

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended November 30, 2021 (Based on Japanese GAAP)

December 24, 2021

Company name: Takashimaya Company, Limited
 Stock exchange listing: Tokyo
 Stock code: 8233 URL <https://www.takashimaya.co.jp>
 Representative: President Yoshio Murata
 Inquiries: General Manager, Public and Investor Yoshiyuki Nishikata TEL 03(3211)4111
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 Scheduled date to file Quarterly Securities Report: January 13, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended November 30, 2021 (from March 1, 2021 to November 30, 2021)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended November 30, 2021	537,289	12.0	(1,096)	–	1,342	–	(3,715)	–
Nine months ended November 30, 2020	479,880	(29.1)	(10,513)	–	(10,934)	–	(24,377)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended November 30, 2021	(22.28)	–
Nine months ended November 30, 2020	(146.20)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2021	1,171,694	409,778	33.1
As of February 28, 2021	1,150,506	415,111	34.3

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2021	–	12.00	–	12.00	24.00
Year ending February 28, 2022	–	12.00	–		
Year ending February 28, 2022 (Forecast)				12.00	24.00

3. Forecast of consolidated financial results for the year ending February 28, 2022 (from March 1, 2021 to February 28, 2022)

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	764,000	12.2	6,000	–	6,000	–	2,300	–	13.79

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended November 30, 2021
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of November 30, 2021	177,759,481 shares	As of February 28, 2021	177,759,481 shares
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Number of treasury shares at the end of the period

As of November 30, 2021	11,026,378 shares	As of February 28, 2021	11,026,374 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended November 30, 2021	166,733,115 shares	Nine months ended November 30, 2020	166,733,308 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of February 28, 2021	As of November 30, 2021
Assets		
Current assets		
Cash and deposits	106,675	89,379
Notes and accounts receivable - trade	100,682	124,786
Securities	8	8
Merchandise and finished goods	41,843	45,595
Work in process	327	368
Raw materials and supplies	1,139	1,002
Other	33,595	42,045
Allowance for doubtful accounts	(664)	(703)
Total current assets	283,607	302,480
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	184,000	186,658
Land	411,031	417,846
Leased assets, net	3,139	2,774
Right-of-use assets, net	77,281	75,347
Other, net	31,082	23,525
Total property, plant and equipment	706,535	706,152
Intangible assets		
Goodwill	2,354	2,392
Leasehold interests in land	10,070	10,530
Right-of-use assets	4,673	6,052
Other	19,341	18,810
Total intangible assets	36,439	37,786
Investments and other assets		
Investment securities	75,222	74,398
Guarantee deposits	26,562	28,130
Other	24,700	24,841
Allowance for doubtful accounts	(2,562)	(2,094)
Total investments and other assets	123,923	125,275
Total non-current assets	866,899	869,213
Total assets	1,150,506	1,171,694

(Millions of yen)

	As of February 28, 2021	As of November 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	86,965	118,071
Short-term borrowings	28,220	16,160
Current portion of bonds payable	10,090	28
Commercial papers	10,000	24,000
Lease obligations	7,981	8,576
Income taxes payable	8,356	1,211
Advances received	112,897	125,413
Gift certificates	54,074	59,295
Provision for point card certificates	2,427	742
Provision for loss on repair construction of building	3,661	–
Other	77,949	58,822
Total current liabilities	402,625	412,322
Non-current liabilities		
Bonds payable	60,277	60,259
Long-term borrowings	98,565	116,362
Lease obligations	78,409	77,902
Asset retirement obligations	5,028	5,168
Retirement benefit liability	53,083	51,701
Provision for retirement benefits for directors (and other officers)	310	245
Provision for environmental measures	241	82
Other	36,854	37,871
Total non-current liabilities	332,769	349,593
Total liabilities	735,395	761,916
Net assets		
Shareholders' equity		
Share capital	66,025	66,025
Capital surplus	54,790	54,790
Retained earnings	270,615	262,897
Treasury shares	(15,993)	(15,993)
Total shareholders' equity	375,437	367,720
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,873	7,320
Deferred gains or losses on hedges	1	(0)
Revaluation reserve for land	2,945	2,945
Foreign currency translation adjustment	5,969	9,437
Remeasurements of defined benefit plans	1,089	799
Total accumulated other comprehensive income	18,879	20,501
Non-controlling interests	20,793	21,556
Total net assets	415,111	409,778
Total liabilities and net assets	1,150,506	1,171,694

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended November 30, 2020	Nine months ended November 30, 2021
Operating revenue	479,880	537,289
Net sales	434,631	488,642
Cost of sales	329,920	370,466
Gross profit	104,711	118,176
Other operating revenue	45,248	48,646
Operating gross profit	149,959	166,823
Selling, general and administrative expenses		
Advertising expenses	12,531	17,887
Provision for point card certificates	1,754	135
Provision of allowance for doubtful accounts	691	378
Remuneration, salaries and allowances for directors (and other officers)	44,127	44,252
Retirement benefit expenses	1,450	1,065
Rent expenses on real estate	14,862	16,319
Other	85,055	87,880
Total selling, general and administrative expenses	160,473	167,920
Operating loss	(10,513)	(1,096)
Non-operating income		
Interest income	452	252
Dividend income	1,026	1,047
Subsidy income	1,013	1,895
Share of profit of entities accounted for using equity method	598	960
Foreign exchange gains	–	717
Other	703	1,251
Total non-operating income	3,794	6,125
Non-operating expenses		
Interest expenses	3,574	3,455
Foreign exchange losses	277	–
Other	364	230
Total non-operating expenses	4,216	3,686
Ordinary profit (loss)	(10,934)	1,342
Extraordinary income		
Gain on sales of investment securities	–	136
Gain on forgiveness of debts	–	313
Subsidy income	3,140	1,089
Gain on forgiveness of lease obligations	1,119	7
Total extraordinary income	4,259	1,547
Extraordinary losses		
Loss on retirement of non-current assets	1,613	1,205
Impairment loss	1,853	13
Loss related to COVID-19	10,313	2,188
Other	1,624	26
Total extraordinary losses	15,405	3,433
Loss before income taxes	(22,080)	(543)
Income taxes - current	2,982	1,952
Income taxes - deferred	(1,367)	676
Total income taxes	1,614	2,629
Loss	(23,695)	(3,172)
Profit attributable to non-controlling interests	682	542
Loss attributable to owners of parent	(24,377)	(3,715)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended November 30, 2020	Nine months ended November 30, 2021
Loss	(23,695)	(3,172)
Other comprehensive income		
Valuation difference on available-for-sale securities	574	(1,582)
Deferred gains or losses on hedges	(0)	(1)
Foreign currency translation adjustment	(2,813)	2,968
Remeasurements of defined benefit plans, net of tax	(214)	(327)
Share of other comprehensive income of entities accounted for using equity method	(918)	1,154
Total other comprehensive income	(3,373)	2,211
Comprehensive income	(27,068)	(961)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(27,261)	(2,093)
Comprehensive income attributable to non-controlling interests	193	1,132

Consolidated statements of cash flows

(Millions of yen)

	Nine months ended November 30, 2020	Nine months ended November 30, 2021
Cash flows from operating activities		
Loss before income taxes	(22,080)	(543)
Depreciation	20,158	23,317
Impairment loss	1,853	13
Amortization of goodwill	111	178
Increase (decrease) in allowance for doubtful accounts	27	(428)
Increase (decrease) in retirement benefit liability	(1,485)	(1,852)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	28	(64)
Increase (decrease) in provision for point card certificates	(342)	(1,690)
Increase(decrease) in provision for loss on repair construction of building	–	(3,661)
Interest and dividend income	(1,479)	(1,300)
Interest expenses	3,574	3,455
Share of loss (profit) of entities accounted for using equity method	(598)	(960)
Loss on retirement of non-current assets	562	617
Subsidy income	(3,140)	(1,089)
Gain on forgiveness of lease obligations	(1,119)	(7)
Loss related to COVID-19	10,313	2,188
Loss (gain) on sales of investment securities	53	(136)
Gain on forgiveness of debt	–	(313)
Decrease (increase) in trade receivables	(8,567)	(24,074)
Decrease (increase) in inventories	(5,190)	(3,556)
Increase (decrease) in trade payables	7,962	30,749
Increase (decrease) in advances received	17,083	12,434
Increase (decrease) in accounts payable - other	8,883	(10,553)
Other, net	8,679	(3,675)
Subtotal	35,290	19,045
Interest and dividends received	2,298	2,507
Interest paid	(3,523)	(3,449)
Proceeds from subsidy income	3,140	1,089
Loss related to COVID-19 paid	(7,153)	(1,639)
Income taxes paid	(1,874)	(7,202)
Net cash provided by (used in) operating activities	28,177	10,351
Cash flows from investing activities		
Purchase of short-term and long-term investment securities	(33)	(11)
Proceeds from sales and redemption of short-term and long-term investment securities	55	244
Purchase of property, plant and equipment and intangible assets	(16,982)	(26,283)
Purchase of shares of subsidiaries and associates	–	(456)
Proceeds from sales of shares of subsidiaries and associates	378	–
Net decrease (increase) in short-term loans receivable	16	(2,703)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(638)	–
Other, net	143	(826)
Net cash provided by (used in) investing activities	(17,060)	(30,038)

(Millions of yen)

	Nine months ended November 30, 2020	Nine months ended November 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	7,500	–
Proceeds from long-term borrowings	56,415	18,185
Repayments of long-term borrowings	(33,625)	(12,120)
Redemption of bonds	(73)	(10,069)
Net increase (decrease) in commercial papers	19,000	14,000
Repayments of lease obligations	(3,502)	(6,221)
Dividends paid	(4,001)	(4,001)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(200)	–
Other, net	(336)	(369)
Net cash provided by (used in) financing activities	41,175	(597)
Effect of exchange rate change on cash and cash equivalents	(2,488)	2,917
Net increase (decrease) in cash and cash equivalents	49,803	(17,366)
Cash and cash equivalents at beginning of period	88,411	105,320
Cash and cash equivalents at end of period	138,214	87,953

Qualitative Information about Consolidated Operating Results

During the cumulative consolidated third quarter (March 1 to November 30, 2021), the Japanese economy yo-yoed amid the impact of the pandemic. Following another wave of infections in August, consumer confidence and capital spending declined, resulting in negative GDP growth for the July–September quarter. The vaccine rollout brought case numbers under control and the state of emergency was lifted at the end of September. Subsequently, economic activity and consumer spending started to recover. However, pandemic fears remain, especially with the emergence of a new variant.

Our department stores constitute the source of our brand value and our core business. Although sales picked up after the state of emergency was lifted, they are yet to return to pre-pandemic levels. We face a pressing need to turn the department store business around from the effects of the pandemic. This situation also presents an impetus for a program of cost optimization. We will proceed with such a program to return the business to profit. Meanwhile, to restore takings in department stores, we will enhance merchandise and services. As part of this effort, we have made the shopping experience by introducing a new payment service, NEOBANK®, in partnership with the service’s provider, SBI Sumishin Net Bank, Ltd., as announced in November. Additionally, in August, we revamped the Takashimaya Online Store. The new e-commerce website offers seasonal products such as Christmas cakes and traditional New Year foods (Osechi), and these products have proved popular.

Toshin Development, a commercial property developer that spearheads our groupwide Machidukuri Strategy, continued efforts in hub development (developing assets around hubs) and business development (capturing business opportunities) in Japan and overseas. In Japan, it focused on developing the vicinity of Nagareyama Otakanomori Shopping Center—the Nagareyama Otakanomori area in Chiba Prefecture. In Vietnam, it worked on Starlake Project, a township development in Hanoi. Toshin Development also worked to diversify its assets. For example, in November, it developed an office complex in front of Nagareyama Otakanomori Station and acquired residential property in Tokyo’s Meguro Ward. These efforts help advance the Machidukuri Strategy and generate stable income.

Regarding the finance business, we have opened a financial counters business as a new form of department store merchandise. The first financial counter was opened in Nihombashi Takashimaya Shopping Center last year. We opened a financial counter in the Osaka store in July and another in the Yokohama store in September. Leveraging our extensive customer base and store locations, the financial counters will serve to expand customer interfaces and secure a revenue base to generate stable income.

Regarding sustainability action, we continued contributing toward a sustainable 21st-century world in which everyone prospers. To contribute to environmental sustainability, we have signing up to global initiatives RE100 and EV100. In November, we established a green bond framework. In December, we launched our group’s first ESG bond: Takashimaya Green Bond. The bonds will fund the development of

a green building, Nihombashi Sanhome Square, which Toshin Development is leading.

Our consolidated performance was as follows: Total consolidated operating revenue for Takashimaya Group was 537,289 million yen (up 12.0% compared with the same period of the previous fiscal year). We recorded a consolidated operating loss of 1,096 million yen (compared to a loss of 10,513 million yen in the same period of the previous fiscal year), consolidated ordinary income of 1,342 million yen (compared to a loss of 10,934 million yen in the same period of the previous fiscal year), and 3,715 million yen in consolidated loss attributable to owners of parent (compared to a loss of 24,377 million yen in the same period of the previous fiscal year).