechanism that allows employees to take the initiative to realize their ambitions. In the past five years (2021 to 2025), over 300 employees have utilized this system.

- Career Self-Management Support System

We believe that when each individual takes ownership in shaping their career vision, it leads to growth for both the person and our company. Therefore, we have established a system to comprehensively support career self-management, including setting up both internal and external career consultation services, implementing a “Self-Career Dock” program, and introducing diverse internal jobs through videos.

At the consultation desks, qualified personnel provide support to help individuals reflect on their careers. This ensures that everyone, regardless of age or employment status, can grow through their work and find greater job satisfaction.

Furthermore, we introduced the Self-Career Dock program, which provides career training and support interviews at key promotion and age milestones, to promote career development, enhance expertise, and

foster growth for both individuals and our company.

b. Improving engagement

We are promoting initiatives to visualize and improve the engagement of all employees, including those in group companies, as an important element in promoting human capital management.

As a key element of human capital management, we are promoting initiatives to visualize and improve employee engagement, including across group companies. By simultaneously assessing mental health (stress) and engagement, we conduct detailed analyses of the organization’s current state. This leads to revisions in various HR system operations and workplace-level improvements.

Furthermore, in our domestic department stores, it is essential that we increase appeal as a place to work for our partner employees (Rose Staff at department stores) who serve on the front lines of sales. Through comprehensive satisfaction surveys conducted on Rose Staff, we gain a solid understanding of their desire to work for our company. Continuously implementing improvement measures then leads to enhanced satisfaction and strengthened sales capabilities.

Taking various survey results into consideration, we are promoting a range of initiatives, including setting store holidays, improving welfare facilities (such as employee cafeterias and break rooms), and raising awareness through video training on communication methods.

● **Work Engagement Survey Results**

FY2023	FY2024	FY2025	Year-on-Year Comparison
51.1	51.5	51.8	+0.3

*Our Group’s deviation score (calculated by an independent survey company)

● **Rose Staff Satisfaction Survey**

FY2023	FY2024	FY2025	Year-on-Year Comparison
6.25	6.46	6.67	+0.21

*10 point scale evaluation (our internal survey)

c. Promoting diversity

Our Group formulated the Diversity Promotion Policy in 2020. We are now working to develop environments that allow human resources with diverse values and life backgrounds to demonstrate their abilities to the maximum and to realize the growth of both people and the company. Based on this policy, we will continue to respect diverse values and abilities in the future. We will also aim to realize diversity, equity and inclusion that allows all our human resources to find working at our Group rewarding.

We are working to build an environment in which everyone, regardless of gender, can thrive in the right position for their abilities to promote women’s advancement and gender equality. We assign and promote individuals based on their motivation, abilities, and future career vision. In addition, we are striving to create an environment in which each individual, with their diverse values and life backgrounds, can work comfortably and demonstrate their abilities to the maximum possible extent.

It is necessary to provide support tailored to the circumstances of each individual based on the concept of equity to create such an environment. As part of this effort, we annually provide managers and supervisors with unconscious bias training and training to understand and develop diverse subordinates at which they learn about management of workplaces that contain members with various circumstances, such as childcare and nursing care.

We follow up on this training through an annual “Forum for Employees with Childcare Responsibilities” and “Employees with Childcare Responsibilities Mentoring Program.” The purpose of these efforts is to support the career development of each employee with childcare responsibilities and to address their anxieties and concerns.

Going forward, we will continue to work on reforming employee awareness to foster an open and transparent workplace culture and smooth communication.

In addition, we have clearly stated that we will work to build environments where everyone can be a success by eliminating discrimination and harassment regardless of differences such as in sexual orientation and gender identity. Accordingly, we are promoting the development of programs and environments and the formation of a culture to achieve that in our LGBTQ+ initiatives. We have been certified Gold for the second consecutive in the PRIDE Index 2025 (formulated by work with PRIDE). As part of our activities as an ally, we are developing environments where employees can work with peace of mind and are striving to foster a correct understanding and culture in the workplace. For instance, we participate in related events in Tokyo and Osaka and review our internal welfare employee welfare program.



d. Implementing KENKO Investment for Health

It is the responsibility of companies to protect the mental and physical health of their employees. The dynamism of each individual employee is essential for the growth of our Group. Our Group formulated the Declaration of Health Management in 2017. We are now promoting KENKO Investment for Health. We are aiming to provide high-quality services through organizations and employees healthy in both body and mind and to improve productivity to be able to respond to changes in the social environment.

We set our vision for KENKO Investment for Health and six priority areas (= Taka Wellness) based on the characteristics of our Group in FY2024. We are continuing further efforts to achieve this vision. We implement a health point program, walking campaigns and other activities to prevent lifestyle-related diseases. We are also focusing our efforts on supporting women’s health.

Furthermore, we are working with occupational health physicians, the Personnel Division and health insurance associations to promote initiatives aimed at health maintenance and improvement in employees. For example, we have expanded our health checkup options with an emphasis on early disease detection and aggravation prevention. We are also promoting healthy behavior to prevent lifestyle-related diseases, implementing workstyle reforms to achieve a work-life balance, and taking health and safety measures. These initiatives have led to us being certified as a Health and Productivity Management Outstanding Organization (Large Enterprise Category) by the Ministry of Economy, Trade and Industry for seven consecutive years since 2020.



e. Promoting workstyle reforms

We are expanding our personnel programs and striving to develop comfortable work environments to help employees from diverse lifestyle backgrounds to balance their work and private lives. We have established a wide range of programs that offer leave for injuries, illnesses and infertility treatments in addition to those for childbirth, childcare, nursing care and elderly care. We have developed environments in which employees can keep on working even when they reach a new life stage and when unexpected

circumstances arise.

We are advancing the shortening of business hours and the establishment of store holidays to enhance the work-life balance of employees including employees of group companies and business partners. In particular, since designating January 2 as a store holiday from FY2025, that led to increased work satisfaction and motivation. Moreover, we are taking measures to reduce long working hours. We have adopted a flexible working hours system based on the annual business plan and made it possible to flexibly plan start and finish times by shifting, decreasing and increasing work hours to suit the characteristics of the busy and slow periods of each store and workplace.

In addition, we established a new life balance work system in FY2024 for employees aged 55 to 70. This system allows the applicable employees to change their work style to balance their work and private lives. We are looking to further enhance work-life balance by establishing personnel programs that enable flexible working styles.

(iii) Risk management and initiatives

Our company operates department stores, commercial developments, and related businesses. As a retailer, we have a high degree of dependence on human capital, and the recruitment, development, and active engagement of our employees directly impact the execution of our management strategy and our medium- to long-term value creation. Accordingly, our group recognizes issues related to human capital not merely as personnel matters, but as critical risk factors that can significantly influence the implementation of our management strategy.

Specifically, if we are unable to secure and develop the necessary talent, our competitiveness may be undermined through a decline in service quality and expertise at the operational level, potentially resulting in missed growth opportunities. To address this, we have introduced measures such as an extended reemployment system that allows veteran employees to continue working until the age of 70, as well as expanded hiring of both new graduates and experienced professionals. Furthermore, a decline in employee retention and engagement may lead to reduced productivity and creativity, which could adversely affect corporate value.

In management discussions for FY2025, we reaffirmed the importance of continuously monitoring and assessing the state of our human capital in light of these risks. Across the entire group, we strive to understand the status of our human capital from both quantitative and qualitative perspectives, and to monitor it at the management level, in order to prevent the materialization of risks and ensure early response.

(iv) Metrics and targets

To understand the progress of our human capital management, we have established metrics relating to the composition, engagement, diversity, and other elements of our group employees. We utilize these metrics in business management. These metrics are based on the same approach as those we disclosed in our 159th Securities Report. We have also positioned them as our current management metrics for human capital in FY2025.

We plan to review and refine KPIs and target levels relating to human capital in stages in the future taking into account their alignment with our management strategy and changes in the business environment.

Metrics	Results	Target		
	FY2025	FY2025	FY2026	FY2030
Rate of women in management positions *1	31.4%	35.4%	36.4%	40.0% or higher
Paid leave acquisition rate*2	72.6%	80.0%	82.0%	100.0%
Per-capita productivity *3 (Operating profit /employee)	8.2 million yen	4.7 million yen	5.0 million yen	6.6 million yen

*1. Calculated based on the definition of management positions set forth in the Act on the Promotion of Women's Active Engagement in Professional Life. Figures are for Takashimaya Co., Ltd., consolidated subsidiaries in Japan, and unconsolidated subsidiary Takashimaya Transcosmos International Commerce Japan Co., Ltd. (As of March 1st)

*2. Calculated using the number of days granted as annual paid leave based on the Labor Standards Act as the denominator and the number of days taken as the numerator. Figures are for Takashimaya Co., Ltd., consolidated subsidiaries in Japan, and unconsolidated subsidiary Takashimaya Transcosmos International Commerce Japan Co., Ltd.

*3. Calculated using the consolidated number of employees including overseas subsidiaries at the end of the fiscal year in question as the denominator and annual consolidated operating profit as the numerator.

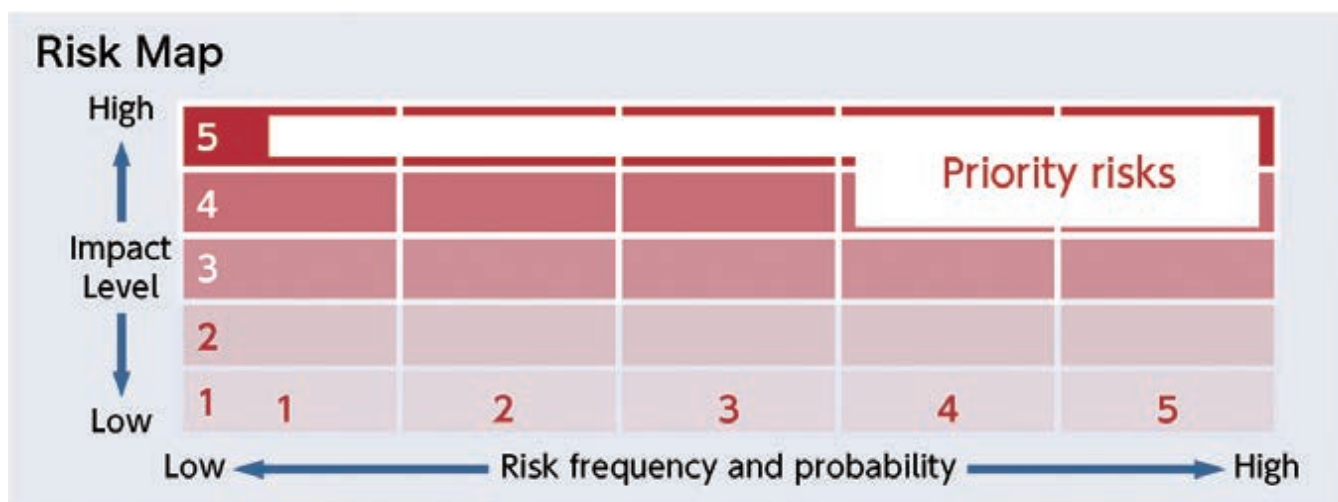
3. Business and Other Risks

Chaired by the President, the Takashimaya Group Risk Management Committee is striving to build a lateral risk management structure for our Group. Together with this, the committee is constantly reviewing and strengthening the management structure so that it is possible to appropriately respond to new risks resulting from changes in the operating environment. Moreover, the committee verifies the level of impact that risks have on our business, the frequency at which they occur and their likelihood of occurring. It then prepares a risk map, selects the serious risks and formulates measures against them. In addition, we recognize that responding to sustainability issues leads to a reduction in risks and also an expansion in earning opportunities and an improvement in corporate value. Based on this recognition, the Takashimaya Group Sustainability Committee is proactively working on group ESG management.

●Risk management system



●Risk Map



Of the matters related to the status of operations and accounting indicated in our financial statements, the following are risks with the potential to have a serious impact on investor decisions.

Forward-looking statements indicated in this document are judgments made by us at the end of the current consolidated fiscal year. Furthermore, please note that the following information is not intended to be a comprehensive representation of all risks associated with our business.

The risk of damage to our reputation due to incidents such as a legal violation related to business expansion into a new growth domain, an information leak, or an accident that causes customers to incur losses, is something that is inherent to all the risks indicated below. We prioritize reinforcing compliance over all other matters, and senior management takes a strong-willed approach to strengthening the risk management system for the entire Group and working to enhance our internal controls and the functions of our Board of Directors.

(1) Management strategy risks

(i) Delays in ESG management initiatives

<Risks and opportunities> Impact level = Particularly major

Risks	<ul style="list-style-type: none"> *Loss of trust from stakeholders *Damage to brand value, the backbone of Group revenues *Decline in reputation due to legal violations, operating loss
Opportunities	<ul style="list-style-type: none"> *Sustainable growth of our Group *Capture of new markets *Improvement in our Group's social reputation

<Response measures>

Through our ESG strategy, we aim to resonate with our stakeholders by providing environmental, social, and governance value that is unique to the Takashimaya Group. While working to resolve social issues and achieve business growth, we are aiming to realize a sustainable 21st-century world in which everyone prospers.

To steadily promote ESG management, we have established a Group Environmental and Social Contribution Subcommittee to enhance policy and progress management from a group perspective to enable more uniform and effective management activities.

We are promoting decarbonization through conversion to renewable energy, energy saving measures and other efforts, and promoting waste reduction and recycling on a company-wide basis from the perspective of the environment to realize a sustainable society. These efforts include our TSUNAGU ACTION sustainable activity that we are working on together with our customers and business partners by providing products and services that reduce our environmental impact and respect diversity (inclusiveness).

From the perspective of society, we have formulated basic guidelines to accept diverse values and are fostering an awareness of it to ensure it permeates through our Group. For example, we are promoting business activities based on respect for human rights, DE&I regardless of nationality, race, religion, LGBTQ+ status and other characteristics, and the provision of educational opportunities and employee welfare.

In relation to governance, to ensure that the Board of Directors is fulfilling its required roles and responsibilities, and to confirm that we are developing the necessary structures and that the Board of Directors is exerting its functionality, once a year we survey all directors and auditors and, based on those results, hold individual interviews with outside directors and auditors to evaluate the effectiveness of the Board of Directors. Furthermore, we will strive to improve the effectiveness of the Board of Directors by thoroughly implementing the PDCA cycle, such as promptly reflecting the points for improvement obtained from the evaluation results at the next year's Board of Directors meeting.

The Takashimaya Group has also established the Takashimaya Group Sustainability Committee, which is chaired by the President. In addition to reinforcing compliance management, the committee confirms and validates the status of group-wide internal controls and the status of initiatives in the CSR domain aimed at addressing new societal issues. We also established the Takashimaya Group Compliance Hotline, a Harassment Hotline, a Labor Affairs Hotline, and a Legal Affairs Hotline, all of which accept anonymous reports of misconduct and other reporting. These hotlines serve as a mechanism for receiving a greater number of internal reports and work to enhance self-action while ensuring that persons submitting a report are protected from unjust treatment. We will further strengthen the monitoring and the three lines of defense to cover the entire group, including subsidiaries and sub-subsidiaries, which are increasing in line with business expansion both in Japan and overseas.

(ii) Overseas business expansion

<Risks and opportunities> Impact level = Major

Risks	*Fluctuations in asset value and delays in investment recovery due to sudden changes in political and economic conditions and foreign currency fluctuations *Non-compliance with changes in local laws and regulations, and disruptions in governance due to cultural and religious differences with local employees
Opportunities	*Establishment of a strong business base and overseas business expansion through business development that accounts for country risks

<Response measures>

To enable prompt management decisions and course corrections, we have established local subsidiaries and provide initiatives for those companies. We will strive to ensure thorough global governance by strengthening the three lines of defense including timely information sharing with the group headquarters through remote meetings and using self-inspection sheets to check operating status. In addition, we established the Asia Representative Office in Ho Chi Minh in Vietnam to oversee our operations on the continent and are cooperating with local specialist consultants to strengthen our risk management structure for our Asian business on which we are focusing our efforts. We will also establish employment relationships with local employees based on respect for human rights, and provide equal wages, educational opportunities, and welfare benefits regardless of nationality, race, religion, or LGBTQ+ identity. We will also actively promote skill development towards appointing local employees to executive positions, and work to share common goals and awareness as members of the same Takashimaya Group.

(2) Business environment risks

(i) Domestic population decline due to changes in social structures

<Risks and opportunities> Impact level = Major

Risks	*Market contraction due to declining birthrates, aging population, and the depopulation of regional cities *Difficulty securing necessary human resources due to worker population decline
Opportunities	*Promote effective utilization of human resources through reskilling

<Response measures>

To respond to the inevitable changes occurring in our external environment, in the department stores, we will continue to reorganize sales floors in line with customer interests and preferences, strengthen sales of unique products aligned with ethical consumption trends, and strive to offer an attractive product selection. We will also strive to create a sales structure that responds to diversifying needs and increases motivation and opportunities to visit our stores by providing products that contribute to overall improvement in lifetime value (LTV). Beyond mere product sales, these also include services such as financial services and nursing care services. Furthermore, we will increase contact points with customers by strengthening EC channels that do not depend on brick-and-mortar sites and distribute mail-order catalogs to areas where there are no department stores.

In addition, we will continue to focus our business on shopping centers with department stores at the core by developing hubs that lead to an enhancement in functions as the anchor of areas and the cultivation of new contents that incorporate non-commercial domains through alliances with those in different industries and outside companies. In addition to providing various goods to brighten up lives, we also offer memorable experiences, time spent with loved ones and other experiential value in a one-stop service. This allows us to earn the support of customers from a wide range of ages.

To address the declining working population, in addition to actively promoting recruitment activities that do not focus solely on new graduates, we will also hire specialists and proactively recruit foreign workers. We will also work to enhance our buying skills to strengthen our product selections and develop human resources within the company by promoting reskilling.

We have also improved conditions for those continuing to work with us after retiring. We have introduced a mechanism that allows veteran employees to keep working while exerting their advanced skills and know-how based on our re-employment extension system for those up to 70 years old. We have adopted course-specific employment management that meets various work needs and a working

system that allows employees to choose flexible workstyles. As a result, many veteran employees continue to actively contribute to our Group.

(ii) Natural disasters (earthquakes, typhoons, floods, etc.)

<Risks and opportunities> Impact level = Major

Risks	<ul style="list-style-type: none"> *Loss of business opportunities due to damage to stores and other operating assets *Loss of business opportunities due to disruption to transportation and communication networks *Negative impact on funding due to financial market turmoil
Opportunities	<ul style="list-style-type: none"> *Contribute to the local community as social infrastructure through initiatives aimed at providing peace of mind and security

<Response measures>

Our Group has hubs in both Kansai region in western Japan and Kanto region in eastern Japan. Even in the event of a large-scale, wide-spread disaster, we have established a system for quickly establishing a crisis management headquarters in either West Japan or East Japan to coordinate information and provide direction without impairments to the chain of command. We also are thoroughly implementing BCP measures, such as preparing a relief system for damaged stores, promoting a transition to cloud computing to prevent the loss of important data, and preparing various infrastructures and equipment to ensure a minimum level of business continuity.

From the perspective of fulfilling the social missions required of a company with hubs in major cities, in addition to securing spaces in store facilities in advance to accommodate people who are unable to return home following a large-scale disaster, we have also established a system to enable immediate relief activities for disaster victims, including coordinating with our suppliers in advance to enable donations of over-the-counter products centered on lifestyle-related goods.

We are working in cooperation with administrative authorities to promote initiatives to fulfill our functions as disaster preparedness hubs in communities.

(iii) War, geopolitical and global economic downturn risks

<Risks and opportunities> Impact level = Major

Risks	<ul style="list-style-type: none"> *Impact on product procurement and sales opportunities due to restrictions on logistics and movement of people *Possibility of policy changes in overseas hubs and businesses *Negative impact on fundraising due to turmoil in financial markets *Decline in consumer confidence due to economic turmoil caused by political instability and other factors
Opportunities	<ul style="list-style-type: none"> *Develop new markets, business partners and procurement routes *Improve resilience in the event of an emergency for corporate activities *Increase in demand for domestically-produced products

We give the risks resulting from cyberattacks that are anticipated in the event of war or geopolitical turmoil in “(3)-(i) Risk of system failures and information leaks due to cyberattacks.”

<Response measures>

The international situation is changing every day with events such as the US attack on Iran, Russia’s invasion of Ukraine, and the risk of a Chinese military invasion of Taiwan due to a deterioration in US-China relations.

Therefore, turmoil on a global level has a major impact on our product procurement, fair price setting and energy costs for business activities. We are working to avoid the possibility of unexpected losses. For instance, we are developing business partners in Japan, switching suppliers, and formulating ordering and deployment plans that anticipate the risk of delays. Moreover, we also take measures to ensure the safety of local employees and formulate BCP plans in our overseas business that we see as a growth driver. Together with this, we review our strategies whenever necessary while calculating the impact on profits.

If market turmoil extends to the financial sector, there is a risk that we will not be able to raise funds under the terms normally requested. We have secured the necessary funds at the present time. We have also secured sufficient liquidity on hand through diverse fundraising means under the assumption of risk scenarios becoming real in the future.

Moreover, the risk of a decline in consumer demand is rising due to soaring crude oil prices as a result of the military conflict between the US and Iran. It is expected that the risk of a further decrease in sales may increase depending on changes in the social and economic conditions. Therefore, we will take drastic measures to reduce the risk that suit the situation.

(iv) New pandemics

<Risks and opportunities> Impact level = Particularly major

Risks	*Loss of business opportunities due to store closures or reduced operating hours *Changes in consumer behavior and a decrease in the frequency of store visits
Opportunities	*Business developments in response to new social environment and consumer behavior *Asset diversification, Group business growth driven effective utilization of business assets

<Response measures>

Based on our experience and lessons learned from COVID-19, we will work to further stabilize management by reevaluating our business portfolio to minimize the potential impact of such a pandemic. In addition to further strengthening our department store business base, we will actively expand our businesses in growth domains such as the Commercial Property Development Segment and the Finance Segment.

In addition to improving the attractiveness of brick-and-mortar stores, we will actively incorporate mechanisms for non-contact sales, including strengthening and expanding non-store sales channels such as e-commerce, and introducing a remote customer service system that utilizes digital technology.

(v) Supply chain disruption

<Risks and opportunities> Impact level = Major

Risks	*Interference with department store product procurement or decline in attractiveness of merchandise due to the bankruptcy or cease of operations by a business partner *Decline in rental income due to decline in tenant ability to pay rent *Impact on business activities due to a shortfall in human resources at the production, logistics and sales stages
Opportunities	*Improve the attractiveness of merchandise and secure stable profits by building strong relationships with business partners

An analysis of the risks of losses due to a decline in reputation, boycotts, etc. due to human rights issues (unfair labor, discrimination, etc.) along the supply chain is provided in "(4) - (i) Occurrence of human rights issues related to business activities."

<Response measures>

We have formulated the Takashimaya Group Transaction Guidelines to promote fair and equitable transactions in our business activities taking into consideration environmental conservation, human rights and other elements in addition to compliance with laws and regulations.

In addition to respect for human rights, the Takashimaya Group Transaction Guidelines state that compliance with laws and regulations, the construction of a sustainable supply chain and other elements are items that should be viewed as important in our business activities. In accordance with these guidelines, we share our goals with our main business partners and then work together to achieve them. We are endeavoring to reduce risks across the entire supply chain together with our business partners from various angles. For example, we stably procure products by developing new business partners,

improve inventory efficiency with OMO, and consider delivery schemes to address driver and vehicle shortages.

For the Commercial Property Development in Japan and Overseas Commercial Property Development segments, we will further strengthen joint promotional activities with specialty store tenants. For tenants in difficult financial conditions, we will work towards initiatives based on the principle of coexistence and mutual prosperity, including the temporary allocation of security deposits towards rent payments and by providing financial support such as rent payment deferrals.

(3) Information security risks

(i) Risk of system failures and information leaks due to cyberattacks

<Risks and opportunities> Impact level = Particularly major

Risks	<ul style="list-style-type: none"> *Loss of business opportunities due to system failures as a result of tampering or destruction caused by external unauthorized access *Loss of social credibility due to leaks of sensitive information such as personal information
Opportunities	<ul style="list-style-type: none"> *Improve cyber resilience *Improve customer trust and social credibility

<Response measures>

We appropriately manage the handling of all the information we obtain through our business activities using organizational functions according to the characteristics of that information based on our information management rules. We also provide educational opportunities to acquire the appropriate digital skills applicable to each workplace and role.

The threat of cyberattacks and the scope of the defense required against them are increasing. Against this backdrop, if we do not implement appropriate security management, it may lead to a loss in trust from our stakeholders and it may even pose a risk to the survival of our company. We have now expanded the scope of information management from conventional closed environments to external elements including SaaS apps and online services. We recognize that we need to take comprehensive measures that include external service operators in addition to having our own security mechanisms. Based on the Cybersecurity Framework of the U.S. National Institute of Standards and Technology (NIST) and our Basic Policy on Information Security, we are taking the defensive measures necessary at each level: identification, protection, detection, response and recovery. Together with this, we have set out a roadmap to implement measures in preparation for a breach in security and are striving to achieve that roadmap.

At the same time, we are also working to strengthen resilience in the event damage occurs, such as by establishing business continuation methods, under the assumption of a scenario in which systems become unavailable.

(4) Social risks

(i) Occurrence of human rights issues related to business activities

<Risks and opportunities> Impact level = Particularly major

Risks	<ul style="list-style-type: none"> *Decline in reputation due to discriminatory treatment (based on nationality, gender, etc.) during customer service or in media expressions *Decline in engagement due to harassment from customers in the workplace and insufficient measures to tackle that harassment *Decline in reputation due to human rights issues (unfair labor, discrimination, etc.) along the supply chain or losses incurred from a boycott, etc.
Opportunities	<ul style="list-style-type: none"> *Earn trust of stakeholders and increase Takashimaya fans by practicing management that respects human rights

<Response measures>

Since our founding in 1831, the Group has embraced the spirit of respecting human rights. This was first outlined in the Store Creed that served as a code of conduct for business and stated, "Treat customers equally and do not discriminate based on wealth or position."

Based on this philosophy in our Store Creed, we share respect for human rights with all our employees as an unchanging fundamental value.

To practice management that respects human rights, the Takashimaya Group Sustainability Committee, which is chaired by the President, will confirm progress and ensure responses across the entire Group.

We have also enacted a Human Rights Commitment. This commitment states that we will work with our business partners and others to prevent and remedy not only direct human rights abuses over our whole supply chain but also human rights abuse risks that indirectly foster or contribute to negative impacts. We have announced this commitment inside and outside our company.

We are conducting human rights due diligence based on the Guiding Principles on Business and Human Rights adopted by the United Nations Human Rights Council to prevent and remedy human rights risks in the supply chain. We are exposing human rights risks for each of the Group's business areas and identifying issues. We incorporated "business and human rights" as a theme of compliance training for managers and supervisors to prevent and mitigate human rights risks. We provided education on human rights risks in the supply chain and other issues to purchasing staff.

Moreover, we also ask our business partners to agree to and cooperate with our new Takashimaya Group Transaction Guidelines that we formulated to fairly and equitably promote transactions in our business activities. Together with this, we confirm the situation at each of our business partners through a questionnaire. We will continue to promote even better transactions while building fair and good partnerships with our business partners. We will aim for co-existence and co-prosperity.

4. Management Discussion and Analysis: Financial Position, Operating Results, and Cash Flows

(1) Summary of operating results

The status of our Group's financial position, operating results, and cash flows for the current consolidated fiscal year are as detailed below.

(i) Status of financial position and operating results

a. Financial position

	Millions of yen			YoY (%)	Thousands of U.S. dollars
	Current consolidated fiscal year	Previous consolidated fiscal year	YoY change		Current consolidated fiscal year
Total assets	¥1,346,230	¥1,296,012	¥50,218	3.9%	\$8,640,203
Liabilities	¥868,481	¥795,664	¥72,817	9.2%	\$5,573,975
Net assets	¥477,749	¥500,348	¥(22,599)	-4.5%	\$3,343,008
Equity ratio	33.4%	36.5%	—	-3.1%	—

b. Operating results

	Millions of yen			YoY (%)	Thousands of U.S. dollars
	Current consolidated fiscal year	Previous consolidated fiscal year	YoY change		Current consolidated fiscal year
Operating revenue	¥492,370	¥498,492	¥(6,122)	-1.2%	\$3,160,067
Operating profit	¥53,517	¥57,504	¥(3,987)	-6.9%	\$343,476
Ordinary profit	¥56,879	¥60,396	¥(3,517)	-5.8%	\$365,057
Profit (Loss) attributable to owners of parent	¥(8,194)	¥39,526	¥(47,720)	—	\$(52,590)

(Segment-specific results)

	Millions of yen			YoY (%)	Thousands of U.S. dollars
	Current consolidated fiscal year	Previous consolidated fiscal year	YoY change		Current consolidated fiscal year
Consolidated operating revenue	¥492,370	¥498,492	¥(6,122)	-1.2%	\$3,160,067
Department Stores in Japan	¥303,857	¥318,210	¥(14,353)	-4.5%	\$1,950,176
Overseas Department Stores	¥34,310	¥34,287	¥23	0.1%	\$220,204
Commercial Property Development In Japan	¥41,768	¥40,834	¥934	2.3%	\$268,070
Overseas Commercial Property Development	¥15,738	¥15,435	¥303	2.0%	\$101,008
Finance	¥20,700	¥18,851	¥1,849	9.8%	\$132,854
Construction & Design	¥33,241	¥29,997	¥3,244	10.8%	\$213,343
Others	¥42,756	¥40,878	¥1,878	4.6%	\$274,412
Consolidated operating profit	¥53,517	¥57,504	¥(3,987)	-6.9%	\$343,476
Department Stores in Japan	¥24,864	¥28,531	¥(3,667)	-12.9%	\$159,579
Overseas Department Stores	¥8,524	¥8,364	¥160	1.9%	\$54,708
Commercial Property Development In Japan	¥6,568	¥6,852	¥(284)	-4.1%	\$42,154
Overseas Commercial Property Development	¥5,845	¥5,908	¥(63)	-1.1%	\$37,513
Finance	¥5,575	¥4,832	¥743	15.4%	\$35,781
Construction & Design	¥2,522	¥2,171	¥351	16.2%	\$16,186
Others	¥2,026	¥1,978	¥48	2.4%	\$13,003

*Operating profit is calculated by deducting segment adjustments from the total amount of segment profit.

(ii) Cash flows

	Millions of yen			YoY (%)	Thousands of U.S. dollars
	Current consolidated fiscal year	Previous consolidated fiscal year	YoY change		Current consolidated fiscal year
Cash flows from operating activities	¥53,837	¥72,494	¥(18,656)	-25.7%	\$345,530
Cash flows from investing activities	¥(34,925)	¥(39,694)	¥4,769	—%	\$(224,151)
Cash flows from financing activities	¥(31,773)	¥(41,772)	¥10,000	—%	\$(203,921)
Cash and cash equivalents	¥77,441	¥88,560	¥(11,118)	-12.6%	\$497,023

(iii) Production, orders received, and net sales

a. Production results

Segment-specific production results for the current consolidated fiscal year are as follows.

Segment name	Millions of yen	YoY (%)	Thousands of U.S. dollars
	Net production		Net production
Construction & Design	¥31,854	10.2%	\$204,441
Total	¥31,854	10.2%	\$204,441

(Notes)

1. We conduct offsetting for intersegment transactions.
2. Amount is based on sales prices.
3. No applicable information for the segment other than the above.

b. Orders received

Segment-specific orders received for the current consolidated fiscal year are as follows.

Segment name	Millions of yen	YoY (%)	Thousands of U.S. dollars	Millions of yen	YoY (%)	Thousands of U.S. dollars
	Net orders received		Net orders received	Net orders balance		Net orders balance
Construction & Design	¥32,948	26.0%	\$211,463	¥20,121	5.8%	\$129,138
Total	¥32,948	26.0%	\$211,463	¥20,121	5.8%	\$129,138

(Notes)

1. We conduct offsetting for intersegment transactions.
2. No applicable information for the segment other than the above.

c. Net sales

Segment-specific net sales for the current consolidated fiscal year are as follows.

Segment name	Millions of yen	YoY (%)	Thousands of U.S. dollars
	Current consolidated fiscal year		Current consolidated fiscal year
Department Stores in Japan	¥303,857	-4.5%	\$1,950,176
Overseas Department Stores	¥34,310	0.1%	\$220,204
Commercial Property Development In Japan	¥41,768	2.3%	\$268,070
Overseas Commercial Property Development	¥15,738	2.0%	\$101,008
Finance	¥20,700	9.8%	\$132,854
Construction & Design	¥33,241	10.8%	\$213,343
Others	¥42,756	4.6%	\$274,412
Total	¥492,370	-1.2%	\$3,160,067

(Notes)

1. We conduct offsetting for intersegment transactions.
2. Net sales include sales revenue from other operating revenue.

(2) Financial Position, Operating Results, and Cash Flows Subjected to Management Discussion and Analysis

Disclosed below is the management discussion and analysis (MD&A) for the operating results, financial position, and cash flows.

All forward-looking statements in the MD&A are based on assumptions considered reasonable as of the end of the consolidated fiscal year under review.

(i) MD&A: Financial Position, Operating Results, and Cash Flows in the Consolidated Fiscal year Under Review

a. Recognition of Financial Position, Operating Results, and Cash Flows

In terms of Japanese socio-economics during the fiscal year under review, the situation remained highly uncertain in financial markets (interest rates, exchange rates, and stock prices) and the economic environment (cost of living, consumer spending, and inbound demand). This came against the backdrop of trade friction triggered by US tariff policies as well as a rise in geopolitical risks in the Middle East, China, and elsewhere, and other factors. In particular, consumer spending lacked strength due to a prolonged decline in real wages. Under these circumstances, those uncertainties in the external environment have led to a situation in which changes in values, including polarization of consumption, have advanced.

We (the Takashimaya Group) established a vision for the milestone of our 200th anniversary in 2031 to be “a familiar platform that helps achieve fulfilling lifestyles for all our stakeholders, including our customers, employees, shareholders, and local communities.” We announced this vision as our Grand Design in the first year of our Medium-Term Management Plan (FY2024 to FY2026).

To realize this Grand Design, we set “accelerate growth through a surge in independence and co-creation” as our management target and started work on a full-fledged basis to “achieve seamlessness within our group” in this fiscal year. The Takashimaya Group has three strengths: multiple profit-generating bases in major cities in Japan and Asia, the collective strengths of our group companies, and a broad customer base cultivated in each of our locations and organizations. The sum total of the products and services we handle in our group’s commercial facility, e-commerce and finance operations inside and outside Japan is our unique competitive advantage. Nevertheless, we face the challenge that we are not fully leveraging our strengths from the perspective of our customers. For example, the payment methods and point services available differ between adjacent department stores and specialty stores in our commercial facilities. Accordingly, we will build structures and mechanisms that allow us to seamlessly provide products and services transcending various boundaries, such as between department stores and specialty stores, domestic and overseas, and brick-and-mortar stores and online stores. Through these efforts, we will aim to maximize the value we provide to our customers.

We have set the following as our management issues toward this management target: establish next-generation shopping centers created by the collective strengths of our group; strengthen sales capabilities as a source of value creation; build the organizations and foundations to support individual growth; implement ESG management focused on sales activities; and demonstrate a greater presence in growth domains. We have steadily made progress on addressing these issues.

Establish next-generation shopping centers created by the collective strengths of our group

The shift to next-generation shopping centers is an important initiative in our group-wide Machi-dukuri Strategy to realize the Grand Design. We will bring together the know-how of each group business based on the concept of independence and mutual co-creation between individuals and organizations. Each business within the Group will then mutually use its respective management resources to maximize the appeal of each commercial facility. Next-generation shopping centers have three characteristics: (1) creating incentives for customers to visit by introducing new content; (2) providing functions as social infrastructure for the community; and (3) making greater use of the presence of

department stores. We will cooperate in even more depth such as by using customer information held by department stores and optimizing the floor layout in addition to using the respective strengths of department stores and specialty stores. In this way, we will improve the appeal of facilities overall.

As part of the initiative to shift to these next-generation shopping centers, we are proceeding with a project to renovate Tamagawa Takashimaya Shopping Center (scheduled to fully open in FY2027). Our aim is to give the shopping center a fresh start as a new local landmark. We installed the large LED Cube as a system to communicate information on the South Building façade facing Futako-Tamagawa Station in March 2025. This system creates a lively and open atmosphere by showing artworks, videos that give a sense of the seasons, and more. The P. food court opened in Nishikan Street in April 2025. Consisting of four outlets showcasing diverse culinary cultures and styles, this food court provides new experience value that connects sidewalks, spaces, and communities. We have also launched a project for the main building's foods floor that will symbolize seamlessness. It will transcend the boundaries between department stores and specialty stores to allow customers to enjoy stress-free shopping. The concept of this project is to turn the floor into the number one foods floor in the region that customers love by handling all types of food from everyday foods to foods for special occasions. Based on this concept, the department stores and specialty stores are working together to create a sales area to enhance the product assortment and service offerings.

Overseas as well, we are making steady progress on a project toward opening a shopping center in Hanoi, Vietnam (scheduled to open in FY2027). Leveraging the core presence of our department stores, we will build attractive next-generation shopping centers both in Japan and overseas. We will equip these shopping centers with diverse content that creates incentives for customers to visit the town and center and local community functions that serve as social infrastructure.

□ Strengthen sales capabilities as a source of value creation

We are enhancing our ability to meet the fundamental and universal needs of our customers, such as expectations for even more fulfilling lives and new products and services through product policies, customer policies, and sales and services policies. We are doing this to improve the appeal of department stores themselves that are at the core of next-generation shopping centers. We have worked to enhance our product assortment in collaboration with our business partners focused on our five large stores in the east and west of Japan, one of our strengths, as a part of our product policy. We have responded to customer needs by expanding such initiatives to small- and medium-sized stores as well. Moreover, in addition to again enhancing our item spaces and self-curated sales spaces, we have been creating new products and services, such as unique events focused on lifestyle, culture and sociality. Through these efforts, we have provided one-stop experience value that takes advantage of the strengths of our physical stores.

We made it possible to use the points of various Takashimaya cards in units of one from April 2025 as part of our customer policy to improve customer convenience. We also revamped the Takashimaya app in June 2025. We have been working to enhance the appeal of the app as an important customer contact tool. In addition to linking member IDs with our online store and strengthening the rewards function, we have been intensifying our digital approaches among other efforts.

Furthermore, we have been taking advantage of having outstanding overseas stores, such as in Singapore, to refer customers to our stores in Japan. Through this, we have been promoting shopping around stores beyond international borders to ensure we retain those customers.

□ Build the organizations and foundations to support individual growth

As we express in our management philosophy of "Putting People First," we are a corporate group made up of people. We are promoting human capital management. Our aim in doing this is to encourage a virtuous cycle of engagement and improved productivity to lead to sustainable growth. Specifically, in addition to supporting the activities of diverse human resources and actively promoting those individuals, we are also working on human resource development across our group. We have practiced management which maximizes the abilities of each employee through two-way communication for the organizational culture that serves as our foundation. Furthermore, we continue to set days on

which we close for business at our group's commercial facilities. We do this from the perspective of improving the working environment for employees, including those of our business partners, and securing human resources by making our facilities more attractive as places to work. In terms of New Year operations, we have decided to close for business on January 2 in addition to New Year's Day in principle.

□ Implement ESG management focused on sales activities

It is necessary for the sustainable growth of our group to create a mechanism in which we share benefits with all stakeholders, including the global environment, and enhance mutual engagement. We have fostered a culture in which each employee understands our approach to ESG management and is able to act independently. At the same time, we have communicated messages distinctive of our company that is in contact with many customers. In this way, we have maximized the effectiveness. In our symbolic TSUNAGU ACTION activity, we have accelerated our efforts by using the business characteristics and management resources of each organization within our group.

□ Demonstrate a greater presence in growth domains

We position overseas business and finance as growth domains. Against this background, in the overseas business, we are using the know-how and partnerships we have cultivated in the Takashimaya Singapore Shopping Centre to gradually advance development in the growth market that is Vietnam. In the Finance business as well, in addition to the Card business, we are taking on challenges in the Investment and Lending business and other new areas. We will realize a well-balanced business portfolio which allows us to respond flexibly to changes in the operating environment by increasing profits in those growth areas.

b. Financial Position

Total assets as of February 28, 2026 amounted to 1,346,230 million yen, up 50,218 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 11,351 million yen in cash and deposits, an increase of 42,060 million yen in notes and accounts receivable – trade, and contract assets, as well as operating loans, a decrease of 9,579 million yen in right-of-use assets at overseas subsidiaries, and an increase of 11,999 million yen in investment securities driven by rising stock prices and improved performance at entities accounted for using equity method.

Liabilities amounted to 868,481 million yen, up 72,817 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 8,969 million yen in notes and accounts payable – trade and an increase of 79,811 million yen in interest-bearing debt (bonds and borrowings).

Net assets amounted to 477,749 million yen, down 22,599 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 28,637 million yen in retained earnings, reflecting loss attributable to owners of parent of 8,194 million yen, a decrease of 12,655 million yen due to the cancellation of treasury stock, and a decrease of 9,033 million yen due to dividends of surplus, etc.

As a result of the above, the equity ratio was 33.4% (down 3.1% YoY) and net assets per share were 1,535.03 yen (down 24.27 yen YoY).

c. Operating Results

<Consolidated Financial Results>

Our consolidated financial results for the fiscal year under review were consolidated operating revenue of 492,370 million yen (decrease of 1.2% YoY), consolidated operating profit of 53,517 million yen (decrease of 6.9% YoY), consolidated ordinary profit of 56,879 million yen (decrease of 5.8% YoY) and loss attributable to owners of parent of 8,194 million yen (compared to profit attributable to owners of parent of 39,526 million yen in the same period of the previous year).

Return on earnings (ROE) was (1.8)%, return on invested capital (ROIC) was 5.7%, EBITDA (an indicator to assess a company's cash generating capacity) to total assets ratio was 5.7%, and net interest-bearing debt to EBITDA was 2.7-times.

<Non-consolidated Financial Results>

Our non-consolidated financial results for the fiscal year under review were net sales of 300,880 million yen (decrease of 3.7% YoY), operating profit of 24,169 million yen (decrease of 11.9% YoY), ordinary profit of 35,197 million yen (decrease of 17.2% YoY), and net loss of 19,716 million yen (compared to a net profit of 31,649 million yen in the same period in the previous year).

Segment-specific earnings for each business were as follows.

<Department Stores in Japan>

Operating revenue from the Department Stores in Japan segment was 303,857 million yen (decrease of 4.5% YoY) and operating profit was 24,864 million yen (decrease of 12.9% YoY).

There was a big impact on net sales from the pullback in inbound demand that had expanded in the previous fiscal year due to the weak yen. Accordingly, net sales declined overall. Nevertheless, net sales from customers in Japan remained strong and exceeded sales in the previous fiscal year in an existing store comparison.

The gross margin ratio saw a slight decrease from the ratio in the previous year at department stores. 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 for net sales from customers in Japan that remained strong.

In terms of SG&A expenses, we continue to allocate expenses to promote human capital management such as by increasing base pay. In addition, we appropriately invested expenses that will lead to an enhancement of our marketing capabilities, including the development of new events, after carefully assessing their effectiveness. On the other hand, we also minimized the increase in expenses from the previous year by promoting efforts to cut costs at the same time.

We closed our Sakai Store after 61 years on January 7, 2026. We would like to express our gratitude to the many customers who visited up to its final day of business.

<Overseas Department Stores>

Operating revenue from the Overseas Department Stores segment was 34,310 million yen (increase of 0.1% YoY) and operating profit was 8,524 million yen (increase of 1.9% YoY).

Takashimaya Singapore recorded a slight decrease in revenue and profit. This was due to the impact of rising costs in addition to stagnant consumption amid prolonged inflation.

Shanghai Takashimaya recorded a decrease in revenue and a loss. Despite continued efforts to strengthen the store's revenue base, including soliciting new tenants, results were greatly impacted by the slowdown in consumption due to economic stagnation.

Ho Chi Minh City Takashimaya recorded increased revenue and profit thanks to strengthening the product lineup, including children's products, a growth area, and cosmetics, a category highly supported by customers, while minimizing increases in costs.

Siam Takashimaya (Thailand) recorded a decrease in revenue and a loss. This was because net sales from domestic customers and tourists were sluggish due to the strong Thai baht in addition to the Myanmar earthquake that struck in March 2025 and rising geopolitical risks.

<Commercial Property Development in Japan>

Operating revenue from the Commercial Property Development in Japan segment was 41,768 million yen (increase of 2.3% YoY) and operating profit was 6,568 million yen (decrease of 4.1% YoY).

Despite the impact of the work to revamp Tamagawa Takashimaya Shopping Center (S.C.), Toshin Development Co., Ltd. recorded an increase in revenue. That was because strengthening sales measures, including those for other facilities, led to an increase in customer traffic and sales (percentage rent and credit card fee income, etc.). On the other hand, profit decreased because of factors including an increase in the expenses involved in facility management such as the outsourcing expenses as a result of rising personnel related expenses.

<Overseas Commercial Property Development>

Operating revenue from the Overseas Commercial Property Development segment was 15,738 million yen (increase of 2.0% YoY) and operating profit was 5,845 million yen (decrease of 1.1% YoY).

At Toshin Development Singapore Pte. Ltd., although rental income was affected by an increase in vacant space due to renovation work, exchange-rate effects led to a slight increase in revenue. On the other hand, profit decreased because of factors including enhanced human capital investments and an increase in the expenses involved in facility management, such as outsourcing expenses.

Our Vietnam business, which is a growth driver for our group, is progressing steadily. We held the groundbreaking ceremony for the Westlake Square Hanoi development project in the capital, Hanoi, in August 2025. In the first phase of this project, we will construct a mixed-use building that includes a shopping center (commercial floors) with Takashimaya (department store), which will make its debut in Hanoi, at the core, and office floors on the upper levels. We have designed the building with the aim of obtaining the highest level of Platinum in the U.S. Green Building Council's LEED building environmental certification system. We are now engaging in leasing activities and store opening preparations for the opening of the building in the fall of 2027.

<Finance>

Operating revenue from the Finance segment was 20,700 million yen (increase of 9.8% YoY) and operating profit was 5,575 million yen (increase of 15.4% YoY).

Takashimaya Financial Partners Co., Ltd. recorded increased revenue and profit on increased revenue from fees and annual membership fees due to a rise in transaction volume and new members in the Card business, its revenue pillar.

In the Card business, we strengthened efforts to capture new members through department stores, specialty stores, and the Takashimaya Online Store and other web channels as part of our efforts to build foundations by using the customer contact points of our group in our Machi-dukuri Strategy. As a result, the number of new members we captured increased by more than 20% compared to FY2019 before the COVID-19 pandemic. That has led to an increase in transaction volume and annual membership fees. In addition, in June 2025, we expanded the scope of our "Ato Kara (Pay Later)" installment payment service for when paying for shopping and improved the convenience of the procedures. The number of times this service is used and the amount it is used for have been steadily increasing.

In the Life Partner business, we obtained a license to operate as a bank agent with SBI Sumishin Net Bank, Ltd. serving as our affiliated bank in March 2025. We then started opening bank accounts and giving information on banking products at financial counters. We also began giving information on opening bank accounts at card counters in September of the same year. We have been strengthening our ability to deal with general finance inquiries by handling banking products in addition to cards, securities, insurance, inheritance, and trusts. Together with this, we have been promoting the creation of synergies with our Card business. As a result, the number of accounts and the balance of assets under management are steadily increasing.

In the Investment and Lending business, we have begun offering corporate loans by leveraging the know-how and corporate network we have cultivated through social lending. Our business revenue is steadily growing due to the expansion of borrowers and projects. Furthermore, following on from making Vaste Culture & Cie., a company with strengths in the independent financial advisor (IFA) market, into a subsidiary, we acquired a majority of the shares in Claylish Co., Ltd. (trade name changed to Takashimaya Clay Capital Co., Ltd. as of March 1, 2026), a company involved in the corporate finance business, in September 2025. Through these M&As, we are also working to secure management and specialized personnel, and acquire business know-how.

<Construction & Design>

Operating revenue from the Construction & Design segment was 33,241 million yen (increase of 10.8% YoY) and operating profit was 2,522 million yen (increase of 16.2% YoY).

Takashimaya Space Create Co., Ltd. recorded steady orders for large-scale projects such as hotels, as well as for commercial facilities centered on luxury brands. Furthermore, strengthened cost

management improved our profit ratio, contributing to an increase in revenue and profit.

<Others>

Operating revenue from other businesses was 42,756 million yen (increase of 4.6% YoY) and operating profit was 2,026 million yen (increase of 2.4% YoY).

The "Others" as a whole recorded increased revenue and profit. This was because our restaurant business R.T. Corporation Ltd. and our staffing business Century & Co., Ltd. recorded an increase in revenue and profit.

Regarding the year-end dividend for the fiscal year under review, the basic stance of the Takashimaya Group is to maintain stable dividend levels. While retaining this stance, upon comprehensively evaluating earnings and our operating environment after excluding the impact of a temporary extraordinary loss, we have decided to increase the year-end dividend by four yen per share from the previous fiscal year. This brings it to 17 yen per share. As a result, the annual dividends per share for the fiscal year under review will be 34 yen per share when including the interim dividend of 17 yen that we issued earlier. We implemented a 2-for-1 stock split (two shares for each share of common stock) on September 1, 2024. The interim dividend (23 yen per share) we issued on the record date of August 31, 2024 is equivalent to 11.50 yen per share after the stock split. The amount equivalent to the annual dividends per share for the previous fiscal year combined with the year-end dividend of 13 yen is 24.50 yen per share. The annual dividends per share for the fiscal year under review of 34 yen represent an increase of 9.50 yen.

Moreover, we acquired 15 billion yen in treasury shares and then cancelled all of them to increase shareholder returns and improve capital efficiency.

d. Cash Flows

Net cash provided by operating activities was 53,837 million yen, a decrease in inflow of 18,656 million yen from the 72,494 million yen provided in the same period of the previous consolidated fiscal year. This was mainly due to the recording of loss before income taxes of ¥11,049 million (compared with profit before income taxes of ¥57,254 million in the previous fiscal year) and an increase of ¥29,148 million in net decrease (increase) in trade receivables, despite an increase of ¥72,065 million in loss on redemption of convertible bonds.

Net cash used in investing activities was 34,925 million yen, a decrease in outflow (an increase in inflow) of 4,769 million yen from 39,694 million yen in net cash used in the same period of the previous consolidated fiscal year. This was mainly due to an increase of 17,450 million yen in proceeds from sale of property, plant and equipment and intangible assets and a decrease of 8,918 million yen in purchase of shares of subsidiaries and associates despite an increase of 16,425 million yen in purchase of property, plant and equipment and intangible assets.

Net cash used in financing activities was 31,773 million yen, a decrease in outflow (an increase in inflow) of 10,000 million yen from 41,772 million yen used in the same period of the previous consolidated fiscal year. This was mainly due to an increase of 129,976 million yen in net increase (decrease) in short-term borrowings and an increase of 11,316 million yen in proceeds from long-term borrowings despite an increase of 131,359 million yen in redemption of bonds.

As a result of the above along with the effect of exchange rates, cash and cash equivalents as of February 28, 2026 amounted to 77,441 million yen, down 11,118 million yen from the end of the previous consolidated fiscal year.

(ii) Capital resources and liquidity

Concerning capital resources and liquidity, necessary operating capital and facility capital for the Group is procured through internal capital, capital from the liquidation of receivables, or external procurement (loans or corporate bonds). Of this capital, external procurement mainly consists of long-term, stable capital.

We also maintain lines of credit established through negotiations with financial institutions in Japan.

We increase capital efficiency by using treasury management services (TMS, a framework for conducting centralized capital management for Group companies) to conduct capital lending to domestic Group companies. For overseas Group companies, we ensure operational liquidity by retaining sufficient cash on hand.

Furthermore, our interest-bearing debt balance (not including lease liabilities) as of the end of the consolidated fiscal year was 281,413 million yen.

(iii) Significant Accounting Policies, Significant Accounting Estimates, Basis of Calculation

We prepare consolidated financial statements in line with Japan's Generally Accepted Accounting Principles (J-GAAP). In preparing the statements, it is necessary for the management to choose an accounting method to apply and to make estimates that will influence the figures for assets/liabilities and profit/expenses that get reported and influence the way this information is presented. The management's estimates are reasonable, being informed by past results and other data. Nonetheless, estimates remain, by their nature, uncertain, and so there remains a possibility that actual results may differ from what estimates suggest.

The Company's significant accounting policies adopted in the preparation of its consolidated financial statements are described in NOTES TO CONSOLIDATED FINANCIAL STATEMENTS in Part 3 Financial Information.

In addition, accounting estimates and assumptions used in the preparation of the consolidated financial statements are described in (t) Significant accounting estimates of 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES in Part 3 Financial Information.

(iv) Objective metrics for judging the status of achievement for business policy, business strategy, and management targets

(Unit: 100 million yen)

Metric	FY2025	Management targets	Change
Total operating revenue	10,322	10,550	227
SG&A to total operating revenue	23.8%	23.8%	—
Operating profit	535	575	39
Equity ratio	33.4%	33.9%	0.5%
ROE (Profit attributable to owners of parent/equity)	(1.8)%	8.3%	10.1%
EBITDA-Total assets ratio	5.7%	6.0%	0.3%
Ratio of net interest-bearing debt to EBITDA	2.7 times	3.0 times	0.3 times
ROIC (return on invested capital)	5.7%	5.5%	(0.2)%

*Total operating revenue was calculated using the previous standard before the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations.

As objective metrics for analyzing operating results, our Group uses total operating revenue, SG&A to total operating revenue, operating profit, equity ratio, ROE, EBITDA- Total assets ratio, ratio of net interest-bearing debt to EBITDA, and ROIC.

To judge the status of achievement, we conduct comparisons with the results of the current consolidated fiscal year. For information on the process of setting targets, refer to “(2) Objective metrics for judging the status of target achievement” and “(3) Business Environment, Issues to Be Addressed” under “1. Business Policies, Business Environment, Issues to Be Addressed”.

5. Material contracts, etc.

None of note.

6. Research & Development Activities

None of note.

Part 3 Financial Information

CONSOLIDATED BALANCE SHEETS

Takashimaya Company, Limited and Consolidated Subsidiaries
February 28, 2026 and February 28, 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
ASSETS			
Current assets:			
Cash and deposits (Notes 3 and 5)	¥79,187	¥90,538	\$508,228
Notes and accounts receivable - trade, and contract assets			
Trade (Notes 2, 4, 8 and 14)	195,062	159,837	1,251,922
Non-consolidated subsidiaries and affiliated companies (Notes 2, 4, 8 and 14)	701	754	4,499
Operating Loans (Notes 4 and 25)	10,696	3,807	68,648
Other (Note 8)	13,104	18,631	84,102
Less: Allowance for doubtful accounts (Note 4)	(558)	(672)	(3,581)
	219,005	182,357	1,405,590
Inventories (Note 7)	36,652	36,616	235,235
Other	29,510	23,991	189,398
Total current assets	364,354	333,502	2,338,451
Property, plant and equipment:			
Land (Notes 10 and 11)	422,536	419,862	2,711,867
Buildings and structures (Note 12)	495,277	492,265	3,178,724
Equipment and fixtures	55,076	50,994	353,482
Leased assets	4,901	6,481	31,455
Construction in progress	11,241	9,982	72,146
Right-of-use assets	201,077	195,480	1,290,527
	1,190,108	1,175,064	7,638,201
Less: Accumulated depreciation	(430,967)	(415,289)	(2,765,978)
Total property, plant and equipment	759,141	759,775	4,872,223
Intangible assets:			
Goodwill (Note 15)	2,730	2,736	17,521
Leasehold interests in land	11,184	11,697	71,780
Right-of-use assets	6,180	6,899	39,664
Other	18,094	15,693	116,128
Total intangible assets	38,188	37,025	245,093
Investments and other assets:			
Investment securities (Notes 4 and 6)	30,747	25,926	197,336
Investments in non-consolidated subsidiaries and affiliated companies (Note 4)	101,219	94,042	649,631
Guarantee deposits (Notes 4, 5 and 13)	23,596	23,920	151,441
Deferred tax assets (Note 9)	15,820	11,446	101,534
Retirement benefit asset	3,350	2,463	21,501
Other	12,575	10,111	80,707
Less: Allowance for doubtful accounts	(2,760)	(2,198)	(17,714)
Total investments and other assets	184,547	165,710	1,184,436
Total assets (Note 15)	¥1,346,230	¥1,296,012	\$8,640,203

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowings (Notes 4 and 16)	¥137,471	¥5,000	\$882,299
Current portion of long-term borrowings (Notes 4, 9, 16 and 17)	13,773	32,673	88,396
Lease liabilities (Note 4)	9,761	9,313	62,647
Notes and accounts payable - trade:			
Trade (Notes 4 and 17)	122,846	115,706	788,435
Non-consolidated subsidiaries and affiliated companies (Note 4)	9,972	8,143	64,001
Other	26,969	22,911	173,089
	159,787	146,760	1,025,525
Income taxes payable	3,508	7,234	22,515
Accrued expenses	3,354	3,127	21,526
Provision for bonuses for directors (and other officers)	161	146	1,033
Gift certificates	37,483	40,328	240,569
Contract liabilities (Note 14)	105,865	100,744	679,449
Deposits received (Note 4)	64,799	63,491	415,885
Provision for point card certificates	2,245	2,182	14,408
Other	4,554	4,548	29,228
Total current liabilities	542,761	415,546	3,483,480
Non-current liabilities:			
Long-term borrowings (Notes 4, 16 and 17)	130,171	163,932	835,447
Lease liabilities (Notes 3 and 4)	123,298	130,559	791,336
Retirement benefit liability (Note 18)	28,560	37,974	183,300
Provision for retirement benefits for directors (and other officers)	342	277	2,195
Deferred tax liabilities (Note 9)	2,501	2,705	16,052
Deferred tax liabilities for land revaluation (Note 11)	8,742	9,050	56,107
Asset retirement obligations	5,495	4,991	35,267
Other	26,611	30,630	170,791
Total non-current liabilities	325,720	380,118	2,090,495
Total liabilities	868,481	795,664	5,573,975
Contingent liabilities (Note 19)			
Net assets			
Shareholders' equity (Note 20):			
Share capital	66,025	66,025	441,137
Authorized: 600,000 thousand shares			
Issued: 305,208,916 shares in 2026			
315,566,316 shares in 2025			
Capital surplus	37,529	37,522	250,698
Retained earnings	307,042	335,680	2,242,801
Less: Treasury shares	(14,887)	(12,531)	(83,724)
At cost: 12,194,482 shares in 2025			
20,028,578 shares in 2024			
Total shareholders' equity	395,709	426,696	2,850,912
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	12,930	8,714	58,222
Deferred gains or losses on hedges	0	5	33
Revaluation reserve for land (Note 11)	2,463	3,972	26,538
Foreign currency translation adjustment	31,577	30,285	202,345
Remeasurements of defined benefit plans	7,109	3,377	22,563
Total accumulated other comprehensive income	54,079	46,353	309,701
Non-controlling interests:	27,961	27,299	182,395
Total net assets	477,749	500,348	3,343,008
Total liabilities and net assets	¥1,346,230	¥1,296,012	\$8,659,130

CONSOLIDATED STATEMENTS OF INCOME

Takashimaya Company, Limited and Consolidated Subsidiaries
Years ended February 28, 2026 and February 28, 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Operating revenue (Note 15):			
Net sales	¥401,958	¥412,770	\$2,579,796
Other operating revenue	90,412	85,722	580,271
	492,370	498,492	3,160,067
Operating expenses:			
Cost of sales	192,777	199,099	1,237,257
Selling, general and administrative expenses	246,076	241,889	1,579,334
	438,853	440,988	2,816,591
Operating profit (Note 15)	53,517	57,504	343,476
Other income (expenses):			
Interest and dividend income	3,571	4,219	22,919
Interest expenses (Note 17)	(7,751)	(7,876)	(49,746)
Loss on retirement of non-current assets (Note 22)	(4,190)	(2,917)	(26,892)
Gain (loss) on sales of investment securities, net (Note 6)	178	4,079	1,142
Gain on adjustment of unused certificates	2,764	1,559	17,740
Share of profit of entities accounted for using equity method	4,181	3,687	26,834
Gain on receipt of donated non-current assets	1,142	738	7,329
Impairment losses (Notes 15 and 23)	(2,630)	(2,893)	(16,880)
Foreign exchange gains (losses), net	(166)	609	(1,065)
Loss on valuation of investment securities	—	(434)	—
Gain on forgiveness of lease liabilities	—	28	—
Loss on store closings	(1,033)	(1,081)	(6,630)
Gain on sale of non-current assets (Note 22)	12,607	77	80,913
Loss on redemption of convertible bonds	(72,065)	—	(462,518)
Other, net (Note 10)	(1,174)	(45)	(7,535)
	(64,566)	(250)	(414,389)
Profit (Loss) before income taxes	(11,049)	57,254	(70,913)
Income taxes (Note 9):			
Current	4,442	9,104	28,509
Deferred	(8,492)	7,479	(54,502)
	(4,050)	16,583	(25,993)
Profit (Loss)	(6,999)	40,671	(44,920)
Profit attributable to non-controlling interests	(1,195)	(1,145)	(7,670)
Profit (Loss) attributable to owners of parent	¥(8,194)	¥39,526	\$(52,590)

	Yen		U.S. Dollars (Note 1)
	2026	2025	2026
Basic earnings (loss) per share (Note 21)	¥(27.44)	¥126.33	\$(0.18)
Diluted earnings per share (Note 21) *2	—	107.25	—
Cash dividends applicable to the year (Note 20)	30	43	0.19

*1 The accompanying notes are an integral part of these statements.

*2 Diluted earnings per share for the fiscal year ended February 28, 2026 is not presented even though the Company has issued potential shares, because the per share data is a loss per share.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Takashimaya Company, Limited and Consolidated Subsidiaries
 Years ended February 28, 2026 and February 28, 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Profit (Loss)	¥(6,999)	¥40,671	\$(44,920)
Other comprehensive income			
Valuation difference on available-for-sale securities	3,933	(3,278)	25,242
Deferred gains or losses on hedges	(5)	2	(32)
Foreign currency translation adjustment	(835)	3,961	(5,359)
Revaluation reserve for land	(265)	—	(1,701)
Remeasurements of defined benefit plans, net of tax	3,758	(726)	24,119
Share of other comprehensive income of entities accounted for using the equity method	2,008	2,669	12,888
Total other comprehensive income (Note 24)	8,594	2,628	55,157
Comprehensive income	¥1,595	¥43,299	\$10,237
Comprehensive income attributable to:			
Comprehensive income attributable to owners of parent	777	40,791	4,987
Comprehensive income attributable to non-controlling interests	818	2,508	5,250

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Takashimaya Company, Limited and Consolidated Subsidiaries
Years ended February 28, 2026 and February 28, 2025

	Millions of yen					
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance, February 29, 2024	177,759,481	¥66,025	¥54,791	¥320,868	¥(32,692)	¥408,992
Dividends of surplus				(6,782)		(6,782)
Profit attributable to owners of parent				39,526		39,526
Purchase of treasury shares and disposal of treasury shares			80	0	(15,137)	(15,057)
Cancellation of treasury shares	(26,020,773)		(17,394)	(17,904)	35,298	—
Change of scope of consolidation				(28)		(28)
Change in ownership interest of parent due to transactions with non-controlling interests			45			45
Net changes of items other than shareholders' equity						—
Stock split	163,827,608					—
Balance, February 28, 2025	315,566,316	¥66,025	¥37,522	¥335,680	¥(12,531)	¥426,696
Dividends of surplus				(9,033)		(9,033)
Loss attributable to owners of parent				(8,194)		(8,194)
Purchase of treasury shares and disposal of treasury shares	(10,357,400)		7		(15,011)	(15,004)
Cancellation of treasury shares				(12,655)	12,655	—
Reversal of revaluation reserve for land				1,244		1,244
Net changes of items other than shareholders' equity						—
Balance, February 28, 2026	305,208,916	¥66,025	¥37,529	¥307,042	¥(14,887)	¥395,709

	Millions of yen							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive Income	Non- controlling interests	Total net assets
Balance, February 29, 2024	¥11,945	¥3	¥3,972	¥25,050	¥4,117	¥45,087	¥24,723	¥478,802
Dividends of surplus						—		(6,782)
Profit attributable to owners of parent						—		39,526
Purchase of treasury shares and disposal of treasury shares						—		(15,057)
Cancelation of treasury shares						—		—
Change of scope of consolidation						—		(28)
Change in ownership interest of parent due to transactions with non-controlling interests						—		45
Net changes of items other than shareholders' equity	(3,231)	2		5,235	(740)	1,266	2,576	3,842
Stock split						—		—
Balance, February 28, 2025	¥8,714	¥5	¥3,972	¥30,285	¥3,377	¥46,353	¥27,299	¥500,348
Dividends of surplus						—		(9,033)
Loss attributable to owners of parent						—		(8,194)
Purchase of treasury shares and disposal of treasury shares						—		(15,004)
Cancelation of treasury shares						—		—
Reversal of revaluation reserve for land						—		1,244
Net changes of items other than shareholders' equity	4,216	(5)	(1,509)	1,292	3,732	7,726	662	8,388
Balance, February 28, 2026	¥12,930	¥0	¥2,463	¥31,577	¥7,109	¥54,079	¥27,961	¥477,749

The accompanying notes are an integral part of these statements.

	Thousands of U.S. dollars (Note 1)					
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance, February 28, 2025	315,566,316	\$423,753	\$240,819	\$2,154,419	\$(80,425)	\$2,738,566
Dividends of surplus				(57,974)		(57,974)
Loss attributable to owners of parent				(52,590)		(52,590)
Purchase of treasury shares and disposal of treasury shares	(10,357,400)		45		(96,342)	(96,297)
Cancelation of treasury shares				(81,221)	81,221	—
Reversal of revaluation reserve for land				7,984		7,984
Net changes of items other than shareholders' equity						—
Balance, February 28, 2026	305,208,916	\$423,753	\$240,864	\$1,970,618	\$(95,546)	\$2,539,689

	Thousands of U.S. dollars (Note 1)							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance, February 28, 2025	\$55,927	\$32	\$25,493	\$194,371	\$21,674	\$297,497	\$175,207	\$3,211,270
Dividends of surplus						—		(57,974)
Loss attributable to owners of parent						—		(52,590)
Purchase of treasury shares and disposal of treasury shares						—		(96,297)
Cancelation of treasury shares						—		—
Reversal of revaluation reserve for land						—		7,984
Net changes of items other than shareholders' equity	27,059	(32)	(9,685)	8,292	23,952	49,586	4,249	53,835
Balance, February 28, 2026	\$82,986	\$0	\$15,808	\$202,663	\$45,626	\$347,083	\$179,456	\$3,066,228

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Takashimaya Company, Limited and Consolidated Subsidiaries
Years ended February 28, 2026 and February 28, 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Cash flows from operating activities:			
Profit (Loss) before income taxes	¥(11,049)	¥57,254	\$(70,913)
Depreciation	33,777	32,888	216,783
Impairment losses	2,630	2,893	16,880
Amortization of goodwill	392	333	2,516
Increase (decrease) in allowance for doubtful accounts	350	(29)	2,246
Increase (decrease) in retirement benefit asset and liability	(4,771)	(4,632)	(30,621)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	65	12	417
Increase (decrease) in provision for point card certificates	63	(9)	404
Interest and dividend income	(3,571)	(4,219)	(22,919)
Interest expenses	7,751	7,876	49,746
Share of loss (profit) of entities accounted for using equity method	(4,181)	(3,687)	(26,834)
Loss (gain) on sale of non-current assets	(12,607)	(77)	(80,913)
Loss on retirement of non-current assets	4,190	2,917	26,892
Loss (gain) on sale of investment securities (Note 6)	(178)	(4,079)	(1,142)
Loss on redemption of convertible bonds	72,065	—	462,518
Decrease (increase) in trade receivables	(36,379)	(7,231)	(233,483)
Decrease (increase) in inventories	94	755	603
Increase (decrease) in trade payables	8,237	(800)	52,866
Increase (decrease) in deposits received	1,248	(3,071)	8,010
Increase (decrease) in accounts payable - other	2,204	1,583	14,146
Increase (decrease) in contract liabilities	4,748	1,444	30,473
Other, net	(707)	(1,191)	(4,537)
Subtotal	64,371	78,930	413,138
Interest and dividends received	5,771	6,198	37,039
Interest paid	(7,636)	(7,818)	(49,009)
Income taxes paid	(8,669)	(4,816)	(55,638)
Net cash provided by (used in) operating activities	53,837	72,494	345,530
Cash flows from investing activities:			
Payments into time deposits	(1,516)	(1,498)	(9,730)
Proceeds from withdrawal of time deposits	1,817	1,525	11,662
Purchase of short-term and long-term investment securities	(1,318)	(2,909)	(8,459)
Proceeds from sale and redemption of short-term and long-term investment securities	297	4,673	1,906
Proceeds from liquidation of subsidiaries	361	—	2,317
Purchase of property, plant and equipment and intangible assets	(45,237)	(28,811)	(290,334)
Proceeds from sale of property, plant and equipment and intangible assets	17,547	97	112,618
Payments for asset retirement obligations	(213)	(196)	(1,367)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(789)	(327)	(5,064)
Purchase of shares of subsidiaries and associates	(1,470)	(10,388)	(9,435)
Net decrease (increase) in short-term loans receivable	(4,939)	(3,046)	(31,699)
Long-term loan advances	(152)	(154)	(975)
Other, net	687	1,340	4,409
Net cash provided by (used in) investing activities	(34,925)	(39,694)	(224,151)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2026	2025	2026
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	129,976	—	834,195
Proceeds from long-term borrowings	39,316	28,000	252,333
Repayments of long-term borrowings	(32,672)	(38,580)	(209,691)
Redemption of bonds	(131,359)	—	(843,072)
Repayments of lease liabilities	(12,383)	(8,824)	(79,475)
Purchase of treasury shares	(15,000)	(15,002)	(96,271)
Dividends paid	(9,033)	(6,782)	(57,974)
Other, net	(618)	(584)	(3,966)
Net cash provided by (used in) financing activities	(31,773)	(41,772)	(203,921)
Effect of exchange rate change on cash and cash equivalents	1,742	3,992	11,180
Net increase (decrease) in cash and cash equivalents	(11,119)	(4,980)	(71,362)
Cash and cash equivalents at beginning of period	88,560	92,899	568,385
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	641	—
Cash and cash equivalents at end of period (Note 3)	¥77,441	¥88,560	\$497,023

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PRESENTING THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying Consolidated Financial Statements of Takashimaya Company, Limited (hereinafter, the “Company”) and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations and in conformity with accounting principles generally accepted in Japan (hereinafter, the “Japanese GAAP”) which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas consolidated subsidiaries have been prepared in accordance with International Financial Reporting Standards with adjustments for the specified five items as applicable. Japanese GAAP requires that accounting policies and procedures applied by a parent company and its subsidiaries to similar transactions and events under similar circumstances should be unified for the preparation of the Consolidated Financial Statements. Japanese GAAP, however, as a tentative measure, allows a parent company to prepare Consolidated Financial Statements using foreign subsidiaries’ financial statements prepared in accordance with International Financial Reporting Standards. In this case, adjustments for the following five items are required in the consolidation process so that their impacts on profit are accounted for in accordance with Japanese GAAP unless the impact is not material.

- (a) Goodwill not subject to amortization
- (b) Actuarial gains and losses recognized in other comprehensive income and not reclassified to profit or loss in subsequent periods
- (c) Capitalized expenditures for research and development activities
- (d) Fair value measurement of investment properties and revaluation of property, plant and equipment and intangible assets
- (e) Reclassification adjustments for measuring subsequent changes in fair value of equity instruments recognized in other comprehensive income

The accompanying Consolidated Financial Statements have been restructured and translated into English (with some expanded descriptions) from the Consolidated Financial Statements of the Companies, prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese-language Consolidated Financial Statements, but not required for fair presentation, is not presented in the accompanying Consolidated Financial Statements. The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at February 28, 2026, which was ¥155.81 to U.S.\$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

The Consolidated Financial Statements include the accounts of the Company and its significant subsidiaries (hereinafter, the “Companies”).

Investments in certain significant affiliated companies are accounted for by the equity method after the elimination of unrealized intercompany profits. Investments in the non-consolidated subsidiaries and remaining affiliated companies are not accounted for by the equity method because of the immaterial effect on the Consolidated Financial Statements. Such investments are, therefore, carried at cost, adjusted for any substantial and non-recoverable diminution in value, and income from those non-consolidated subsidiaries and affiliated companies is recognized only when the Companies receive dividends therefrom.

In accordance with the accounting standards for consolidation, the Company’s subsidiaries include companies over which substantial control is exerted through either majority ownership of voting stock and/or by other means. Also, the Company’s affiliated companies include companies over which the Company has the ability to exercise significant influence. All significant intercompany transactions and unrealized profits among the Companies have been eliminated in consolidation.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to non-controlling interests, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries. The differences between the cost and underlying net equity of investments in consolidated subsidiaries (“Goodwill”) are amortized on a straight line basis over 7 to 12 years with the exception of minor differences, which are charged to income in the period of acquisition. Negative goodwill which arose prior to March 31, 2010 is amortized over 20 years on a straight line method.

In the fiscal year ended February 28, 2026, the following five companies were newly included in the scope of consolidation.

New establishment : TAKASHIMAYA INTERIOR LIMITED LIABILITY COMPANY
 VNBC PTE.LTD.
 VNIBS PTE.LTD.

Share acquisition : SOARZROCK Inc.
 Claylish Co., Ltd. (Trade name changed to Takashimaya Clay
 Capital Co., Ltd. as of March 1, 2026)

The following company was also newly included in the scope of entities accounted for using the equity method.

New investment : STAY9 LLC

All non-consolidated subsidiaries of the Company are of a limited scale in terms of total assets, operating revenue, profit, retained earnings and other indicators, and taken together they do not have a significant impact on the Consolidated Financial Statements.

(b) Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the current exchange rate at the balance sheet date, and translation gains and losses are charged to income.

The balance sheets of overseas consolidated subsidiaries are translated into Japanese yen at the year-end rate except for owners’ equity accounts, which are translated at the historical rates. Statements of Income of overseas consolidated subsidiaries are translated at average rates.

(c) Cash and cash equivalents

In preparing the Consolidated statements of cash flows, cash and cash equivalents include cash on hand, readily available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase.

(d) Securities

No trading securities are held by the Companies.

Available-for-sale securities are stated as follows:

Securities other than securities and investments without market value:

The fair value method is adopted based on the market price, etc., at the end of the fiscal year (valuation differences are all included directly in net assets, and cost of securities sold is mainly determined by the moving average method).

Securities and investments without market value:

These are mainly stated at cost, determined by the moving-average method.

(e) Derivatives and hedging transactions

Derivative financial instruments are stated at fair value and changes in the fair value as gains or losses are charged to income unless the derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Companies defer recognition of gains or losses resulting from changes in the fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

However, in cases where forward exchange contracts are used as hedges and meet certain hedging criteria, forward exchange contracts and hedged items are accounted for in the allocation method (designated exceptional hedge accounting under Japanese GAAP).

In addition, special treatment is applied to interest rate swaps if they meet the requirements for special treatment.

The Companies use forward exchange contracts, currency swaps and interest rate swaps as derivative financial instruments only for the purpose of mitigating future risks of fluctuation in foreign exchange and increases in the interest rate and loans.

The related hedged items are trade receivables, trade payables, loans payable and interest on foreign currency bonds.

(f) Allowance for doubtful accounts

Allowance for doubtful accounts is provided principally for amounts sufficient to cover possible losses on collection. It consists of the estimated uncollectible amounts with respect to specific items and possible losses on collection calculated by applying a percentage based on collection experience to the remaining items.

(g) Inventories

Inventories held by the Companies are measured at cost (book value is reduced on the basis of declines in profitability) determined by the following method.

Merchandise: principally retail method and specific identification method

Products: principally first-in, first-out method

Work in process: principally specific identification method

Raw materials: principally first-in, first-out method

Supplies: principally first-in, first-out method

(h) Property, plant and equipment (except leased assets and right-of-use assets)

Property, plant and equipment are stated at cost and depreciated by using mainly the straight line method over the estimated useful lives of the assets as prescribed by Japanese tax laws.

(i) Intangible assets (except leased assets and right-of-use assets)

Intangible assets are stated at cost and amortized by using mainly the straight line method over the estimated useful lives of the assets as prescribed by Japanese tax laws.

The Companies amortize capitalized software using the straight line method over its estimated useful life (five years).

(j) Lease assets

Lease assets arising from transactions under finance lease contracts that do not transfer ownership to the lessee are amortized to a residual value of zero by the straight line method using the lease term as the useful life.

(k) Right-of-use assets

Right-of-use assets are amortized to a residual value of zero by the straight line method using the lease term as the useful life.

(l) A provision for redemption of points

To provide for the expenses arising from a redemption of points, a provision for the point program is recognized for expected future expenses associated with the redemption of points by users based on historical experiences.

(m) Retirement benefit liability

(1) Attribution method for projected retirement benefits

The Companies account for the liabilities for retirement benefits based on the defined benefit obligation and plan assets at the balance sheet date. The defined benefit obligation is attributed to a certain period on a benefit formula basis.

(2) Amortization Method of Prior Service Costs and Actuarial Gains or Losses

The unrecognized prior service cost is amortized on a straight-line method mainly over a certain period of time (mainly 9 years), which is within the average remaining years of employment of the employees, starting from the year of recognition. Actuarial gains or losses are amortized on a straight-line method over a certain period of time (mainly 9 years), which is within the average remaining years of employment of the employees, commencing from the succeeding fiscal year.

(3) Adoption of simplified method in some consolidated subsidiaries

Some consolidated subsidiaries adopt the simplified method which assumes retirement benefit obligation to be equal to the benefits payable, if all eligible employees voluntarily terminated their employment at the end of the fiscal year, for the calculation of retirement benefit liability and retirement benefit costs.

(n) A provision for bonus payments to Directors

To provide for bonus payments to Directors, a provision for bonuses has been recognized based on estimated future payments.

(o) Provision for retirement benefits for directors (and other officers)

Provision for retirement for directors (and other officers) is provided based on the consolidated subsidiaries' pertinent rules and is calculated as the estimated amounts which would be payable if all officers were to retire at the balance sheet date.

(p) Income taxes

Income taxes consist of taxes on corporations, inhabitants and enterprises.

The Companies recognize the tax effects of temporary differences between the financial statements' carrying amount and the tax basis of assets and liabilities. The provision for income taxes is computed based on the income before income taxes and non-controlling interests included in the Statements of Income of each of the Companies. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

(q) Per share information

Profit per share is based on the weighted average number of shares of common stock outstanding during each year and diluted profit per share reflects the potential dilution that could occur if it were converted into common stock.

Cash dividends per share represent interim dividends declared by the Board of Directors in each year and year-end dividends approved by the shareholders at the annual meeting held subsequent to the end of the fiscal year.

(r) Criteria for the recognition of significant revenues and expenses

Based on the following five step approach, revenues are recognized when promised goods and services are transferred to customers and the customers obtain the control of the

goods or services.

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to performance obligations

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

(Department Stores in Japan)

Department Stores in Japan segment mainly relates to selling the following: clothes, personal effects, miscellaneous goods, household goods, foods and others.

Revenues arising from the sales of these goods are recognized when they are supplied to customers as performance obligations are satisfied at that moment. Payments for goods are received at the time of the supply of goods when performance obligations are satisfied. In addition, for a consignment purchase transaction, in which sales of goods to customers are made in tandem with the purchase of goods from suppliers, the gross margin is recognized as revenue.

Also for points which can only be used at the Company's own stores, points are granted in proportion to a customer's purchase amount, and goods or services equivalent to accumulated points are provided. Future supply of goods to customers is recognized as performance obligations when points are granted, and a transaction price is allocated to the performance obligations considering the estimated future forfeitures, etc., and revenue will be recognized when points are redeemed.

Furthermore, for gift certificates which can only be used at the Company's own stores, when the Company issues gift certificates, the future supply of goods to customers is recognized as performance obligations, and revenue will be recognized when the gift certificates are used. For unused portion of such gift certificates, revenue will be recognized when the likelihood of the use of them becomes highly remote.

(Overseas Department Stores)

Overseas Department Stores segment mainly relates to selling the following: clothes, personal effects, miscellaneous goods, household goods, foods and others.

Revenues arising from the sales of these goods are recognized when they are supplied to customers as performance obligations are satisfied at that moment. Payments for goods are received at the time of the supply of goods when performance obligations are satisfied. In addition, for a consignment purchase transaction, in which sales of goods to customers are made in tandem with the purchase of goods from suppliers, the gross margin is recognized as revenue.

Also for points which can only be used at the Company's own stores, points are granted in proportion to a customer's purchase amount, and goods or services equivalent to accumulated points are provided. Future supply of goods to customers is recognized as performance obligations when points are granted, and a transaction price is allocated to the performance obligations considering the estimated future forfeitures, etc., and revenue will be recognized when points are redeemed.

(Commercial Property Development in Japan)

Commercial Property Development in Japan segment manages and operates commercial developments, assets and facilities benefiting from the synergistic effects with the department stores.

As services at commercial facilities are constantly provided, revenues are recognized over the contract period when customers benefit as the Company fulfills the contract with the customer. Revenues from lease transactions of properties are recognized in the period in which they arise in accordance with Accounting Standard for Lease Transactions (ASBJ Statement No.13, March 30, 2007).

(Overseas Commercial Property Development)

Overseas Commercial Property Development segment manages and operates commercial developments, assets and facilities benefiting from the synergistic effects

with the department stores.

As services at commercial facilities are constantly provided, revenues are recognized over the contract period when customers benefit as the Company fulfills the contract with the customer. Revenues from lease transactions of properties are recognized in the period in which they arise in accordance with the International Financial Reporting Standards (IFRS 16).

(Finance)

Finance segment issues and operates credit cards, and commissions from department stores and affiliated shops, as well as annual dues from the card members, are recognized as its revenue. Revenue associated with commissions is recognized in proportion to the use of credit cards based on the rate stipulated in the contract. Furthermore, Revenue from annual membership dues is recognized over the period to which the dues relate.

(Construction & Design)

Construction & Design segment accepts orders and executes relevant works, and revenue is recognized according to the progress towards the satisfaction of performance obligations. The measurement of progress is made based on the cost incurred to the end of the period as a percentage of expected total costs. On the other hand, for any substantially short period works, revenue is recognized at a point when the performance obligations are fully satisfied.

(s) Additional Information

(Application of the Group Tax Sharing System)

The Company and some domestic consolidated subsidiaries have applied the group tax sharing system, and they conform to the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Solution No. 42, August 12, 2021) with regard to accounting for corporate income taxes and local income taxes or accounting for and disclosures of tax effects in relation to these taxes.

(t) Significant accounting estimates

FY ended February 28, 2025

(Impairment of the non-current assets of Takashimaya Co., Ltd.)

(1) Amount recorded in the consolidated financial statements for the year ended February 28, 2025

In the year ended February 28, 2025, since the operating income at Kashiwa Store and Omiya Store of the Company has been negative for the second consecutive fiscal year, the Company has identified indications of impairment in each asset group for each of the above stores and determined whether it is necessary to recognize impairment losses. As a result of this judgment, for Kashiwa Store, because the total undiscounted future cash flows exceeded the book value, the Company has considered it unnecessary to recognize impairment losses. For Omiya Store, since the total undiscounted future cash flows fell below the book value, the book value was reduced to the net realizable value as the recoverable amount, and impairment losses of 1,631 million yen was recorded.

The book value of non-current assets in the financial statements is 495,399 million yen (property, plant and equipment: 477,459 million yen, intangible assets: 17,939 million yen), and the book value of non-current assets of the above stores is 5,495 million yen.

(2) Information on the details of accounting estimates for the identified items

(i) Calculation method

In the department store business operated by the Company, we mainly group assets based on stores, which are considered as the smallest units that generate largely independent cash flows.

For stores with indications of impairment, we determine whether impairment losses should be recognized by comparing the total undiscounted future cash flows from the asset group with the book value.

If it is determined that impairment losses should be recognized, the impairment losses is recorded by reducing the book value to the recoverable amount.

The recoverable amount is calculated as the higher of the net realizable value derived by deducting the estimated amount of costs of disposal from fair value of the asset group, or value in use which is the present value of future cash flows expected to arise from continuing use of the asset group and from its disposal after the use.

(ii) Key assumptions

Total undiscounted future cash flows are mainly based on the real estate appraisal amount by an external appraisal expert.

(iii) Impact on consolidated financial statements for the year ending February 28, 2026

In calculating undiscounted future cash flows, we make the best estimate based on available information, including external information, but it may be affected by uncertain future fluctuations in economic conditions and fluctuations in real estate appraisal amounts due to future trends in real estate market conditions. If the actual undiscounted future cash flows differ from the estimate, it could have a significant impact on the consolidated financial statements for the year ending February 28, 2026.

(Impairment of the non-current assets of Siam Takashimaya (Thailand) Co.,Ltd.)

(1) Amount recorded in the consolidated financial statements for the year ended February 28, 2025

Since operating results of Siam Takashimaya (Thailand) Co.,Ltd. fell short of the planned targets in the year ended February 28, 2025, Siam Takashimaya (Thailand) Co.,Ltd. identified indications of impairment and conducted an impairment test. Because the recoverable amount based on the value in use exceeded the book value, it has been considered unnecessary to recognize impairment losses.

The book value of non-current assets of Siam Takashimaya (Thailand) Co.,Ltd. is 4,341 million yen (property, plant and equipment: 4,293 million yen, intangible assets: 47 million yen).

(2) Information on the details of accounting estimates for the identified items

(i) Calculation method

Non-current assets of Siam Takashimaya (Thailand) Co., Ltd. are depreciated systematically. However, in accordance with the International Financial Reporting Standards, an impairment test is carried out when it is considered that there is any indication of impairment. If the recoverable amount of a cash generating unit is lower than the book value as a result of the test, the book value is reduced to the recoverable amount, and the amount of the reduction is recognized as impairment losses.

The recoverable amount is calculated as the higher of fair value less disposal costs of the cash generating unit, or value in use which is the present value of future cash flows expected to arise from the cash generating unit.

(ii) Key assumptions

The value in use, which is a key assumption, has been calculated at the present value of future cash flows that are estimated based on a business plan approved by management. In this estimate, a growth in net sales mainly due to increasing inbound tourists and effects of measures to increase revenue is expected in light of actual results in past years.

(iii) Impact on consolidated financial statements for the year ending February 28, 2026

In calculating the value in use, we make the best estimate based on available information, including external information, but it may be affected by uncertain future fluctuations in economic conditions, etc. If the actual value in use differs from the estimate, it could have a significant impact on the consolidated financial statements for the year ending February 28, 2026.

FY ended February 28, 2026

(Impairment of the non-current assets of Takashimaya Co., Ltd.)

(1) Amount recorded in the consolidated financial statements for the year ended February 28, 2026

In the year ended February 28, 2026, the Omiya and Kashiwa Stores have reported operating losses for the last two consecutive years. Considering this situation, the Company identified an indication of impairment for the asset groups for each of the above stores and assessed whether an impairment loss should be recognized.

As a result of the judgement, for Omiya Store, although the total undiscounted future cash flows were lower than the carrying amount, since the net realizable value exceeded the carrying amount, it was judged that recognition of an impairment loss was unnecessary. For Kashiwa Store, as the total undiscounted future cash flows were lower than the carrying amount, the carrying amount was reduced to the net realizable value as the recoverable amount, and an impairment loss of 786 million yen was recorded.

The carrying amount of non-current assets in the financial statements is 496,371 million yen (property, plant and equipment: 476,097 million yen, intangible assets: 20,273 million yen), and the carrying amount of non-current assets of the above stores is 5,752 million yen.

(2) Information on the details of accounting estimates for the identified items

(i) Calculation method

In the department store business in Japan operated by the Company, we mainly group assets based on individual stores, which are considered as the smallest units that generate largely independent cash flows.

If there is an indication of impairment, the Company determines if it is necessary to recognize an impairment loss by comparing the total amount of undiscounted future cash flows to be generated from an asset group with its carrying amount.

If it is determined that an impairment loss should be recognized, the impairment loss is recorded by reducing the carrying amount to the recoverable amount.

The recoverable amount is calculated as the higher of the net realizable value derived by deducting the estimated amount of costs of disposal from fair value of the asset group, or the value in use which is the present value of future cash flows expected to arise from continuous use of the asset group and from its ultimate disposal after the use.

(ii) Key assumptions

Total undiscounted future cash flows are mainly based on the real estate appraisal values developed by an external appraisal expert.

(iii) Impact on consolidated financial statements for the year ending February 28, 2027

In calculating undiscounted future cash flows, we make the best estimate based on available information, including external information, but it may be affected by uncertain future fluctuations in economic conditions and fluctuations in real estate appraisal values due to future trends in real estate market conditions. If the actual undiscounted future cash flows differ from the estimate, it could have a significant impact on the consolidated financial statements for the year ending February 28, 2027.

(Impairment of the non-current assets of Siam Takashimaya (Thailand) Co.,Ltd.)

(1) Amount recorded in the consolidated financial statements for the year ended February 28, 2026

Since Siam Takashimaya (Thailand) Co., Ltd. has reported operating losses for some consecutive years, Siam Takashimaya (Thailand) Co., Ltd. identified indications of impairment and conducted an impairment test. In the impairment testing, the recoverable amount, based on the value in use, exceeded the carrying amount, therefore the recognition of an impairment loss was deemed unnecessary.

The carrying amount of non-current assets of Siam Takashimaya (Thailand) Co.,Ltd. is

4,442 million yen (property, plant and equipment: 4,393 million yen, intangible assets: 48 million yen).

(2) Information on the details of accounting estimates for the identified items

(i) Calculation method

While the non-current assets of Siam Takashimaya are depreciated in a systematic manner, they are tested for impairment whenever there is an indication of impairment in accordance with the International Financial Reporting Standards. In the impairment testing, when the recoverable amount of a cash-generating unit (CGU) is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss.

The recoverable amount is calculated as the higher of fair value less disposal costs of the CGU, or value in use which is the present value of future cash flows expected to arise from the CGU.

(ii) Key assumptions

The value in use, which is a key assumption, has been calculated at the present value of future cash flows that are estimated based on a business plan approved by management. In this estimate, a growth in net sales mainly due to the introduction of new tenants is expected.

(iii) Impact on consolidated financial statements for the year ending February 28, 2027

In calculating the value in use, we make the best estimate based on available information, including external information, but it may be affected by uncertain future fluctuations in economic conditions, etc. If the actual value in use differs from the estimate, it could have a significant impact on the consolidated financial statements for the year ending February 28, 2027.

(u) Accounting standards not yet applied, etc.

(“Accounting Standard for Leases,” etc.)

- “Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024)
- “Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024)

(1) Overview

The ASBJ announced the Accounting Standard for Leases, etc., as part of an initiative to align Japanese standards with international standards. The ASBJ conducted discussions on developing an accounting standard for leases that requires the recognition of assets and liabilities for all of the lessee’s leases, taking into account international accounting standards. While the standard announced by the ASBJ is based on the single accounting treatment model of IFRS 16, as a basic policy, it does not adopt all of the provisions of IFRS 16. By incorporating only the main provisions, it aims to be simple and highly convenient. Moreover, it seeks to enable the application of IFRS 16 provisions to non-consolidated financial statements, basically without requiring any adjustments.

In the accounting treatment for lessees, similar to IFRS 16, a single accounting treatment model is applied for the allocation of expenses related to the lessee’s leases. This involves recognizing depreciation on right-of-use assets and amounts corresponding to interest on lease liabilities for all leases, regardless of whether they are finance leases or operating leases.

(2) Scheduled date of application

To be applied effective from the beginning of the fiscal year ending February 28, 2029.

(3) Impact from the application of the accounting standards, etc.

The impact on the consolidated financial statements from the application of the “Accounting Standard for Leases,” etc. is currently under evaluation.

(v) Changes in Accounting Policies

(“Application of the Accounting Standard for Current Income Taxes,” etc.)

The Company and its subsidiaries have applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter, “Revised Accounting Standard 2022”) from the beginning of the current consolidated fiscal year.

Revisions concerning the categories in which current income taxes should be recorded (taxes on other comprehensive income) are subject to the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth in the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, “Revised Guidance 2022”). The changes in the accounting policies have no impact on the consolidated financial statements.

With regard to revisions related to changes in the accounting treatment for consolidated financial statements when gains and losses on sale of shares, etc. in subsidiaries resulting from transactions within the consolidated group are deferred for tax purposes, the Company has applied the Revised Guidance 2022 from the beginning of the current consolidated fiscal year.

(w) Changes in Presentation

(Consolidated balance sheets)

Part of trade receivables, which had been included in “Trade” of “Notes and accounts receivable - trade, and contract assets” of “Current assets” in the previous consolidated fiscal year, is presented as “Operating loans” (3,807 million yen for the year ended February 28, 2025) from the fiscal year under review, in light of the nature of the transactions and assets.

(Consolidated statements of income)

“Gain on receipt of donated non-current assets,” which had been included in “Other, net” of “Other income (expenses)” in the previous consolidated fiscal year (738 million yen for the year ended February 28, 2025), is presented separately from the fiscal year under review, given its increased financial materiality.

The consolidated financial statements for the previous consolidated fiscal year have been retroactively restated in accordance with the presentation method used in the fiscal year under review.

(x) Revenue from contracts with customers

Operating revenue shows the aggregate amounts of “sales” and “other operating income.” Operating revenue does not describe any disaggregation of revenue from contracts with customers and other revenue. The amount of revenue from contracts with customers is described in “Note 14: Revenue Recognition”.

3 CASH AND CASH EQUIVALENTS / SIGNIFICANT NON-CASH TRANSACTIONS

1. Cash and Cash Equivalents

Cash and cash equivalents as at February 28, 2026 and February 28, 2025 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Cash and deposits	¥79,187	¥90,538	\$508,228
Time deposits with maturities exceeding three months	(1,746)	(1,978)	(11,205)
Cash and cash equivalents at the end of period	¥77,441	¥88,560	\$497,023

2. Significant Non-cash Transactions

The amounts of right-of-use assets and lease liabilities related to lease contract renewals as at February 28, 2026 and 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Right-of-use assets	¥782	¥—	\$5,021
Lease liabilities	530	—	3,407

1. Matters related to financial instruments

(1) Policies for financial instruments

In view of its capital investment plan, the Companies raise needed funds (primarily bank loans and issuance of bonds). Temporary surplus funds are invested in highly secure financial assets. Derivative transactions are only used to avoid the risks attributable to fluctuations in foreign currency exchange and interest rates. The Companies do not engage in derivative transactions for speculative purposes.

(2) Financial instruments and their risks

Notes and accounts receivable - trade, and contract assets, as well as operating loans are exposed to credit risk. Securities and investment securities are exposed to market price volatility risk. Guarantee deposits are exposed to credit risk of counterparties.

Notes and accounts payable as operating payables are almost all subject to payment deadlines of one year or less. A certain portion of trade obligations is related to the import of goods and as such are denominated in foreign currencies. Long-term debt, commercial papers, corporate bonds and lease obligations are for the purpose of procuring needed funds mainly for capital investment. Some of them are exposed to interest rate risk because of variable interest rates.

Derivative transactions employed in an effort to offset the above-mentioned risk include forward exchange contracts; interest rate swap contracts, which seek to provide hedges for the risks of fluctuation in foreign exchange of trade receivables and trade obligations; and interest rates applicable to loans and bonds payable, respectively. For details of hedge instruments and hedge targets, hedging policy, the method of assessing the effectiveness of hedges and other details in connection with hedge accounting, refer to Note 2 (e) "Derivatives and hedging transactions". Moreover, operating payables and long-term debt are exposed to the liquidity risk of the inability to make payment by the payment due date.

(3) Risk management systems relating to financial instruments

(i) Management of credit risk (risk relating to non-performance of a contract obligation by a counterparty, etc.)

With respect to operating receivables, credit risk is guided by its own set of accounting rules and regulations. The Companies regularly monitor the status of customers, managing due dates and balances on an individual customer basis. In this manner, every effort is made to ensure early detection and the mitigation of concerns regarding collection due to deterioration in financial standing or other factors.

(ii) Management of market risk (risks associated with fluctuation in foreign exchange as well as interest rates, etc.)

The Companies utilize forward exchange contracts in an effort to offset the risks of fluctuation in foreign exchange in connection with operating payables denominated in foreign currencies, and interest rate swap contracts aimed at converting floating rates of interest applicable to loans and bonds payable to fixed rate interest.

With respect to investment securities, the Companies regularly monitor fair value as well as the financial status of issuers (counterparties), and review its holdings on a continuous basis taking into consideration its relationships with counterparties.

(iii) Management of liquidity risk associated with the procurement of funds (the risk of being unable to make payments on due dates)

The Companies manage its liquidity risk by concluding the commitment-line and overdraft contracts, along with adequate financial planning.

(4) Supplementary explanation for fair values, etc. of financial instruments

The determination of fair value of financial instruments contains variable factors, and the adoption of wide ranging and differing assumptions may cause value to change.

2. Matters related to fair value of financial instruments

The book value recorded in the Consolidated balance sheets for the years ended February 28, 2026 and February 28, 2025, and fair value and their differences are as follows.

	Millions of yen		
	2026		
	Book Value	Fair Value	Difference
(1) Notes and accounts receivable - trade, and contract assets	¥195,763		
Operating loans	10,696		
Allowance for doubtful accounts (* 2)	(558)		
	205,901	206,704	803
(2) Securities and investment securities			
Available-for-sale securities	23,738	23,738	—
	23,738	23,738	—
(3) Guarantee deposits (* 3)	24,292	20,465	(3,827)
Total assets	¥253,931	¥250,907	¥(3,024)
(1) Long-term borrowings (* 4)	¥143,944	¥139,665	¥(4,279)
(2) Lease liabilities (* 5)	133,059	120,430	(12,629)
Total liabilities	¥277,003	¥260,095	¥(16,908)
Derivatives (* 6)			
Amount subject to hedge accounting	0	0	—
Total derivatives	¥0	¥0	¥—

* 1 No descriptions have been given to "cash and cash equivalents", "notes payable and trade accounts payable", "short-term borrowings", and "deposits" as they are likely to be settled in a short time and their fair values approximate carrying amounts.

* 2 General and specific allowances for doubtful accounts for accounts receivable - trade and operating loans are deducted from their carrying amounts.

* 3 The figures include guarantee deposits with repayment due dates of one year or less.

* 4 The figures include long-term borrowings with repayment due dates of one year or less.

* 5 The figures include lease liabilities with repayment due dates of one year or less.

* 6 Net receivables and payables arising from derivative transactions are shown as net amounts and net payables are presented in negative values.

* 7 Stocks with no available fair market value are not included in "(2) Securities and investment securities, Available-for-sale securities."

The consolidated balance sheet amounts of the relevant financial instruments are as follows.

	Millions of yen
	2026
(a) Stock of subsidiaries	¥5,159
(b) Stock of affiliates	96,060
(c) Unlisted stocks	7,009

	Millions of yen		
	2025		
	Book Value	Fair Value	Difference
(1) Notes and accounts receivable - trade, and contract assets	¥160,591		
Operating loans	3,807		
Allowance for doubtful accounts (* 2)	(672)		
	163,726	164,553	827
(2) Securities and investment securities			
Available-for-sale securities	17,906	17,906	—
	17,906	17,906	—
(3) Guarantee deposits (* 3)	24,791	21,658	(3,133)
Total assets	¥206,423	¥204,117	¥(2,306)
(1) Long-term borrowings (* 4)	¥196,605	¥208,171	¥11,566
(2) Lease liabilities (* 5)	139,872	124,210	(15,662)
Total liabilities	¥336,477	¥332,381	¥(4,096)
Derivatives (* 6)			
Amount subject to hedge accounting	8	8	—
Total derivatives	¥8	¥8	¥—

* 1 No descriptions have been given to “cash and cash equivalents”, “notes payable and trade accounts payable”, “short-term borrowings”, and “deposits” as they are likely to be settled in a short time and their fair values approximate carrying amounts.

* 2 General and specific allowances for doubtful accounts for accounts receivable - trade and operating loans are deducted from their carrying amounts.

* 3 The figures include guarantee deposits with repayment due dates of one year or less.

* 4 The figures include long-term borrowings with repayment due dates of one year or less.

* 5 The figures include lease liabilities with repayment due dates of one year or less.

* 6 Net receivables and payables arising from derivative transactions are shown as net amounts and net payables are presented in negative values.

* 7 Stocks with no available fair market value are not included in “(2) Securities and investment securities, Available-for-sale securities.”

The consolidated balance sheet amounts of the relevant financial instruments are as follows.

	Millions of yen
	2025
(a) Stock of subsidiaries	¥3,210
(b) Stock of affiliates	90,832
(c) Unlisted stocks	8,020

	Thousands of U.S. dollars		
	2026		
	Book Value	Fair Value	Difference
(1) Notes and accounts receivable - trade, and contract assets	\$1,256,421		
Operating loans	68,648		
Allowance for doubtful accounts (* 2)	(3,581)		
	1,321,488	1,326,642	5,154
(2) Securities and investment securities			
Available-for-sale securities	152,352	152,352	—
	152,352	152,352	—
(3) Guarantee deposits (* 3)	155,908	131,346	(24,562)
Total assets	\$1,629,748	\$1,610,340	\$(19,408)
(1) Long-term borrowings (* 4)	\$923,843	\$896,380	\$(27,463)
(2) Lease liabilities (* 5)	853,983	772,929	(81,054)
Total liabilities	\$1,777,826	\$1,669,309	\$(108,517)
Derivatives (* 6)			
Amount subject to hedge accounting	0	0	—
Total derivatives	\$0	\$0	\$—

* 1 No descriptions have been given to "cash and cash equivalents", "notes payable and trade accounts payable", "short-term borrowings", and "deposits" as they are likely to be settled in a short time and their fair values approximate carrying amounts.

* 2 General and specific allowances for doubtful accounts for accounts receivable - trade and operating loans are deducted from their carrying amounts.

* 3 The figures include guarantee deposits with repayment due dates of one year or less.

* 4 The figures include long-term borrowings with repayment due dates of one year or less.

* 5 The figures include lease liabilities with repayment due dates of one year or less.

* 6 Net receivables and payables arising from derivative transactions are shown as net amounts and net payables are presented in negative values.

* 7 Stocks with no available fair market value are not included in "(2) Securities and investment securities, Available-for-sale securities."

The consolidated balance sheet amounts of the relevant financial instruments are as follows.

	Thousands of U.S. dollars
	2026
	(a) Stock of subsidiaries
(b) Stock of affiliates	616,520
(c) Unlisted stocks	44,984

※1: Estimated amounts of repayment after the balance sheet date for monetary receivables and securities with maturity dates

	Millions of yen			
	2026			
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Cash and deposits	¥79,187	¥—	¥—	¥—
Notes and accounts receivable - trade, and contract assets	193,463	2,151	124	25
Operating loans	10,696	—	—	—
Guarantee deposits	696	6,761	9,365	7,470
Total	¥284,042	¥8,912	¥9,489	¥7,495

	Millions of yen			
	2025			
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Cash and deposits	¥90,538	¥—	¥—	¥—
Notes and accounts receivable - trade, and contract assets	158,208	2,221	111	51
Operating loans	3,807	—	—	—
Guarantee deposits	871	7,416	10,315	6,189
Total	¥253,424	¥9,637	¥10,426	¥6,240

	Thousands of U.S. dollars			
	2026			
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Cash and deposits	\$508,228	\$—	\$—	\$—
Notes and accounts receivable - trade, and contract assets	1,241,660	13,805	796	160
Operating loans	68,648	—	—	—
Guarantee deposits	4,467	43,393	60,105	47,943
Total	\$1,823,003	\$57,198	\$60,901	\$48,103

* The refund of guarantee deposits is scheduled based on the remaining useful lives of the principal assets and other factors.

※2: Estimated amounts of repayment after the balance sheet date for corporate bonds, long-term borrowings and lease liabilities

Millions of yen						
2026						
	Within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Corporate bonds	¥10,496	¥—	¥—	¥—	¥—	¥10,000
Long-term borrowings	3,278	32,487	8,319	35,500	40,597	3,268
Lease liabilities	9,761	10,040	10,484	10,958	11,474	80,342
Total	¥23,535	¥42,527	¥18,803	¥46,458	¥52,071	¥93,610

Millions of yen						
2025						
	Within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Corporate bonds	¥—	¥10,000	¥—	¥60,000	¥—	¥10,000
Long-term borrowings	32,673	3,227	32,455	5,136	25,000	18,000
Lease liabilities	9,313	9,736	10,227	10,696	11,196	88,704
Total	¥41,986	¥22,963	¥42,682	¥75,832	¥36,196	¥116,704

Thousands of U.S. dollars						
2026						
	Within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years but within 4 years	Over 4 years but within 5 years	Over 5 years
Corporate bonds	\$67,364	\$—	\$—	\$—	\$—	\$64,181
Long-term borrowings	21,038	208,504	53,392	227,842	260,555	20,974
Lease liabilities	62,647	64,438	67,287	70,329	73,641	515,641
Total	\$151,049	\$272,942	\$120,679	\$298,171	\$334,196	\$600,796

* The amount of lease liabilities is based on the discounted present value as at the Balance Sheet date.

※3: Items relating to the breakdown by level of fair value hierarchy of financial instruments

The fair value of financial instruments is classified into three levels of the fair value hierarchy depending on the observability and significance of the inputs used for the fair value measurement.

Level 1 Fair Value: Fair value determined on the basis of quoted prices for assets or liabilities that are observable in active markets;

Level 2 Fair Value: Fair value determined on the basis of observable inputs other than quoted prices included within Level 1;

Level 3 Fair Value: Fair value measured using inputs used to measure fair value is unobservable.

In using multiple inputs having significant effect on the measurement of fair value, fair value is classified at the level the lowest priority is given in measuring fair values.

(1) Financial instruments measured at fair value and recorded on the Consolidated balance sheets
as at February 28, 2026

	Millions of yen			
	2026			
	Level1	Level2	Level3	Total
Securities and investment securities				
Available-for-sale securities	¥23,738	¥—	¥—	¥23,738
Derivatives				
Amount subject to hedge accounting	—	0	—	0
Total assets	¥23,738	¥0	¥—	¥23,738

	Millions of yen			
	2025			
	Level1	Level2	Level3	Total
Securities and investment securities				
Available-for-sale securities	¥17,906	¥—	¥—	¥17,906
Derivatives				
Amount subject to hedge accounting	—	8	—	8
Total assets	¥17,906	¥8	¥—	¥17,914

	Thousands of U.S. dollars			
	2026			
	Level1	Level2	Level3	Total
Securities and investment securities				
Available-for-sale securities	\$152,352	\$—	\$—	\$152,352
Derivatives				
Amount subject to hedge accounting	—	0	—	0
Total assets	\$152,352	\$0	\$—	\$152,352

(2) Financial instruments other than those measured at fair value and recorded on the Consolidated balance sheets
As at February 28, 2026

	Millions of yen			
	2026			
	Level1	Level2	Level3	Total
Notes and accounts receivable - trade, and contract assets, as well as operating loans	¥—	¥206,704	¥—	¥206,704
Guarantee deposits	—	20,465	—	20,465
Total assets	¥—	¥227,169	¥—	¥227,169
Long-term borrowings	¥—	¥139,665	¥—	¥139,665
Lease liabilities	—	120,430	—	120,430
Total liabilities	¥—	¥260,095	¥—	¥260,095

	Millions of yen			
	2025			
	Level1	Level2	Level3	Total
Notes and accounts receivable - trade, and contract assets, as well as operating loans	¥—	¥164,553	¥—	¥164,553
Guarantee deposits	—	21,658	—	21,658
Total assets	¥—	¥186,211	¥—	¥186,211
Long-term borrowings	¥—	¥208,171	¥—	¥208,171
Lease liabilities	—	124,210	—	124,210
Total liabilities	¥—	¥332,381	¥—	¥332,381

	Thousands of U.S. dollars			
	2026			
	Level1	Level2	Level3	Total
Notes and accounts receivable - trade, and contract assets, as well as operating loans	\$—	\$1,326,642	\$—	\$1,326,642
Guarantee deposits	—	131,346	—	131,346
Total assets	\$—	\$1,457,988	\$—	\$1,457,988
Long-term borrowings	\$—	\$896,380	\$—	\$896,380
Lease liabilities	—	772,929	—	772,929
Total liabilities	\$—	\$1,669,309	\$—	\$1,669,309

(Notes) A description of the valuation techniques and inputs used in the fair value measurements

Assets

(1) Securities and investment securities

Listed securities are evaluated using quoted prices. Fair value of listed securities is classified at Level 1 as they are traded in active markets.

(2) Notes and accounts receivable - trade, and contract assets, as well as operating loans

The fair value of these items is classified at Level 2 as it is calculated by using the present value determined by future cash flows reflecting recoverability, discounted at the yield of government securities. However, for any receivables which will be settled in a short time, their fair values are their carrying amounts as their fair values are virtually equal to the carrying amounts.

(3) Guarantee deposits

The fair value of these items is measured by the present value calculated by future cash flows discounted by appropriate rates such as the yield of government securities, therefore classified as Level 2 fair value.

Liabilities

(1) Corporate bonds

Fair value of corporate bonds is measured based on market prices, but they are not traded in active markets, therefore classified at Level 2 fair value.

(2) Long-term borrowings

The fair values of long-term borrowings are measured and discounted at a reasonably estimated interest rate expected in making a new borrowing with similar principal and interest, therefore classified at Level 2 fair value. As any interest swap subject to designated hedge accounting is treated together with hedged long-term borrowings, their fair values are described and included in the fair value of the long-term borrowings.

(3) Lease liabilities

The fair value of lease liabilities is measured at the present value of the total amount of principal and interest, discounted by the interest rate expected when a similar lease transaction is newly made, therefore classified at Level 2 fair value.

Derivatives

(1) Derivatives

The fair value of derivatives is measured using observable inputs, including quoted prices provided by financial institutions and forward foreign exchange rates, and is therefore classified as Level 2 fair value.

5
DEPOSITED
ASSETS

Deposited assets based on lease contracts, etc. as at February 28, 2026 and February 28, 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Cash and deposits	¥1,639	¥1,570	\$10,522
Guarantee deposits	10	10	64
Total	¥1,649	¥1,487	\$10,586

6 SECURITIES

The following tables summarize acquisition costs, book value and fair value of securities with available fair value as at February 28, 2026 and February 28, 2025:

(1) Held-to-maturity securities:
Not applicable.

(2) Available-for-sale securities

Type	Millions of yen					
	2026			2025		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Securities with book value exceeding acquisition cost:						
Equity securities	¥5,577	¥23,541	¥17,964	¥5,673	¥17,725	¥12,052
Government bonds	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—
Others	136	140	4	160	176	16
Securities with book value exceeding acquisition cost	5,713	23,681	17,968	5,833	17,901	12,068
Securities with book value not exceeding acquisition cost:						
Equity securities	14	12	(2)	6	5	(1)
Government bonds	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—
Others	45	45	—	—	—	—
Securities with book value not exceeding acquisition cost:	59	57	(2)	6	5	(1)
Total available-for-sale securities	¥5,772	¥23,738	¥17,966	¥5,839	¥17,906	¥12,067

* 1 The amount of unlisted stocks (¥7,009 million (\$44,984 thousand) recorded in the Consolidated balance sheets as at February 28, 2026) is not included in "Others" as they have no market value.

* 2 The amount of unlisted stocks (¥8,019 million (\$53,578 thousand) recorded in the Consolidated balance sheets as at February 28, 2025) is not included in "Others" as they have no market value.

Type	Thousands of U.S. dollars		
	2026		
	Acquisition cost	Book value	Difference
Securities with book value exceeding acquisition cost:			
Equity securities	\$35,794	\$151,087	\$115,293
Government bonds	—	—	—
Corporate bonds	—	—	—
Others	873	899	26
Securities with book value exceeding acquisition cost	36,667	151,986	115,319
Securities with book value not exceeding acquisition cost:			
Equity securities	90	77	(13)
Government bonds	—	—	—
Corporate bonds	—	—	—
Others	289	289	—
Securities with book value not exceeding acquisition cost:	379	366	(13)
Total available-for-sale securities	\$37,046	\$152,352	\$115,306

(3) Available-for-sale securities sold

Type	Millions of yen					
	2026			2025		
	Amount sold	Gain on sales	Loss on sales	Amount sold	Gain on sales	Loss on sales
Equity securities	¥297	¥178	¥—	¥4,673	¥4,079	¥—
Corporate bonds	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total available-for-sale securities	¥297	¥178	¥—	¥4,673	¥4,079	¥—

Type	Thousands of U.S. dollars		
	2026		
	Amount sold	Gain on sales	Loss on sales
Equity securities	\$1,906	\$1,142	\$—
Corporate bonds	—	—	—
Others	—	—	—
Total available-for-sale securities	\$1,906	\$1,142	\$—

(4) Impairment losses on securities

Impairment losses on the Company's securities for the years ended February 28, 2026 and February 28, 2025 are as follows:

	Millions of yen	
	2026	2025
	Book value	Book value
Loss on valuation of investment securities	¥—	¥434

	Thousands of U.S. dollars
	2026
	Book value
Loss on valuation of investment securities	\$—

7 INVENTORIES

Inventories as at February 28, 2026 and February 28, 2025 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Merchandise	¥35,234	¥35,344	\$226,134
Products	—	22	—
Work in process	367	291	2,356
Supplies	1,051	959	6,745
Total	¥36,652	¥36,616	\$235,235

8 LIQUIDATION OF RECEIVABLES

The liquidation of receivables as at February 28, 2026 and February 28, 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Accounts receivable-trade	¥—	¥23,000	\$—

9 INCOME TAXES

The Companies are subject to a number of taxes based on income. The aggregate statutory tax rate in Japan is approximately 31.5% for the years ended February 28, 2026 and February 28, 2025.

The following table summarizes the significant difference between the statutory tax rate and the Companies' effective tax rate.

Years ended February 28, 2026 and February 28, 2025	%	
	2026	2025
Statutory tax rate	—	30.6%
Items that are not temporary differences such as dividend income	—	0.3
Decrease in valuation allowance	—	0.4
Difference in statutory tax rate of foreign subsidiaries	—	(1.9)
Equity in gain of affiliated companies	—	(2.0)
Others	—	1.6
Effective tax rate	—	29.0%

As the Company recorded a net loss before income taxes for the current fiscal year, the note has been omitted.

Significant components of the Companies' deferred tax assets and liabilities as at February 28, 2026 and February 28, 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Deferred tax assets:			
Accrued enterprise tax	¥170	¥472	\$1,091
Accrued bonuses	58	60	372
Nondeductible allowance for doubtful accounts	751	822	4,820
Provision for point card certificates	1,824	1,567	11,707
Nondeductible write-down of inventories	532	513	3,414
Adjustment of gift certificates	3,705	5,679	23,779
Unrealized intercompany profits	590	512	3,787
Tax loss carryforward (* 2)	15,141	3,484	97,176
Nondeductible amortization of software costs	73	45	469
Nondeductible retirement benefit liability	11,446	11,052	73,461
Nondeductible write-down of securities	808	786	5,186
Impairment losses of property, plant and equipment	6,628	6,945	42,539
Others	4,964	3,462	31,859
Total gross deferred tax assets	46,690	35,399	299,660
Less: Valuation allowance for tax loss carryforward (* 2)	(3,237)	(1,836)	(20,775)
Less: Valuation allowance for deductible temporary differences	(4,940)	(4,916)	(31,706)
Less: Total valuation allowance (* 1)	(8,177)	(6,752)	(52,481)
Total deferred tax assets	38,513	28,647	247,179
Deferred tax liabilities:			
Adjustments of allowance for doubtful accounts	(78)	(72)	(501)
Reserve for deferred capital gains of property	(13,631)	(13,482)	(87,485)
Valuation difference on available-for-sale securities	(5,391)	(3,425)	(34,600)
Valuation difference on assets of subsidiaries	(2,179)	(2,382)	(13,984)
Others	(3,915)	(545)	(25,127)
Total deferred tax liabilities	(25,194)	(19,906)	(161,697)
Net deferred tax assets	¥13,319	¥8,741	\$85,482

* 1 Valuation allowance increased by ¥1,425 million (\$9,144 thousand). A significant component of this increase is an increase in valuation allowance for tax loss carried forward of the Company and the consolidated subsidiaries.

* 2 Tax loss carryforward and deferred tax assets by expiration period are as follows:

Millions of yen							
2026							
	Over 1 year	Over 2 years	Over 3 years	Over 4 years	Over 5 years	Total	
	Within 1 year	but within 2 years	but within 3 years	but within 4 years	but within 5 years	Over 5 years	Total
Tax loss carryforward (* 1)	¥311	¥378	¥258	¥275	¥335	¥13,584	¥15,141
Less: Valuation allowance	(307)	(317)	(258)	(263)	(317)	(1,775)	(3,237)
Deferred tax assets (* 2)	4	61	—	12	18	11,809	11,904

Millions of yen							
2025							
	Over 1 year	Over 2 years	Over 3 years	Over 4 years	Over 5 years	Total	
	Within 1 year	but within 2 years	but within 3 years	but within 4 years	but within 5 years	Over 5 years	Total
Tax loss carryforward (* 1)	¥345	¥293	¥269	¥239	¥247	¥2,091	¥3,484
Less: Valuation allowance	(343)	(293)	(269)	(239)	(247)	(445)	(1,836)
Deferred tax assets (* 2)	2	0	—	—	—	1,646	1,648

Thousands of U.S. dollars							
2026							
	Over 1 year	Over 2 years	Over 3 years	Over 4 years	Over 5 years	Total	
	Within 1 year	but within 2 years	but within 3 years	but within 4 years	but within 5 years	Over 5 years	Total
Tax loss carryforward (* 1)	\$1,996	\$2,426	\$1,656	\$1,765	\$2,150	\$87,183	\$97,176
Less: Valuation allowance	(1,970)	(2,034)	(1,656)	(1,688)	(2,035)	(11,392)	(20,775)
Deferred tax assets (* 2)	26	392	—	77	115	75,791	76,401

* 1 Amounts of tax loss carryforward in the above table are calculated by multiplying tax loss carryforward by the effective statutory tax rate.

* 2 The Company recorded deferred tax assets of ¥11,904 million (\$76,400 thousand) for tax loss carryforward of ¥15,141 million (\$97,176 thousand), (calculated using the effective statutory tax rate), since the Company judged that based on the expected future taxable income, the deferred tax assets for the tax loss carryforwards are recoverable.

a. Accounting for corporate income taxes and local income taxes or accounting for tax effects in relation to these taxes

The Company and some domestic consolidated subsidiaries have applied the group tax sharing system, and they conform to the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (Practical Solution No. 42, August 12, 2021) with regard to accounting for corporate income taxes and local income taxes or accounting for and disclosures of tax effects in relation to these taxes.

b. Adjustments to the amounts of deferred tax assets and deferred tax liabilities due to changes in the rate of corporate income taxes, etc.

The "Act for Partial Revision of the Income Tax Act, etc." (Act No. 13 of 2025) was enacted in the Japanese Diet on March 31, 2025, resulting in a change in the rate of corporate income taxes, etc. for the years beginning on or after April 1, 2026.

Accordingly, the statutory tax rate used in the calculation of deferred tax assets and deferred tax liabilities was changed from the previous rate of 30.6% to 31.5% for temporary differences that are expected to be reversed in the fiscal years beginning on or after March 1, 2027.

The effect of this tax rate change is immaterial.

10 RENTAL PROPERTIES

The Company and certain of its consolidated subsidiaries own some rental properties, such as office buildings and commercial properties principally in areas where they conduct operations.

Certain domestic commercial properties are not recognized as rental properties but as real estate including spaces used as rental properties since the Company or certain consolidated subsidiaries use some of the floor space of these properties.

The book value of these properties in the Consolidated balance sheets, their changes during the current fiscal year, their fair value and the method for calculating the fair value on February 28, 2026 and February 28, 2025 are as follows:

Amounts on the Consolidated balance sheets

	Millions of yen			
	2026			
	Book value		Fair value	
	March 1, 2025	Increase (Net)	February 28, 2026	February 28, 2026
Rental properties	¥84,760	¥(677)	¥84,083	¥88,180
Real estate including spaces used as rental properties	515,026	1,336	516,362	665,445

	Millions of yen			
	2025			
	Book value		Fair value	
	March 1, 2024	Increase (Net)	February 28, 2025	February 28, 2025
Rental properties	¥84,950	¥(190)	¥84,760	¥91,271
Real estate including spaces used as rental properties	509,595	5,431	515,026	635,378

	Thousands of U.S. dollars			
	2026			
	Book value		Fair value	
	March 1, 2025	Increase (Net)	February 28, 2026	February 28, 2026
Rental properties	\$543,996	\$(4,345)	\$539,651	\$565,946
Real estate including spaces used as rental properties	3,305,475	8,574	3,314,049	4,270,875

Notes

1. The amounts recorded on the Consolidated balance sheets are the acquisition costs minus accumulated depreciation and accumulated impairment losses.
2. Rental properties: The increase during the year ended February 28, 2026 is primarily due to the acquisition of land and facilities attached to buildings, and the decrease is due to the sale of land and buildings as well as depreciation.
3. Real estate including spaces used as rental properties: The increase during the year ended February 28, 2026 is primarily due to the acquisition of land and facilities attached to buildings, and the decrease is due to depreciation.
4. For fair values at the end of the current consolidated fiscal year, those of major properties are measured at the amount based on appraisal values determined by external real estate appraisers, while the fair values of other properties are measured at the proprietary amount determined by the Company based on certain appraised values or indicators expected to reflect market prices appropriately. However, the fair values are the appraisal amounts, or the amounts adjusted by applying such indicators, unless there are significant changes in certain appraisal amounts, or indicators expected to reflect market prices appropriately from the time of their acquisition from the third party, or from the most recent appraisal.

Profit (Loss) on rental property and the portion of real estate including spaces used as rental properties during the years ended February 28, 2026 and February 28, 2025 are as follows:

	Millions of yen			
	2026			
	Rental income	Rental expenses	Difference	Other, net
Rental properties	¥8,162	¥5,455	¥2,707	¥(21)
Real estate including spaces used as rental properties	57,754	44,734	13,020	(3,537)

	Millions of yen			
	2025			
	Rental income	Rental expenses	Difference	Other, net
Rental properties	¥7,250	¥4,502	¥2,748	¥(96)
Real estate including spaces used as rental properties	48,468	38,536	9,932	(3,684)

	Thousands of U.S. dollars			
	2026			
	Rental income	Rental expenses	Difference	Other, net
Rental properties	\$52,384	\$35,010	\$17,374	\$(135)
Real estate including spaces used as rental properties	370,669	287,106	83,563	(22,701)

Note:

1. Since the real estate including spaces used as rental properties includes the spaces used by the Company and certain of its consolidated subsidiaries for the purpose of providing service and management, the rental income for such spaces is not recorded. However, the expenses (depreciation, maintenance, insurance, taxes etc.) related to such spaces are included in rental expenses.
2. The amounts recorded in the "Other, net" of fiscal years ended on February 28, 2026 and February 28, 2025 mainly represent interest expenses.

11 LAND REVALUATION

In accordance with the Law Concerning Revaluation of Land, land used for business owned by the Company and two consolidated subsidiaries is revalued. The unrealized gains, net of deferred tax, are excluded from earnings and reported as "Revaluation reserve for land" in net assets, and the relevant deferred tax is included as "Deferred tax liabilities for land revaluation" in non-current liabilities.

Related information is shown as follows:

Revaluation method

The revaluations are calculated by performing reasonable adjustments to the standard taxable value of fixed assets as stipulated in Article 2 paragraph 3 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119 promulgated on March 31, 1998) and to the roadside land prices of those lands assumed from merged companies that have roadside land prices as stipulated in Article 2 paragraph 4 of the same Order.

Date of revaluation:

The Company	December 31, 2000 (Company subject to absorption) and February 28, 2001
A consolidated subsidiary	February 28, 2001
A consolidated subsidiary	March 31, 2002

12 REDUCTION ENTRY

Due to acceptance of national subsidies, the following amounts of reduction entry are deducted directly from the acquisition costs of property, plant and equipment.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Buildings and structures	¥96	¥96	\$615
Tools, furniture and fixtures	¥10	¥10	\$65
Total	¥106	¥106	\$680

During the current fiscal year, there were no acquisitions of property, plant and equipment subject to reduction entry.

13 GUARANTEE DEPOSITS

The Companies conduct a substantial portion of their retail business through leased properties. The terms of the relevant leases for stores are generally from 10 to 20 years with options for renewal, subject to renegotiation of rental fees every 2 or 5 years.

In connection with such leases, lessors require, under certain circumstances, large deposits relative to the amounts of annual lease rental payments, and such deposits bear no interest or interest only at nominal rates.

14 REVENUE RECOGNITION

(1) Information on disaggregated revenue from contracts with customers

Fiscal year ended February 28, 2026

Relationships between the information on disaggregated revenue of each segment and “Operating revenue attributable to external customers” included in the segment information are as follows.

Revenue from other sources are mainly rental income based on the accounting standard for leases and interest income based on the accounting standard for financial instruments.

FY ended February 28, 2026	Millions of yen						
	Department Stores in Japan	Overseas Department Stores	Commercial Property Development In Japan	Overseas Commercial Property Development	Finance	Construction & Design	Total of Reportable Segments
Net sales of department store merchandise, revenue from property management etc.	¥294,741	¥31,308	¥—	¥—	¥—	¥—	¥326,049
revenue from contracts with customers	1,691	—	19,590	1,858	—	—	23,139
revenue from other sources intersegment operating revenue or transfer operating revenue from outside customers	13,015	2,087	—	624	20,925	37,652	74,303
	¥309,447	¥33,395	¥19,590	¥2,482	¥20,925	¥37,652	¥423,491
	12,528	1,805	32,445	13,924	4,268	111	65,081
	(18,118)	(890)	(10,267)	(668)	(4,493)	(4,522)	(38,958)
	303,857	34,310	41,768	15,738	20,700	33,241	449,614

FY ended February 28, 2026	Millions of yen	
	Others	Consolidated
Net sales of department store merchandise, revenue from property management etc.	¥—	¥326,049
revenue from contracts with customers	—	23,139
revenue from other sources intersegment operating revenue or transfer operating revenue from outside customers	59,104	133,407
	¥59,104	¥482,595
	9	65,090
	(16,357)	(55,315)
	42,756	492,370

FY ended February 28, 2025	Millions of yen							Total of Reportable Segments
	Department Stores in Japan	Overseas Department Stores	Commercial Property Development In Japan	Overseas Commercial Property Development	Finance	Construction & Design		
Net sales of department store merchandise, revenue from property management etc.	¥309,131	¥31,594	¥—	¥—	¥—	¥—	¥340,725	
revenue from contracts with customers	1,727	—	19,351	1,865	—	—	22,943	
revenue from other sources	12,592	1,797	—	533	19,494	33,348	67,764	
intersegment operating revenue or transfer operating revenue from outside customers	¥323,450	¥33,391	¥19,351	¥2,398	¥19,494	¥33,348	¥431,432	
	12,461	1,837	31,665	13,672	3,661	113	63,409	
	(17,701)	(941)	(10,182)	(635)	(4,304)	(3,464)	(37,227)	
	318,210	34,287	40,834	15,435	18,851	29,997	457,614	

FY ended February 28, 2025	Millions of yen	
	Others	Consolidated
Net sales of department store merchandise, revenue from property management etc.	¥—	¥340,725
revenue from contracts with customers	—	22,943
revenue from other sources	56,648	124,412
intersegment operating revenue or transfer operating revenue from outside customers	¥56,648	¥488,080
	10	63,419
	(15,780)	(53,007)
	40,878	498,492

FY ended February 28, 2026	Thousands of U.S. dollars							Total of Reportable Segments
	Department Stores in Japan	Overseas Department Stores	Commercial Property Development In Japan	Overseas Commercial Property Development	Finance	Construction & Design		
Net sales of department store merchandise, revenue from property management etc.	\$1,891,669	\$200,937	\$—	\$—	\$—	\$—	\$2,092,606	
revenue from contracts with customers	10,853	—	125,730	11,925	—	—	148,508	
revenue from other sources	83,531	13,395	—	4,005	134,298	241,653	476,882	
intersegment operating revenue or transfer operating revenue from outside customers	\$1,986,053	\$214,332	\$125,730	\$15,930	\$134,298	\$241,653	\$2,717,996	
	80,406	11,584	208,234	89,365	27,392	713	417,694	
	(116,283)	(5,712)	(65,894)	(4,287)	(28,836)	(29,023)	(250,035)	
	1,950,176	220,204	268,070	101,008	132,854	213,343	2,885,655	

FY ended February 28, 2026	Thousands of U.S. dollars	
	Others	Consolidated
Net sales of department store merchandise, revenue from property management etc.	\$—	\$2,092,606
revenue from contracts with customers	—	148,508
revenue from other sources	379,334	856,216
intersegment operating revenue or transfer operating revenue from outside customers	\$379,334	\$3,097,330
	58	417,752
	(104,980)	(355,015)
	274,412	3,160,067

(2) Information to understand the revenue from contracts with customers

The information to understand the revenue from contracts with customers is stated in "(s) Criteria for the recognition of significant revenues and expenses" of Note 2.

(3) Information to understand the amount of revenue for the current consolidated fiscal year and subsequent years

(i) Outstanding balances of contract assets and contract liabilities

The breakdown of receivables from contracts with customers, contract assets and contract liabilities are as follows:

	Millions of yen	
	As at March 1, 2025	As at February 28, 2026
Receivables from contracts with customers		
Notes	¥727	¥343
Accounts receivable - trade	154,999	188,505
Total	155,726	188,848
Contract assets	¥4,865	¥6,915
Contract liabilities	¥100,744	¥105,865

	Millions of yen	
	As at March 1, 2024	As at February 28, 2025
Receivables from contracts with customers		
Notes	¥1,101	¥727
Accounts receivable - trade	148,958	154,999
Total	150,059	155,726
Contract assets	¥6,922	¥4,865
Contract liabilities	¥98,647	¥100,744

	Thousands of U.S. dollars	
	As at March 1, 2025	As at February 28, 2026
Receivables from contracts with customers		
Notes	\$4,666	\$2,201
Accounts receivable - trade	994,795	1,209,839
Total	999,461	1,212,040
Contract assets	\$31,224	\$44,381
Contract liabilities	\$646,582	\$679,449

Contract assets mainly relate to rights to unbilled consideration for construction work for which revenue has been recognized based on the stage of completion in a contract under which performance obligations are satisfied over a certain period of time, with regard to revenue associated with construction contracts in the Construction & Design segment. Contract assets are reclassified to receivables from contracts with customers when rights to payment become unconditional.

Consideration related to the construction contracts is received in stages during the contract period separately from satisfaction of performance obligations, in accordance with the construction contracts.

Contract liabilities are principally, of the amount received in advance such as point card certificates and gift certificates in the Department Store segment, the balance for which performance obligations have not been satisfied as at the period-end. Contract liabilities are reversed upon recognition of revenue.

The amount of revenue recognized in the current consolidated fiscal year which has been included in the opening balances of contract liabilities is ¥53,372 million (\$342,544 thousand).

The amount of revenue recognized in the current fiscal year for satisfaction (or partial satisfaction) of performance obligations in past periods was immaterial.

(ii) Transaction prices allocated to remaining performance obligations

For transaction prices allocated to remaining performance obligations, the Group recognizes revenue according to the actual use of gift certificates or redemption of points. The periods for which the gross amount and revenue of transaction prices allocated to the remaining performance obligations are as follows.

For transactions with an initially expected contract period of one year or less, the Company applies the practical expedient, and omits the information relating to the remaining performance obligations.

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	As at February 28, 2026	As at February 28, 2025	As at February 28, 2026
Due within one year	¥41,190	¥39,893	\$264,360
Due after one year through two years	18,186	18,451	116,719
Due after two years	37,430	34,881	240,228
Total	¥96,806	¥93,225	\$621,307

1. General information about reportable segments

The Companies' reportable segments are components of the Companies whose operating results are regularly reviewed by the Board of Directors when making resource allocation and performance assessment decisions, and for which discrete financial information is available. The Companies consist of segments identified by services. Centering "Department Stores in Japan;" "Overseas Department Stores," "Commercial Property Development in Japan," "Overseas Commercial Property Development," "Finance" and "Construction & Design" are identified as reportable segments.

The Department Stores in Japan and Overseas Department Stores segments are engaged in retailing operations of clothing, accessories, home furnishings, foods and others.

The Commercial Property Development in Japan and Overseas Commercial Property Development segments develop commercial properties that generate synergies with the department store business, and manages and operates assets and facilities.

The Finance segment is engaged in credit card, "financial counter" (consulting on clients' asset management including its building and succession, and financial products) and insurance business.

The Construction & Design segment is engaged in making plans for furnishings of houses and shops, and carrying out the plans.

2. Basis of measurement about reportable segments net sales, segment profit or loss, segment assets and other items

The accounting policies for the reportable segments are basically same as those described in Note 1. Basis of Presenting Consolidated Financial Statements.

Income by reportable segments is presented on an operating profit basis.

Intersegment sales and transfer are recognized based on the current market prices.

(a) Reportable segment information

Reportable segment information for the years ended February 28, 2026 and February 28, 2025 are as follows:

FY ended February 28, 2026	Millions of yen						
	Department Stores in Japan	Overseas Department Stores	Commercial Property Development In Japan	Overseas Commercial Property Development	Finance	Construction & Design	Total of Reportable Segments
Operating revenue:							
Outside customers	¥303,857	¥34,310	¥41,768	¥15,738	¥20,700	¥33,241	¥449,614
Intersegment	18,118	890	10,267	668	4,493	4,522	38,958
Total	321,975	35,200	52,035	16,406	25,193	37,763	488,572
Segment profit	¥24,864	¥8,524	¥6,568	¥5,845	¥5,575	¥2,522	¥53,898
Segment assets	¥589,939	¥114,310	¥195,152	¥213,785	¥166,027	¥21,431	¥1,300,644
Depreciation	14,112	6,182	5,416	6,352	91	52	32,205
Goodwill amortization	—	—	21	287	73	1	382
Investment expenditures for affiliated company accounted for by the equity method	23,538	—	3,487	47,119	—	—	74,144
Increase in property, plant and equipment and intangible assets	24,214	1,710	14,861	2,146	89	165	43,185

FY ended February 28, 2026	Millions of yen			
	Others (* 1)	Total	Adjustments (* 2)	Consolidated
Operating revenue:				
Outside customers	¥42,756	¥492,370	¥—	¥492,370
Intersegment	16,357	55,315	(55,315)	—
Total	59,113	547,685	(55,315)	492,370
Segment profit	¥2,026	¥55,924	¥(2,407)	¥53,517
Segment assets	¥36,037	¥1,336,681	¥9,549	¥1,346,230
Depreciation	647	32,852	925	33,777
Goodwill amortization	10	392	—	392
Investment expenditures for affiliated company accounted for by the equity method	—	74,144	—	74,144
Increase in property, plant and equipment and intangible assets	1,569	44,754	(145)	44,609

* 1 The "Others" segment refers to business segments not included in reportable segments, such as the home shopping business, the wholesale business, the advertising and promotion business and restaurant business.

* 2 Adjustments are as follows:

- (1) Adjustments to segment profit of Δ ¥2,407 million (Δ \$ 15,448 thousand) consist of Δ ¥1,273 million (Δ \$ 8,170 thousand) in eliminations of intersegment transactions and Δ ¥1,134 million (Δ \$ 7,278 thousand) in depreciation of company-wide assets not allocated to each reportable segment.
- (2) Adjustments to segment assets of ¥9,549 million (\$ 61,286 thousand) include Δ ¥130,133 million (Δ \$ 835,203 thousand) in eliminations of intersegment receivables and payables and ¥139,682 million (\$ 896,489 thousand) in company-wide assets not allocated to each reportable segment. Company-wide assets consist mainly of assets not belonging to the reportable segments such as the Company's surplus funds (cash and deposits, securities) and long-term investment funds (investment securities), as well as assets related to the administrative operations.
- (3) Adjustments to depreciation of ¥925 million (\$ 5,937 thousand) include Δ ¥209 million (Δ \$ 1,341 thousand) in adjustments for unrealized intersegment profit and ¥1,134 million (\$ 7,278 thousand) in depreciation of company-wide assets not allocated to each reportable segment.
- (4) Adjustments to increases in property, plant and equipment, and intangible assets of Δ ¥145 million (Δ \$ 931 thousand) include Δ ¥537 million (Δ \$ 3,447 thousand) in adjustments for unrealized intersegment profit and ¥392 million (\$ 2,516 thousand) in increases in property, plant and equipment, and intangible assets for company-wide assets not allocated to each reportable segment.

* 3 Segment profit is adjusted with operating profit in the Consolidated statements of income, and segment assets are adjusted with total assets in the Consolidated balance sheets.

FY ended February 28, 2025	Millions of yen						Total of Reportable Segments
	Department Stores in Japan	Overseas Department Stores	Commercial Property Development In Japan	Overseas Commercial Property Development	Finance	Construction & Design	
Operating revenue:							
Outside customers	¥318,210	¥34,287	¥40,834	¥15,435	¥18,851	¥29,997	¥457,614
Intersegment	17,701	941	10,182	635	4,304	3,464	37,227
Total	335,911	35,228	51,016	16,070	23,155	33,461	494,841
Segment profit	¥28,531	¥8,364	¥6,852	¥5,908	¥4,832	¥2,171	¥56,658
Segment assets	¥581,459	¥117,968	¥188,045	¥208,046	¥137,512	¥18,662	¥1,251,692
Depreciation	13,736	6,254	5,186	6,440	85	57	31,758
Goodwill amortization	—	—	21	268	42	2	333
Investment expenditures for affiliated company accounted for by the equity method	21,755	—	2,986	44,177	—	—	68,918
Increase in property, plant and equipment and intangible assets	18,363	790	8,282	1,238	101	189	28,963

FY ended February 28, 2025	Millions of yen			
	Others (* 1)	Total	Adjustments (* 2)	Consolidated
Operating revenue:				
Outside customers	¥40,878	¥498,492	¥—	¥498,492
Intersegment	15,780	53,007	(53,007)	—
Total	56,658	551,499	(53,007)	498,492
Segment profit	¥1,978	¥58,636	¥(1,132)	¥57,504
Segment assets	¥35,427	¥1,287,119	¥8,893	¥1,296,012
Depreciation	540	32,298	590	32,888
Goodwill amortization	—	333	—	333
Investment expenditures for affiliated company accounted for by the equity method	—	68,918	—	68,918
Increase in property, plant and equipment and intangible assets	1,041	30,004	121	30,125

* 1 The "Others" segment refers to business segments not included in reportable segments, such as the home shopping business, the wholesale business, the advertising and promotion business and restaurant business.

* 2 Adjustments are as follows:

- (1) Adjustments to segment profit of Δ ¥1,132 million (Δ \$7,564 thousand) consist of Δ ¥11 million (Δ \$73 thousand) in eliminations of intersegment transactions and Δ ¥1,121 million (Δ \$7,490 thousand) in depreciation of company-wide assets not allocated to each reportable segment.
- (2) Adjustments to segment assets of ¥8,893 million (\$9,417 thousand) include Δ ¥138,165 million (Δ \$923,131 thousand) in eliminations of intersegment receivables and payables and ¥147,058 million (\$982,548 thousand) in company-wide assets not allocated to each reportable segment. Company-wide assets consist mainly of assets not belonging to the reportable segments such as the Company's surplus funds (cash and deposits, securities) and long-term investment funds (investment securities), as well as assets related to the administrative operations.
- (3) Adjustments to depreciation of ¥590 million (\$3,942 thousand) include Δ ¥531 million (Δ \$3,548 thousand) in adjustments for unrealized intersegment profit and ¥1,121 million (\$7,490 thousand) in depreciation of company-wide assets not allocated to each reportable segment.
- (4) Adjustments to increases in property, plant and equipment, and intangible assets of ¥121 million (\$808 thousand) include Δ ¥12 million (Δ \$80 thousand) in adjustments for unrealized intersegment profit and ¥133 million (\$889 thousand) in increases in property, plant and equipment, and intangible assets for company-wide assets not allocated to each reportable segment.

* 3 Segment profit is adjusted with operating profit in the Consolidated statements of income, and segment assets are adjusted with total assets in the Consolidated balance sheets.

FY ended February 28, 2026	Thousands of U.S. dollars						
	Department Stores in Japan	Overseas Department Stores	Commercial Property Development In Japan	Overseas Commercial Property Development	Finance	Construction & Design	Total of Reportable Segments
Operating revenue:							
Outside customers	\$1,950,176	\$220,204	\$268,070	\$101,008	\$132,854	\$213,343	\$2,885,655
Intersegment	116,283	5,712	65,894	4,287	28,836	29,023	250,035
Total	2,066,459	225,916	333,964	105,295	161,690	242,366	3,135,690
Segment profit	\$159,579	\$54,708	\$42,154	\$37,513	\$35,781	\$16,186	\$345,921
Segment assets	\$3,786,272	\$733,650	\$1,252,500	\$1,372,088	\$1,065,573	\$137,546	\$8,347,629
Depreciation	90,572	39,676	34,760	40,768	584	334	206,694
Goodwill amortization	—	—	135	1,842	469	6	2,452
Investment expenditures for affiliated company accounted for by the equity method	151,069	—	22,380	302,413	—	—	475,862
Increase in property, plant and equipment and intangible assets	155,407	10,975	95,379	13,773	571	1,059	277,164

FY ended February 28, 2026	Thousands of U.S. dollars			
	Others (* 1)	Total	Adjustments (* 2)	Consolidated
Operating revenue:				
Outside customers	\$274,412	\$3,160,067	\$—	\$3,160,067
Intersegment	104,980	355,015	(355,015)	—
Total	379,392	3,515,082	(355,015)	3,160,067
Segment profit	\$13,003	\$358,924	\$(15,448)	\$343,476
Segment assets	\$231,288	\$8,578,917	\$61,286	\$8,640,203
Depreciation	4,152	210,846	5,937	216,783
Goodwill amortization	64	2,516	—	2,516
Investment expenditures for affiliated company accounted for by the equity method	—	475,862	—	475,862
Increase in property, plant and equipment and intangible assets	10,070	287,234	(931)	286,303

(b) Related information

1. Information by product and service

Information by product and service for the years ended February 28, 2026 and February 28, 2025 has been omitted, because similar information is disclosed in "Note 15: Segment Information."

2. Information by geographical area

(1) Operating revenue

FY ended February 28, 2026	Millions of yen			
	Japan	Singapore	Others	Total
Operating revenue	¥441,413	¥38,546	¥12,411	¥492,370

FY ended February 28, 2025	Millions of yen			
	Japan	Singapore	Others	Total
Operating revenue	¥447,842	¥38,729	¥11,921	¥498,492

FY ended February 28, 2026	Thousands of U.S. dollars			
	Japan	Singapore	Others	Total
Operating revenue	\$2,833,021	\$247,391	\$79,655	\$3,160,067

(2) Property, plant and equipment

Information for the years ended February 28, 2026 and February 28, 2025 has been presented below as the amount of property, plant and equipment located overseas accounts for more than 10% of the amount recorded in the Consolidated balance sheets.

FY ended February 28, 2026	Millions of yen			
	Japan	Singapore	Others	Total
Property, plant and equipment	¥624,825	¥112,850	¥21,466	¥759,141

FY ended February 28, 2025	Millions of yen			
	Japan	Singapore	Others	Total
Property, plant and equipment	¥617,515	¥117,154	¥25,106	¥759,775

FY ended February 28, 2026	Thousands of U.S. dollars			
	Japan	Singapore	Others	Total
Property, plant and equipment	\$4,010,173	\$724,280	\$137,770	\$4,872,223

3. Information by major customer

This information for the years ended February 28, 2026 and February 28, 2025 has been omitted because there are no customers accounting for over 10% of the operating revenue on the Consolidated statements of income.

Amortization of goodwill and unamortized balance by reportable segments

FY ended February 28, 2026	Millions of yen						
	Department Stores in Japan	Overseas Department Stores	Commercial Property Development In Japan	Overseas Commercial Property Development	Finance	Construction & Design	Total of Reportable Segments
Goodwill:							
Amortization	¥—	¥—	¥21	¥287	¥73	¥1	¥382
Unamortized balance	¥—	¥—	¥85	¥1,767	¥671	¥—	¥2,523
Negative goodwill:							
Amortization	¥—	¥—	¥—	¥—	¥—	¥—	¥—
Unamortized balance	¥—	¥—	¥—	¥—	¥—	¥—	¥—

FY ended February 28, 2026	Millions of yen		
	Others	Adjustments	Consolidated
Goodwill:			
Amortization	¥10	¥—	¥392
Unamortized balance	¥207	¥—	¥2,730
Negative goodwill:			
Amortization	¥—	¥—	¥—
Unamortized balance	¥—	¥—	¥—

*The amount categorized as "Others" is the amount related to advertising and promotion business.

FY ended February 28, 2025	Millions of yen						
	Department Stores in Japan	Overseas Department Stores	Commercial Property Development In Japan	Overseas Commercial Property Development	Finance	Construction & Design	Total of Reportable Segments
Goodwill:							
Amortization	¥—	¥—	¥21	¥268	¥42	¥2	¥333
Unamortized balance	¥—	¥—	¥105	¥2,170	¥459	¥2	¥2,736
Negative goodwill:							
Amortization	¥—	¥—	¥—	¥—	¥—	¥—	¥—
Unamortized balance	¥—	¥—	¥—	¥—	¥—	¥—	¥—

FY ended February 28, 2025	Millions of yen		
	Others	Adjustments	Consolidated
Goodwill:			
Amortization	¥—	¥—	¥333
Unamortized balance	¥—	¥—	¥2,736
Negative goodwill:			
Amortization	¥—	¥—	¥—
Unamortized balance	¥—	¥—	¥—

FY ended February 28, 2026	Thousands of U.S. dollars						
	Department Stores in Japan	Overseas Department Stores	Commercial Property Development In Japan	Overseas Commercial Property Development	Finance	Construction & Design	Total of Reportable Segments
Goodwill:							
Amortization	\$—	\$—	\$135	\$1,842	\$469	\$6	\$2,452
Unamortized balance	\$—	\$—	\$546	\$11,341	\$4,306	\$—	\$16,193
Negative goodwill:							
Amortization	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Unamortized balance	\$—	\$—	\$—	\$—	\$—	\$—	\$—

FY ended February 28, 2026	Thousands of U.S. dollars		
	Others	Adjustments	Consolidated
Goodwill:			
Amortization	\$64	\$—	\$2,516
Unamortized balance	\$1,328	\$—	\$17,521
Negative goodwill:			
Amortization	\$—	\$—	\$—
Unamortized balance	\$—	\$—	\$—

The net amount of goodwill and negative goodwill is recorded in the Consolidated statements of income.

Information about impairment losses of non-current assets by reportable segments

FY ended February 28, 2026	Millions of yen						
	Department Stores in Japan	Overseas Department Stores	Commercial Property Development In Japan	Overseas Commercial Property Development	Finance	Construction & Design	Total of Reportable Segments
Impairment losses	¥2,182	¥—	¥235	¥—	¥—	¥—	¥2,417

FY ended February 28, 2026	Millions of yen		
	Others	Adjustments	Consolidated
Impairment losses	¥213	¥—	¥2,630

*The amount categorized as "Others" is the amount related to home shopping business and restaurant business.

FY ended February 28, 2025	Millions of yen						
	Department Stores in Japan	Overseas Department Stores	Commercial Property Development In Japan	Overseas Commercial Property Development	Finance	Construction & Design	Total of Reportable Segments
Impairment losses	¥2,637	¥—	¥1	¥—	¥—	¥—	¥2,638

FY ended February 28, 2025	Millions of yen		
	Others	Adjustments	Consolidated
Impairment losses	¥255	¥—	¥2,893

FY ended February 28, 2026	Thousands of U.S. dollars						
	Department Stores in Japan	Overseas Department Stores	Commercial Property Development In Japan	Overseas Commercial Property Development	Finance	Construction & Design	Total of Reportable Segments
Impairment losses	\$14,004	\$—	\$1,508	\$—	\$—	\$—	\$15,512

FY ended February 28, 2026	Thousands of U.S. dollars		
	Others	Adjustments	Consolidated
Impairment losses	\$1,368	\$—	\$16,880

16 SHORT-TERM BORROWINGS AND LONG-TERM BORROWINGS

Short-term borrowings outstanding are generally represented by bank over drafts and notes issued by the Companies to banks, bearing interest at average rates of 1.30% and 0.54% as at February 28, 2026 and February 28, 2025, respectively.

Short-term borrowings and current portion of long-term borrowings as at February 28, 2026 and February 28, 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Short-term borrowings	¥137,471	¥5,000	\$882,299
Current portion of long-term borrowings	13,773	32,673	88,396
Total	¥151,244	¥37,673	\$970,695

Long-term borrowings as at February 28, 2026 and February 28, 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
0.0% unsecured convertible bonds due 2028	¥10	¥60,114	\$64
0.250% unsecured bonds due 2026	10,000	10,000	64,181
0.5% unsecured bonds due 2031	10,000	10,000	64,181
1.2% unsecured bonds due 2026	165	—	1,059
5.0% unsecured bonds due 2026	120	—	770
7.0% unsecured bonds due 2026	200	—	1,283
Borrowings from banks, insurance companies and others due serially to 2036:			
Unsecured(bearing interest at rates from 0.34% to 7.13% at February 28, 2026)	123,449	116,491	792,305
Subtotal	143,944	196,605	923,843
Less: Current portion of long-term borrowings	(13,773)	(32,673)	(88,396)
Total	¥130,171	¥163,932	\$835,447

Estimated amounts of repayment after the balance sheet date for long-term borrowings are as follows:

Fiscal years	Millions of yen	Thousands of U.S. dollars
2027	¥13,773	\$88,396
2028	32,487	208,504
2029	8,319	53,392
2030	35,500	227,842
2031 and thereafter	53,865	345,710
Total	¥143,944	\$923,844

17
DERIVATIVE
TRANSACTIONS

1. Derivatives to which hedge accounting is not applied

Not applicable.

2. Derivatives to which hedge accounting is applied

(1) Currency-related derivatives

			Millions of yen		
			2026		
Hedge accounting method	Type of derivatives	Major hedged items	Contract amount	Contract amount due after one year	Fair value
Deferral hedge accounting	Forward exchange contract	Accounts payable-trade			
	To buy U.S. dollars		¥17	¥—	¥0
	To buy Euros		—	—	—
Allocation method	Forward exchange contract	Accounts payable-trade			
	To buy U.S. dollars		48	—	*3
	To buy Euros		—	—	—
Total			¥65	¥—	¥0

			Millions of yen		
			2025		
Hedge accounting method	Type of derivatives	Major hedged items	Contract amount	Contract amount due after one year	Fair value
Deferral hedge accounting	Forward exchange contract	Accounts payable-trade			
	To buy U.S. dollars		¥109	¥—	¥(1)
	To buy Euros		15	—	(0)
Deferral hedge accounting	Forward exchange contract	other current assets * 2			
	To sell Singapore dollars		2,056	—	9
Allocation method	Forward exchange contract	Accounts payable-trade			
	To buy U.S. dollars		9	—	*3
	To buy Euros		10	—	*3
Total			¥2,199	¥—	¥8

			Thousands of U.S. dollars		
			2026		
Hedge accounting method	Type of derivatives	Major hedged items	Contract amount	Contract amount due after one year	Fair value
Deferral hedge accounting	Forward exchange contract	Accounts payable-trade			
	To buy U.S. dollars		\$109	\$—	\$0
	To buy Euros		—	—	—
Allocation method	Forward exchange contract	Accounts payable-trade			
	To buy U.S. dollars		308	—	*3
	To buy Euros		—	—	—
Total			\$417	\$—	\$0

* 1 The fair value was based on the quoted price obtained from the financial institutions with which the derivatives are transacted.

* 2 These forward exchange contracts are used to avoid future risks of fluctuation in foreign exchange with regards to receivables from equity method affiliates by the Company submitting the consolidated financial statements.

* 3 The fair value of foreign currency forward exchange contracts that qualify for the allocation method (designated exceptional hedge accounting under Japanese GAAP) is included in the fair value of the underlying accounts payable, since they are accounted for as an integral part of the underlying accounts payable.

18
RETIREMENT
BENEFIT
LIABILITY

1. Summary of employees' retirement benefits which the Companies adopted

The Company and domestic consolidated subsidiaries have defined benefit pension plans (i.e., welfare pension plans and corporate pension plans) and lump-sum payment plans.

The Company and some consolidated subsidiaries have adopted a defined contribution pension plan for part of their retirement benefits plans.

Under the defined benefit plans owed by some consolidated subsidiaries, retirement benefit liability and employees' retirement benefit costs are calculated using the simplified method.

2. Defined benefit obligation excluding plans accounted for using the simplified method

(1) The movements in defined benefit obligation for the years ended February 28, 2026 and February 28, 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Balance at the beginning of the year	¥82,954	¥87,388	\$532,405
Service cost	1,120	1,235	7,188
Interest cost	612	610	3,928
Actuarial gains or losses	(3,858)	722	(24,761)
Benefit paid	(6,382)	(7,001)	(40,960)
Balance at the end of the year	¥74,446	¥82,954	\$477,800

(2) The movements in plan assets for the years ended February 28, 2026 and February 28, 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Balance at the beginning of the year	¥49,280	¥50,031	\$316,283
Expected return on plan assets	1,232	1,251	7,907
Actuarial gains or losses	2,919	341	18,735
Contribution from the employer	517	535	3,318
Benefit paid	(2,755)	(2,878)	(17,682)
Balance at the end of the year	¥51,194	¥49,280	\$328,567

(3) Reconciliation of the balances of the liabilities and assets recorded in the Consolidated balance sheets with the balances of benefit obligation and plan assets as at February 28, 2026 and February 28, 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Funded defined benefit obligation	¥40,546	¥46,817	\$260,227
Plan assets	(51,194)	(49,280)	(328,567)
	(10,648)	(2,463)	(68,340)
Unfunded defined benefit obligation	33,899	36,137	217,566
Net liability for defined benefit obligation	¥23,251	¥33,674	\$149,226
Retirement benefit liability	33,899	36,137	217,566
Retirement benefit asset	(10,648)	(2,463)	(68,340)
Net liability for defined benefit obligation	¥23,251	¥33,674	\$149,226

(4) The components of periodic benefit costs for the years ended February 28, 2026 and February 28, 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Service cost	¥1,120	¥1,235	\$7,188
Interest cost	612	610	3,928
Expected return on plan assets	(1,232)	(1,251)	(7,907)
Amortization of actuarial gains and losses	(1,024)	(506)	(6,572)
Amounts of prior service cost recognized	(175)	(177)	(1,123)
Total	¥(699)	¥(89)	\$(4,486)

(5) The components of other comprehensive income on defined retirement benefits plans, before tax, as at February 28, 2026 and February 28, 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Prior service cost	¥(176)	¥(177)	\$(1,130)
Actuarial gains and losses	5,754	(862)	36,930
Total	¥5,578	¥(1,039)	\$35,800

(6) Accumulated other comprehensive income on defined retirement benefits plans, before tax, as at February 28, 2026 and February 28, 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Unrecognized prior service cost	¥102	¥278	\$655
Unrecognized actuarial gains and losses	10,532	4,778	67,595
Total	¥10,634	¥5,056	\$68,250

(7) Plan assets

1) Components of plan assets are as follows:

	%	
	2026	2025
Debt investments	26%	31%
Equity investments	26	25
General accounts with life insurance companies	23	24
Cash and deposits	12	10
Alternative Investments	13	10
Total	100%	100%

*Alternative investments are mainly investments in real estate, infrastructure, private equity, and others.

2) Method for determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) The assumptions used for the years ended February 28, 2026 and February 28, 2025 are as follows:

	%			
	2026		2025	
Discount rate				
Relating to defined benefit obligation	Mainly	2.2%	Mainly	0.9%
Relating to unfunded defined benefit obligation	Mainly	0.5%	Mainly	0.5%
Expected rate of return on plan assets		2.5%		2.5%
Assumed salary increase rate		2.6%		2.6%

3. Defined benefit obligation of the simplified method

(1) The movements in defined benefit obligation of the simplified method for the years ended February 28, 2026 and February 28, 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Balance at the beginning of the year	¥1,837	¥1,745	\$11,790
Employees' retirement benefit cost	261	262	1,675
Benefit paid	(188)	(170)	(1,206)
Increase due to acquisition of newly consolidated subsidiaries	48	—	308
Net liability for benefit obligation	¥1,958	¥1,837	\$12,567
Retirement benefit liability	¥1,969	¥1,837	\$12,637
Retirement benefit asset	¥(11)	¥—	\$(70)

(2) Reconciliation of the balances of the liabilities and assets recorded in the Consolidated balance sheets with the balances of benefit obligation and plan assets as at February 28, 2026 and February 28, 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Funded defined benefit obligation	¥121	¥133	\$777
Plan assets	(132)	(133)	(847)
	(11)	0	(70)
Unfunded defined benefit obligation	1,969	1,837	12,637
Net liability for defined benefit obligation	¥1,958	¥1,837	\$12,567
Retirement benefit liability	1,969	1,837	12,637
Retirement benefit asset	(11)	—	(70)
Net liability for defined benefit obligation	¥1,958	¥1,837	\$12,567

(3) Employees' benefit cost of the simplified method for the years ended February 28, 2026 and February 28, 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Employees' benefit cost of the simplified method	¥261	¥262	\$1,675

4. Defined contribution pension plan

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Required contribution amount of the Company and its consolidated subsidiaries to the defined contribution plan	¥648	¥621	\$4,159

19 CONTINGENT LIABILITIES

The Company and certain consolidated subsidiaries are contingently liable for the following:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Guarantees on loans from financial institutions:			
Keppel Land Watco II Co.,Ltd.	¥3,591	¥4,691	\$23,047
Keppel Land Watco III Co.,Ltd.	—	1,173	—
Edusmart Tay Ho Education Co.,Ltd. (*1 *2)	308	447	1,977
Loan guarantees made for employees	0	1	0
Total	¥3,899	¥6,312	\$25,024

* 1 ¥335 million (\$2,238 thousand) of ¥446 million (\$2,980 thousand) for guarantees on loans from financial institutions for the year ended February 28, 2025 have been counter-guaranteed from Edufit International Education Corporation Joint Stock Company.

* 2 ¥231 million (\$1,483 thousand) of ¥308 million (\$1,977 thousand) for guarantees on loans from financial institutions for the year ended February 28, 2026 have been counter-guaranteed from Edufit International Education Corporation Joint Stock Company.

20 SHAREHOLDERS' EQUITY

Net assets consist of shareholders' equity, accumulated other comprehensive income, and non-controlling interests. Under Japanese laws and regulations, the entire amount paid for new shares must be designated as common stock.

However, by a resolution of the Board of Directors, the company can designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is then included in capital surplus. It is a requirement under Japanese Corporate Law ("the Law") that, in cases where the surplus is distributed among shareholders as a dividend, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve is set aside as additional paid-in capital or legal earnings reserve.

The legal earnings reserve is included in retained earnings in the accompanying Consolidated balance sheets. Under the Law, appropriations of the legal earnings reserve and additional paid-in capital generally require a resolution by a General Meeting of Shareholders. Although additional paid-in capital and the legal earnings reserve may not be distributed as dividends, the Law allows all additional paid-in capital and all legal earnings reserves to be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the company can return to shareholders as dividends is calculated based on the non-consolidated financial statements in accordance with Japanese laws and regulations.

1. Number of shares issued

Common shares	Number of shares			
	2026			
	March 1, 2025	Increase	Decrease	February 28, 2026
Number of shares issued	315,566,316	—	10,357,400	305,208,916

* 1 The decrease in the number of common shares by 10,357,400 shares is due to the cancellation of treasury shares conducted on February 27, 2026.

Common shares	Number of shares			
	2025			
	March 1, 2024	Increase	Decrease	February 28, 2025
Number of shares issued	177,759,481	163,827,608	26,020,773	315,566,316

* 1 The increase in the number of common shares by 163,827,608 shares is the result of a 2-for-1 stock split of common shares conducted on September 1, 2024.

* 2 The decrease in the number of common shares by 26,020,773 shares is due to the cancellation of 13,931,873 treasury shares conducted on April 26, 2024, the cancellation of 12,088,900 treasury shares on February 28, 2025.

2. Treasury shares

Common shares	Number of shares			
	2026			
	March 1, 2025	Increase	Decrease	February 28, 2026
Treasury shares	12,194,482	10,357,434	10,357,400	12,194,516

* 1 The increase in the number of common shares by 10,357,434 shares is the result of the open market purchase of 10,357,400 shares on the Tokyo Stock Exchange based on a resolution of the Board of Directors meeting convened on June 30, 2025, and the acquisition of 34 shares less than one share unit.

* 2 The decrease in the number of common shares by 10,357,400 shares is due to the cancellation of treasury shares conducted on February 27, 2026.

Common shares	Number of shares			
	2025			
	March 1, 2024	Increase	Decrease	February 28, 2025
Treasury shares	20,028,578	18,186,709	26,020,805	12,194,482

* 1 The increase in the number of common shares by 18,186,709 shares is the result of a 2-for-1 stock split of 6,097,143 common shares conducted on September 1, 2024, the open market purchase of 12,088,900 shares on the Tokyo Stock Exchange based on a resolution of the Board of Directors meeting convened on October 15, 2024, and the acquisition of 666 shares less than one share unit.

* 2 The decrease in the number of common shares by 26,020,805 shares is due to the cancellation of 13,931,873 treasury shares conducted on April 26, 2024, the cancellation of 12,088,900 treasury shares on February 28, 2025, and the sales of 32 shares in response to requests for sale of shares less than one share unit.

3. Stock options

At a meeting of the Board of Directors held on January 6, 2026, the Company resolved to purchase and cancel the 0.0% unsecured convertible bonds due 2028, which were issued by the Company. The purchase and cancellation of these bonds were executed on February 26, 2026. The balance of these bonds at the end of the current fiscal year is ¥10 million.

Furthermore, after the end of the current fiscal year and by the date of submission of the Securities Report, the exercise request was made, and the conversion into common shares was completed.

4. Dividends

(1) Payments of dividends

2026							
Approval	Type of shares	Total dividends		Dividends per share		Record date	Effective date
May 20, 2025 shareholders' meeting	Common shares	¥3,944 millions	\$25,312 thousands	¥13.00	\$0.08	February 28, 2025	May 21, 2025
October 14, 2025 board of directors	Common shares	¥5,089 millions	\$32,659 thousands	¥17.00	\$0.11	August 31, 2025	November 25, 2025
2025							
Approval	Type of shares	Total dividends		Dividends per share		Record date	Effective date
May 21, 2024 shareholders' meeting	Common shares	¥3,155 millions		¥20.00		February 29, 2024	May 22, 2024
October 15, 2024 board of directors	Common shares	¥3,628 millions		¥23.00		August 31, 2024	November 25, 2024

(2) Dividends payment whose record date is attributable to the accounting period ended February 28, 2026 and February 28, 2025, but which becomes effective after the said accounting period

2026								
Approval	Type of shares	Source of dividends	Total dividends		Dividends per share		Record date	Effective date
May 26, 2026 shareholders' meeting	Common shares	Retained earnings	¥4,981 millions	\$31,968 thousands	¥17.00	\$0.11	February 28, 2026	May 27, 2026
2025								
Approval	Type of shares	Source of dividends	Total dividends		Dividends per share		Record date	Effective date
May 20, 2025 shareholders' meeting	Common shares	Retained earnings	¥3,944 millions		¥20.00		February 28, 2025	May 21, 2025

21
PER SHARE
INFORMATION

Per share information for the years ended February 28, 2026 and February 28, 2025 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Basic profit (loss) attributable to owners of parent per share			
Income (Loss) (numerator):			
Profit (Loss) attributable to owners of parent	¥(8,194)	¥39,526	\$(52,590)
Amounts not belonging to common shareholders	—	—	—
Profit (Loss) attributable to owners of parent concerning common shares	(8,194)	39,526	(52,590)
Shares (denominator):			
Weighted average number of shares	298,546,228	312,866,668	298,546,228
Basic earnings (loss) per share	¥(27.44)	¥126.33	\$(0.18)
Diluted profit attributable to owners of parent per share			
Income (Loss) (numerator):			
Profit (Loss) attributable to owners of parent	¥(8,194)	¥39,526	\$(52,590)
Amounts not belonging to common shareholders	—	—	—
Profit (Loss) attributable to owners of parent concerning common shares	(8,194)	39,526	(52,590)
Effect of dilutive securities — convertible bonds	—	(21)	—
Adjusted profit attributable to owners of parent	(8,194)	39,505	(52,590)
Shares (denominator):			
Weighted average number of shares	298,546,228	312,866,668	298,546,228
Assumed conversion of convertible bonds	—	55,463,117	—
Adjusted weighted average number of shares	298,546,228	368,329,785	298,546,228
Diluted earnings per share *2	¥—	¥107.25	\$—

Net assets per share as at February 28, 2026 and February 28, 2025 are calculated as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Net assets per share			
Net assets (numerator):			
Total net assets	¥477,749	¥500,348	\$3,066,228
Non-controlling interests	(27,961)	(27,299)	(179,456)
Adjusted net assets	449,788	473,049	2,886,772
Common shares (denominator):			
Issued number of shares	305,208,916	315,566,316	305,208,916
Treasury shares	(12,194,516)	(12,194,482)	(12,194,516)
Outstanding number of shares	293,014,400	303,371,834	293,014,400
Net assets per share	¥1,535.03	¥1,559.30	\$9.85

*1 The Company has conducted a 2-for-1 stock split of shares of common stock on September 1, 2024. Net assets per share, Basic Earnings per share and diluted earnings per share are calculated assuming that this stock split occurred at the beginning of the previous consolidated fiscal year.

*2: Diluted earnings per share for the fiscal year ended February 28, 2026 is not presented even though the Company has issued potential shares, because the per share data is a loss per share.

22
GAIN (LOSS) ON
SALES AND
RETIREMENT OF
NON-CURRENT
ASSETS

1. Gain on sales of non-current assets

Gain on sales of non-current assets for the years ended February 28, 2026 and February 28, 2025 consist of the following:

	Millions of yen	
	2026	2025
	Book value	Book value
Land	¥13,506	¥42
Buildings	(897)	35
Others	(2)	—
Total	¥12,607	¥77

	Thousands of U.S. dollars	
	2026	
	Book value	
Land	\$86,683	
Buildings	(5,757)	
Others	(13)	
Total	\$80,913	

*During the consolidated fiscal year, when non-current assets consisting of land and buildings, etc. were sold, gains and losses on sales arose for each asset category; therefore, a net gain has been recorded on sale of non-current assets by offsetting these gains and losses.

2. Loss on retirement of non-current assets

Loss on retirement of non-current assets for the years ended February 28, 2026 and February 28, 2025 consist of the following:

	Millions of yen	
	2026	2025
	Book value	Book value
Buildings and structures	¥1,799	¥1,062
Other non-current assets	252	115
Cost of restoration	2,139	1,739
Total	¥4,190	¥2,916

	Thousands of U.S. dollars	
	2026	
	Book value	
Buildings and structures	\$11,546	
Other non-current assets	1,618	
Cost of restoration	13,728	
Total	\$26,892	

23 IMPAIRMENT LOSSES

Impairment losses are recognized for the following asset groups.

	Location	Category by use	Assets	Millions of yen	Thousands of U.S. dollars
				2026	2026
				Impairment losses	
Kashiwa Store of the Company	Chiba, Japan	Stores	Buildings	¥578	\$3,710
			Others	208	1,335
Rakusai Store of the Company	Kyoto, Japan	Stores	Software	535	3,434
			Others	7	45
Okayama Takashiimaya Co., Ltd.	Okayama, Japan	Stores	Software	259	1,662
			Others	379	2,432
Toshin Development Co., Ltd.	Tokyo, Japan	Stores	Buildings	—	—
			Others	235	1,508
R.T Corporation Ltd.	Tokyo, Japan	Stores	Buildings	107	687
			Others	7	45
Others		Stores	Buildings	225	1,444
			Others	90	578
Total				¥2,630	\$16,880

The Company and its consolidated subsidiaries group their assets mainly by stores as the basic unit, which is the smallest unit that generates cash flows.

Among these, the book value of asset groups with undiscounted future cash flows lower than the book value due to deterioration in performance has been reduced to the recoverable amount, and this reduction has been recorded as impairment losses of 2,630 million yen (\$ 16,880 thousand) in extraordinary losses.

The recoverable amounts of the asset groups belonging to the Company and the domestic consolidated subsidiaries are measured based on the value in use or net realizable value. The value in use is assessed as zero for asset groups with negative future cash flows. Net realizable value is calculated based on real estate appraisal value, etc.

	Location	Category by use	Assets	Millions of yen
				2025
				Impairment losses
Kashiwa Store of the Company	Chiba, Japan	Stores	Buildings	¥1,324
			Others	308
EC Division of the Company	Tokyo, Japan	Business operating	Software	833
			Others	0
Cross media Division of the Company	Tokyo, Japan	Business operating	Software	68
			Others	1
R.T Corporation Ltd.	Tokyo, Japan	Stores	Buildings	173
			Others	13
Others		Stores	Buildings	93
			Others	80
Total				¥2,893

The Company and its consolidated subsidiaries group their assets mainly by stores as the basic unit, which is the smallest unit that generates cash flows.

Among these, the book value of asset groups with undiscounted future cash flows lower than the book value due to deterioration in performance has been reduced to the recoverable amount, and this reduction has been recorded as impairment losses of 2,893 million yen (\$ 19,329 thousand) in extraordinary losses.

The recoverable amounts of the asset groups belonging to the Company and the domestic consolidated subsidiaries are measured based on the value in use or net realizable value. The value in use is assessed as zero for asset groups with negative future cash flows. Net realizable value is calculated based on real estate appraisal value, etc.

24 OTHER COMPREHENSIVE INCOME

The amounts reclassified to net income (loss) that were recognized in other comprehensive income and tax effects for each component of other comprehensive income for the years ended February 28, 2026 and February 28, 2025, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Valuation difference on available-for-sale securities			
Occurrence amount	¥6,078	¥(935)	\$39,009
Reclassification adjustments	(179)	(3,645)	(1,149)
Income before income taxes and tax effect adjustments	5,899	(4,580)	37,860
Income taxes and tax effect	(1,966)	1,302	(12,618)
Valuation difference on available-for-sale securities	3,933	(3,278)	25,242
Deferred gains or losses on hedges			
Occurrence amount	0	8	0
Reclassification adjustments	(8)	(5)	(51)
Income before income taxes and tax effect adjustments	(8)	3	(51)
Income taxes and tax effect	3	(1)	19
Deferred gains or losses on hedges	(5)	2	(32)
Revaluation reserve for land			
Income taxes and tax effect	(265)	—	(1,701)
Foreign currency translation adjustments realized for the year			
Occurrence amount	(835)	3,961	(5,359)
Remeasurements of defined benefit plans, net of tax			
Occurrence amount	6,777	(357)	43,495
Reclassification adjustments	(1,199)	(682)	(7,695)
Income before income taxes and tax effect adjustments	5,578	(1,039)	35,800
Income taxes and tax effect	(1,820)	313	(11,681)
Remeasurements of defined benefit plans, net of tax	3,758	(726)	24,119
Share of other comprehensive income of entities accounted for using the equity method			
Occurrence amount	2,032	2,672	13,042
Reclassification adjustments	(24)	(3)	(154)
Share of other comprehensive income of entities accounted for using the equity method	2,008	2,669	12,888
Total other comprehensive income	¥8,594	¥2,628	\$55,157

25 OVERDRAFT FACILITIES AND LOAN COMMITMENTS

The Company and its consolidated subsidiary (Takashimaya Financial Partners Co., Ltd.) engage in card loans and cash advance operations incidental to credit card operations. The unused loan balance associated with the agreements on overdrafts and total loan commitments in these operations is as follows.

	Millions of yen		Thousands of U.S. dollars
	2026	2025	2026
Upper limit on overdrafts and total loan commitments	¥161,926	¥156,718	\$1,039,252
Outstanding loan balance	3,300	3,356	21,180
Difference	¥158,626	¥153,362	\$1,018,072

The aforementioned overdraft agreements and loan commitment contracts include a condition of lending that requires a review of the borrower's use of funds and credit standing, among other factors, so the full amount of loans may not be available for disbursement.

Not applicable.

26 SIGNIFICANT SUBSEQUENT EVENTS

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

To the Board of Directors of Takashimaya Company, Limited.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Takashimaya Company, Limited. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at February 28, 2026 and February 28, 2025, the consolidated statements of income and comprehensive income, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at February 28, 2026 and February 28, 2025, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of the net realizable value used for measuring an impairment loss on non-current assets of Takashimaya Co., Ltd.	
The key audit matter	How the matter was addressed in our audit
In the consolidated balance sheet for the current fiscal year, property, plant and equipment of ¥759,141 million and intangible assets of ¥38,188 million were recognized. As stated in Note 2, "Significant accounting estimates" to the consolidated financial statements as of February 28, 2026, Takashimaya Co., Ltd. (hereinafter referred to as the "Company"), which operates a domestic department store business, had non-current assets of ¥496,371 million (consisting of property, plant and equipment of ¥476,097 million and intangible assets of ¥20,273 million), which accounted for 36.9% of total assets in the consolidated financial statements. Of this amount, the total amount of non-current assets of the Kashiwa Store and the Omiya Store	<p>The primary procedures we performed to assess the reasonableness of the net realizable value used as the recoverable amount for measuring an impairment loss on non-current assets of the Kashiwa and Omiya Stores of the Company included the following:</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of the Company's internal controls relevant to determining the recoverable amount used for measuring an impairment loss on non-current assets of the Company.</p> <p>(2) Assessment of the reasonableness of the net realizable value</p>

was ¥5,752 million. Impairment losses of ¥786 million on a group of assets belonging to the Kashiwa Store were recognized in the consolidated statements of income for the current fiscal year.

The Company groups assets mainly based on individual stores, which are considered to be the smallest units that produce largely independent cash flows. With the exception of land, these non-current assets are depreciated on a systematic basis. However, if there is an indication of impairment, the Company determines if it is necessary to recognize an impairment loss by comparing the total amount of undiscounted future cash flows to be generated from an asset group with its carrying amount. If, as a result of the assessment, it is determined that an impairment loss needs to be recognized, the carrying amount is reduced to the recoverable amount and the resulting decrease in the carrying amount is recognized as an impairment loss. The recoverable amount is determined at the higher of the net realizable value, which is the fair value of the asset group less cost of disposal, and the value in use, representing the present value of future cash flows expected to be generated from continuous use and ultimate disposal after use of the asset group.

During the current fiscal year, the Kashiwa and Omiya Stores have reported operating losses for the last two consecutive years. Considering this situation, the Company identified an indication of impairment for the asset groups for each of the above stores and assessed whether an impairment loss should be recognized. Since the total amount of undiscounted future cash flows for the Kashiwa Store was less than the carrying amount, the Company reduced the carrying amount to the net realizable value as the recoverable amount, and recognized an impairment loss for the decrease in the carrying amount. The total amount of undiscounted future cash flows for the Omiya Store were less than the carrying amount. However, since the net realizable value exceeded the carrying amount, no impairment loss was recognized.

The net realizable value used for determining the recoverable amount was calculated based on real estate appraisal values developed by a real estate appraiser. However, the valuation method for the real estate appraisal and key assumptions used to calculate the appraisal value involved management's subjective judgment as well as required a high level of valuation expertise.

We, therefore, determined that our assessment of the reasonableness of the net realizable value used for measuring an impairment loss for the Kashiwa and Omiya Stores was one of the most significant

In order to evaluate the reasonableness of the valuation method and key assumptions used to calculate the real estate appraisal value, which formed the basis for determining the net realizable value, we inquired of management, the personnel responsible for relevant departments, and experts engaged by management about their rationale, with the assistance of real estate valuation specialists within our network firms. In addition, we:

- inspected the real estate appraisal report obtained by the Company and assessed the appropriateness of the valuation method for the real estate appraisal; and
- compared key assumptions that formed the basis for calculating the real estate appraisal value with historical results and market data.

matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	
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Reasonableness of the estimated future cash flows used for the impairment testing of non-current assets of Siam Takashimaya (Thailand) Co., Ltd.

The key audit matter	How the matter was addressed in our audit
<p>In the consolidated balance sheet for the current fiscal year, property, plant and equipment of ¥759,141 million and intangible assets of ¥38,188 million were recognized. As stated in Note 2, "Significant accounting estimates" to the consolidated financial statements as of February 28, 2026, Siam Takashimaya (Thailand) Co., Ltd. (hereinafter referred to as "Siam Takashimaya"), a consolidated subsidiary that operates an overseas department store business, had non-current assets of ¥4,442 million (consisting of property, plant and equipment of ¥4,393 million and intangible assets of ¥48 million).</p> <p>Takashimaya Co., Ltd. and its consolidated subsidiaries group assets mainly based on individual stores, which are considered to be the smallest units that produce largely independent cash flows. While the non-current assets of Siam Takashimaya are depreciated in a systematic manner, they are tested for impairment whenever there is an indication of impairment in accordance with the International Financial Reporting Standards. In the impairment testing, when the recoverable amount of a cash-generating unit (CGU) is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. The recoverable amount is determined at the higher of the fair value less costs of disposal of a CGU or the value in use, representing the present value of future cash flows that are expected to be generated from the CGU.</p> <p>During the current fiscal year, Siam Takashimaya determined that there was an indication of impairment as it has reported operating losses for some consecutive years, and performed an impairment test. In the impairment testing, since the recoverable amount, based on the value in use, exceeded the carrying amount, the recognition of an impairment loss was deemed unnecessary.</p> <p>The value in use was calculated as the present value of future cash flows estimated based on the business plan approved by management. Since the estimate was developed mainly based on an increase in net sales due to the introduction of new tenants, it</p>	<p>The primary procedures we performed to assess the reasonableness of the estimated future cash flows used for the impairment testing of non-current assets of Siam Takashimaya are described below. We involved the component auditor of Siam Takashimaya to perform certain procedures, directed and supervised the component auditor, and reviewed its work.</p> <p>(1) Internal control testing</p> <p>We tested the design and operating effectiveness of certain of Siam Takashimaya's internal controls relevant to the estimate of future cash flows.</p> <p>(2) Assessment of the reasonableness of the estimated future cash flows</p> <p>In order to assess whether key assumptions included in the business plan underlying the estimated future cash flows were appropriate, we examined whether the Board of Directors of Siam Takashimaya had resolved to approve the business plan, and then inquired of management about the basis on which those assumptions were developed. In addition, we:</p> <ul style="list-style-type: none"> ● analyzed the achievement of the prior fiscal year's business plan, including the causes of any variances with actual results; and ● inspected the contracts related to the introduction of new tenants.

<p>involved a high degree of subjective judgment by management in addition to estimation uncertainty.</p> <p>We, therefore, determined that our assessment of the reasonableness of the estimated future cash flows used for the impairment testing of non-current assets of Siam Takashimaya was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	
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Other Information

The other information comprises the information included in the FINANCIAL STATEMENTS, but does not include the consolidated financial statements and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in "4. Details of Audit Fees etc." included in "1. Overview of the Company" of the FINANCIAL STATEMENTS.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended February 28, 2026 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

MASAKAZU HATTORI
Designated Engagement Partner
Certified Public Accountant

HIROSHI NISHIMOTO
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 26, 2026

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.



Takashimaya Company, Limited

1-5, Namba 5-chome, Chuo-ku, Osaka 542-8510, Japan

URL: <https://www.takashimaya.co.jp/corp/english/>