Translation

Notice: This document is a translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Interim Consolidated Financial Results for the Six Months Ended August 31, 2024 (Based on Japanese GAAP)

October 15, 2024

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 Relations Office		Shuichiro Kurosu	TEL	(03)3211-4111

Scheduled date to file Interim Securities Report: October 15, 2024
Scheduled date to commence dividend payments: November 25, 2024
Preparation of supplementary material on interim financial results: Yes
Holding of interim financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Interim Consolidated financial results for the six months ended August 31, 2024 (from March 1, 2024 to August 31, 2024)

(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	%
Six months ended August 31, 2024	243,431	10.1	28,760	38.2	30,238	36.3	19,078	27.5
Six months ended August 31, 2023	221,175	5.8	20,810	62.4	22,181	52.0	14,962	10.6

Note: Comprehensive income
For the six months ended August 31, 2024 25,300 million yen [4.3%]
For the six months ended August 31, 2023 24,253 million yen [(3.8)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended August 31, 2024	60.47	51.40
Six months ended August 31, 2023	47.42	40.34

Note: The Company has conducted a 2-for-1 stock split of shares of common stock on September 1, 2024. 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) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2024	1,298,559	500,921	36.6
As of February 29, 2024	1,270,475	478,802	35.7

Reference: Equity
As of August 31, 2024 474,766 million yen
As of February 29, 2024 454,079 million yen

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 29, 2024	–	17.00	–	20.00	37.00
Year ending February 28, 2025	–	23.00			
Year ending February 28, 2025 (Forecast)				11.50	–

Note 1: Revisions to the forecast of cash dividends most recently announced: Yes

Note 2: Regarding the year-end dividend per share for the fiscal year ending February 28, 2025 (forecast)
The Company has conducted a 2-for-1 stock split of shares of common stock, effective September 1, 2024. Therefore, the year-end dividend per share for the fiscal year ending February 28, 2025 (forecast) takes into account the effect of this stock split, and the total amount of annual dividends per share is displayed as "-." Without considering the stock split, the year-end dividend per share forecast for the fiscal year ending February 28, 2025 is 23 yen, resulting in an annual dividend per share of 46 yen. For details, please refer to "Proper use of earnings forecasts, and other special matters."

3. Forecast of consolidated financial results for the year ending February 28, 2025 (from March 1, 2024 to February 28, 2025)

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	495,000	6.2	55,000	19.7	58,000	17.9	38,000	20.2	121.28

Note 1: Revisions to the earnings forecasts most recently announced: Yes

Note 2: Earnings per share in the forecast for the fiscal year ending February 28, 2025 takes into account the effect of the stock split. For details, please refer to "Proper use of earnings forecasts, and other special matters."

4. Notes

(1) Changes in significant subsidiaries during the six months ended August 31, 2024 (changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of special accounting methods for preparing interim 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 August 31, 2024	327,655,216 shares	As of February 29, 2024	355,518,962 shares

Number of treasury shares at the end of the period

As of August 31, 2024	12,194,286 shares	As of February 29, 2024	40,057,156 shares

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended August 31, 2024	315,461,463 shares	Six months ended August 31, 2023	315,463,490 shares

Note: The Company has conducted a 2-for-1 stock split of shares of common stock on September 1, 2024. Total number of issued shares, number of treasury shares and average number of shares are calculated assuming that this stock split occurred at the beginning of the previous consolidated fiscal year.

* Interim financial results reports are exempt from interim review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Caution concerning forward-looking statements and others)

・The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors. Please refer to "1. Qualitative Information about Interim Consolidated Operating Results, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements" on page 7 of the attached materials for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

(Dividend and Earnings Forecast after Stock Split)

At the Board of Directors meeting held on April 12, 2024, the Company passed a resolution concerning a stock split, determining to implement a 2-for-1 stock split (2 shares for each share of common stock) with an effective date of September 1, 2024. As a result, the dividend forecast and forecast of consolidated financial results for the fiscal year ending February 28, 2025, as calculated prior to consideration of the stock split, are as follows.

1. Dividend forecast for the fiscal year ending February 28, 2025

Dividends per share	fiscal year-end 23 yen (Note 1)

Annual dividends per share for the fiscal year ending February 28, 2025 (before consideration of stock split) will be 46 yen.

2. Forecast of consolidated financial results for the fiscal year ending February 28, 2025

Earnings per share fiscal year-end 242.57 yen (Note 2)

(Note 1) The dividend amount is calculated before the stock split.

(Note 2) The Earnings per share is calculated before the stock split.

○ Table of Contents of the Attachment

1. Qualitative Information about Interim Consolidated Operating Results

(1) Explanation of Operating Results

During the first six months under review (March 1, 2024 to August 31, 2024), the Japanese economy gradually shifted from a long period of deflation towards a positive cycle of rising prices and higher wages. Contributing factors include the Bank of Japan ending a policy of negative interest in March by raising interest rates for the first time in 17 years and positive wage growth in June, the first real wages growth in 27 months.

However, financial markets continued to lack stability. Amid growing concerns of economic stagnation in America, the Bank of Japan implemented additional interest rate hikes at the end of July, which caused a reduction in interest rate differentials that triggered a significant shift towards yen appreciation and sudden fluctuations in stock prices. We must pay careful attention to how these changes in our external environment will impact inbound demand, which has been firm thanks to yen depreciation, and consumer spending, which had shown signs of recovery.

Against that backdrop, we (Takashimaya Group) have steadily advanced measures aimed at building a resilient business foundation, including conducting forward-looking growth investments to fundamentally strengthen our sales capability and not be easily influenced by changes in our external environment.

In 2031, the Takashimaya Group will celebrate the 200th anniversary of its founding. For over a year, we have engaged in Group-wide discussions, exploring the Takashimaya Group's ideal position, which would allow us to remain a meaningful existence in society and achieve sustainable growth consistently through 2031 and beyond. As part of this process, we defined our ideal vision as being "A familiar platform that helps achieve fulfilling lifestyles for all our stakeholders, including our customers, employees, shareholders, and local communities." This embodies our unwavering commitment to being an invaluable part of the lives of each of our stakeholders. For our customers, we will offer unique products and services, providing a place for moving experiences. For our employees, we will improve the labor conditions and environments to provide desirable workplaces that offer motivation and advancement.

To achieve this vision, the Takashimaya Group has formulated a new Medium-Term Management Plan for FY2024 to FY2026, positioning the first fiscal year as a critical period to steadily implement policies towards realizing sustainable growth. The Group also designated management challenges as: 1) Promoting ESG management, 2) Securing, developing, and promoting the success of our human resources, and 3) Advancing Machi-dukuri Strategy.

Furthermore, for the Takashimaya Group to continue achieving growth, it must carefully examine the future value of its tangible and intangible management resources, and promptly redistribute the resources to those business segments where growth can be expected. To achieve this, we have adopted return on invested capital (ROIC) as the Group-wide metric for evaluating the effectiveness of management resources. We plan to increase management efficiency by setting and pursuing segment-specific ROIC targets that exceed the corresponding cost of capital.

*The Takashimaya Group renewed its website in April of this year. The renewed website features a new video series, TAKASHIMAYA GROUP THE SPIRIT, through which we introduce entrepreneurial mindset adopted by the Takashimaya Group.

https://www.takashimaya.co.jp/#spirit (In Japanese)

- Promoting ESG management as a foundation for value provision

Contributing to resolving social issues through our business activities is our corporate responsibility as a member of society. There is no path to sustainable business without the creation of a framework for sharing the benefits and profits of business with all our stakeholders.

For TSUNAGU ACTION, a cornerstone of Takashimaya Group's ESG management, we have strengthened our efforts on a Group-wide level to further improve recognition of our activities and to resolve social issues and achieve business growth at the same time. We outlined three core themes for TSUNAGU ACTION: 1) PLANET - Protecting our beautiful Earth and vast resources, and leaving it for the future, 2) SOCIAL - Conveying and disseminating Japanese national and local traditions and culture, and 3) PEOPLE - Protecting freedom and equality, and promoting happiness for all. The Takashimaya Group will expand the number of projects related to these themes and implement them throughout the year. We will also ensure that the efforts directly lead to increases in our corporate value and profits by setting numerical targets and applying the PDCA cycle. As specific initiatives, since March 2024 we have stepped up information dissemination efforts on our TSUNAGU ACTION website by featuring rich content such as photos and interviews to highlight project backgrounds and the stories behind product creation.

Since April 2024, we have changed our collection policy for clothing products and cosmetics from a limited-period to a year-round collection. Numerous customers have brought in unused items, with collection volume for the first half of the year reaching approximately 10 tons, which exceeds the total volume collected during the previous year. The Takashimaya Group will continue to strengthen initiatives that lead to recycling and reuse and the reduction of environmental impact.

From the perspective of diversity, equity, and inclusion, the Takashimaya Group will reinforce compliance and strive to respect the human rights and values of all people, working towards a society where no one will be left behind, which is the objective of the United Nations Sustainable Development Goals (SDGs). The Group will work proactively towards creating a system that provides opportunities for all, regardless of race, age, sexual orientation/gender identity, or disability. As a corporation close to consumers, the Takashimaya Group will also work actively to improve and develop facility environments, products, and services that allow all customers to enjoy their time and shopping experience.

The revised Act for Eliminating Discrimination against Persons with Disabilities went into force in April 2024. Since before the enforcement of this law, we have been working to build an organizational structure that allows for the now mandatory provision of reasonable accommodations (to the extent that does not impart an excessive burden, necessary steps must be taken to eliminate social barriers when a person with a disability expresses a desire for certain considerations). Moving forward, we will continue to engage in constructive dialogues with people with disabilities and work consistently to resolve issues.

The Takashimaya Group participated in an event hosted by the non-profit organization Tokyo Rainbow Pride in April 2024, as part of the Group's activities as an Ally to promote understanding and support for LGBTQ+ and other sexual minorities. We are also promoting the creation of safe and secure workplaces from an organizational perspective. From April 2024, we expanded the scope of employee benefits granted to spouses, relatives, and families to include same-sex partners and common-law marriages. We will continue developing a corporate culture that promotes understanding in the workplace.

From the standpoint of preserving the global environment, we will contribute to the promotion of decarbonization and the realization of a recycling-oriented society by expanding the adoption of renewable energy, among other measures, as our business activities, comprising the operation of large commercial facilities, have a significant impact on the environment. Specifically, we entered into a power purchase agreement (PPA) to procure renewables-derived electricity directly from the provider, and the Yokohama Store began receiving part of its power supply under this scheme in April 2023. To further promote decarbonization, we also concluded PPA to start providing power directly to the Takasaki Store in May 2024 and the Osaka Store and the Kyoto Store in August 2024.

In response to the 2024 Problem in Logistics (the application of restrictions, including upper limits on overtime work hours for vehicle driver operations, implemented in April 2024), since last year the Takashimaya Group has promoted efforts that contribute to driver fatigue reduction, including reevaluating our system of late-night product inspections and adjusting delivery times from prior to store opening to after store opening. Furthermore, from May 2024, we began sending delivery schedule e-mails to pre-registered customers, a service previously unavailable for deliveries from department stores, ahead of industry peers. By allowing customers to specify the delivery time and location, we aim to reduce redeliveries while improving customer convenience.

- Securing, developing, and promoting the success of our human resources

Upholding "Putting People First" as its management philosophy, the Takashimaya Group has always operated businesses, placing importance on people. As human resource shortages become a serious social issue, one of our highest priorities towards sustainable growth is to actively invest in human resources based on the concept of human capital management, including securing, developing, and promoting the success of our human resources.

Our business model positions the development and operation of commercial facilities as the mainstay business, with department stores at its core. Therefore, it is essential to secure and develop human resources undergirding the sales capabilities of our department stores. To achieve this, we will develop sales professionals who can identify customers' latent needs in-store and during sales calls and make appropriate proposals.

Furthermore, as a corporation comprised of a diverse group of companies, it is important that we enhance our expertise in each of our operations to ensure the sustainability and competitiveness of our people and know-how. We will therefore advance initiatives to develop specialists in each area of work, including experts in marketing and purchasing, as well as financial business specialists and digital personnel.

The Takashimaya Group has adopted a new policy concerning business hours for commercial facilities during the New Year holiday in 2025. In principle, in addition to January 1 (New Year's Day), January 2 will also be set as a business holiday. The Takashimaya Group also formulated and published its Basic Policy on Customer Harassment. This is part of our efforts to build environments for all employees to view as places for long-term employment where they can take pride in their work and feel motivated. We will continue working to increase engagement by sharing our vision for the future and cultivating a positive workplace culture.

- Advancing Machi-dukuri Strategy

Under the Group-wide Machi-dukuri Strategy, we implement business strategy aimed at demonstrating our value to society. The underlining approach of this strategy is "value provision through Machi-dukuri, in which every Group member plays a leading role."

Machi-dukuri is based on two concepts. The first is to fulfill our role as a community anchor. Specifically, we view the areas where people gather as large "towns" (machi), with the Takashimaya Group taking a central role, collaborating with local communities and governments to generate vitality and enhance the attractiveness of these towns. The second is to maximize the appeal of each commercial property. Specifically, we view each property as a "town," and work to maximize the appeal of the town by gathering the collective know-how of the Group businesses, including commercial property development, finance, dining, and e-commerce, to promote commercial facility development that pursues customer satisfaction. In other words, the Takashimaya Group's Machi-dukuri does not simply refer to real estate development. Rather, all products, services, and spaces provided by the Group are a part of Machi-dukuri.

Promoting digital transformation (DX) is essential to realizing Machi-dukuri based on these two concepts. As society inevitably faces domestic market contraction and labor shortages due to population decline, digital technology is evolving at an accelerated pace and having a major impact on corporate business operations and people's lives. Hence, starting this year, we have launched a Group-wide DX promotion project to step up efforts and transform our operations through the use of digital technology. After analyzing and optimizing the existing workflows, we will digitalize operations to improve productivity and allocate the management resources freed through this to optimize our sales force. The Group will also consider how to utilize digital technology in sales and marketing and further promote Machi-dukuri by creating new shopping experiences and improving customer convenience.

Our earnings for the cumulative first six months under review were operating revenue of 243,431 million yen (increase of 10.1% YoY), operating profit of 28,760 million yen (increase of 38.2% YoY), ordinary profit of 30,238 million yen (increase of 36.3% YoY), and profit attributable to owners of parent of 19,078 million yen (increase of 27.5% YoY).

Segment-specific earnings for each business were as follows.

Starting from the cumulative first six months under review, the Takashimaya Group changed its reporting segment classifications. This change reflects Group efforts to further strengthen ROIC management, which promotes business portfolio optimization and clarifies business-specific investment efficiency and profitability. Details are provided in “2. Quarterly Consolidated Financial Statements and Major Notes (4) Notes to Quarterly Consolidated Financial Statements (Segment Information).” Furthermore, the following figures from the same period of the previous fiscal year are indicated to reflect the revised reporting segments.

<Department Stores in Japan>

Operating revenue from the Department Stores in Japan segment was 155,873 million yen (increase of 11.5% YoY) and operating profit was 14,416 million yen (increase of 77.8% YoY).

The Department Stores in Japan segment recorded increased revenue and profit.

Net sales were firm thanks to favorable net sales from inbound travelers, which particularly increased in the first quarter, and strong domestic customer net sales, which account for roughly 80 percent of all net sales. Looking at net sales by product type, we strengthened our sales capabilities to enable proposals based on changes in consumer trends and customer needs while also strengthening merchandise lineups to achieve a balance of trendiness and quality that is tailored to customer needs. Through these efforts, sales of luxury brands and other high-ticket items were favorable and sales of fashion-related products such as women’s clothing, men’s clothing, and cosmetics also increased year on year. The Takashimaya Group also held events linked to popular TV programs and seasonal events that were visited by many customers. We also proactively engaged in the dissemination of history and culture through Takashimaya Archives OSAKA, the base of our Archives activities, and Takashimaya Archives TOKYO, our base for disseminating new lifestyle culture.

On the other hand, the second quarter saw a significant shift towards yen appreciation, particularly in August. This resulted in the materialization of a latent risk in the form of decelerated net sales from inbound travelers. Amid these conditions, the Takashimaya Group will continue enhancing its selection of high-quality products and services designed to meet the diverse needs of all customers while also disseminating culture that responds to intellectual needs. We will elevate the appeal of our commercial facilities by leveraging the strengths of operating brick-and-mortar stores to offer a one-stop shopping experience and establish a foundation for earnings that does not rely on net sales to inbound travelers.

With EC, since last year, we have worked to increase the convenience of shopping via our online store. Our efforts have included consolidating shipping work, which had been conducted by each store, into a central warehouse to shorten shipment lead times. In August 2024, we celebrated the launch of TBEAUT, a dedicated online store for cosmetics, one of our major product categories. We will simultaneously promote efforts to expand merchandise based on customer needs and increase convenience. We will capture new customers and increase net sales by leveraging the strengths of our brick-and-mortar stores to generate points of contact with customers through cross-platform referrals between stores and EC channels.

Gross margin ratio decreased year on year due in part to changes in product composition. Net sales from high-ticket items, which have a lower margin, grew significantly and outpaced sales growth for fashion-related items, which have a higher margin. However, gross margin increased year on year largely thanks to increased net sales. The Takashimaya Group will further expand profits by working with core vendors to increase the ratio of retail priced products while also promoting efforts to improve gross margin ratio.

We also were able to minimize the year-on-year increase in SG&A expenses. We focused on the appropriate injection of expenses towards human capital investments, including increases to base pay, and measures to strengthen sales capabilities,such as incorporating new brands. At the same time, we promoted cost reduction efforts, including pursuing further optimization of our store operating structure. Thanks to these efforts, the SG&A to total operating revenue ratio decreased compared to the previous year.

We will pursue additional profit growth by strengthening our merchandise lineups and sales capabilities to increase net sales and by implementing a range of measures aimed at improving our gross margin ratio and gross margin and to reduce costs.

<Overseas Department Stores>

Operating revenue from the Overseas Department Stores segment was 16,634 million yen (increase of 7.7% YoY) and operating profit was 3,917 million yen (increase of 5.5% YoY).

The Overseas Department Stores segment resulted in increased revenue and profit.

Takashimaya Singapore net sales and profit grew due to the impact of foreign currency. However, there remains a lack of certainty due to an increasing trend towards thrift among domestic customers in response to prolonged inflation and appreciation of the Singapore dollar triggering a loss of domestic customers to overseas markets. Also, looking at tourists, the recovery in net sales from Chinese tourists remains stagnant as performance has yet to return to pre-COVID-19 levels. Takashimaya Singapore will continue to monitor trends in external environments while working to capture domestic demand and increase sales from tourists by strengthening merchandising and promoting measures to increase store visitors.

Vietnam saw sluggish domestic demand due to declining economic conditions. However, Takashimaya Ho Chi Minh City recorded increased revenue and profit thanks to renovations to sales spaces and efforts to strengthen merchandising, including children’s merchandise, a growth domain, and cosmetics and food, both highly popular product categories among customers.

Siam Takashimaya (Thailand) resulted in decreased revenue. Despite continued efforts, including strengthening merchandising by incorporating Japanese brands to match customer preferences, and holding regional product exhibits, these initiatives could not overcome the impact of declining domestic demand. At the same time, the scope of losses decreased thanks to efforts to improve the gross margin ratio and reduce costs. A store specializing in Japanese furniture and interior furnishings that opened at the end of March 2024 recorded strong performance. Siam Takashimaya (Thailand) will promote revenue improvement initiatives to achieve profitability as soon as possible.

Shanghai Takashimaya resulted in decreased revenue and profit. Despite continued efforts to strengthen the store’s revenue platform, including soliciting new tenants to adjust to changes in the market, performance was impacted by prolonged economic stagnation in China.

The Takashimaya Group will continue to pursue sustainable growth by analyzing the economic trends, consumer trends, and risks of each country while appropriately injecting management resources.

<Commercial Property Development in Japan>

Operating revenue from the Commercial Property Development in Japan segment was 20,368 million yen (increase of 9.0% YoY) and operating profit was 3,923 million yen (decrease of 13.3% YoY).

Toshin Development Co., Ltd. profit decreased. This was due to the significant impact of renovation construction for the Tamagawa Takashimaya Shopping Center this year and a correction from the previous year, during which the company transferred ownership of the newly expanded specialty store section of the Kyoto Takashimaya Shopping Center to Takashimaya Co., Ltd.

On the other hand, progress is advancing favorably relative to plans. In addition to cost reductions attributable to the careful inspection of investment plans and expenses, the company also recorded increased tenant rent income at the Kyoto Takashimaya Shopping Center, which opened in October 2023. Also, Kashiwa Takashimaya Station Mall is gradually undergoing a renewal, including securing tenants that strongly address regional needs, and BeARIKA, a multi-purpose community space, opened in September 2024. We will continue to increase the value of the brick-and-mortar experience and cultivate new customers by creating attractive shopping center environments that serve essential roles in their respective communities.

<Overseas Commercial Property Development>

Operating revenue from the Overseas Commercial Property Development segment was 7,828 million yen (increase of 21.6% YoY) and operating profit was 3,136 million yen (increase of 46.3% YoY).

The Overseas Commercial Property Development segment resulted in increased revenue and profit.

Toshin Development Singapore Pte. Ltd. recorded increased revenue and profit thanks to increased rent income and cost reductions.

The Vietnam business, for which the Group is steadily advancing development, also resulted in increased revenue and profit. In August 2024, we opened our second bilingual school as part of our rental/leasing for school business in Hanoi, Vietnam (Operated by joint developer Edufit International Education Corporation Joint Stock Company). The Group will continue to concentrate investments on development in Vietnam, which we position as a growth driver. Target projects will include mixed-use development projects combining commercial businesses, offices, and residential housing in Hanoi, and participation in large-scale urban development projects in Haiphong, Vietnam's third largest city after Hanoi and Ho Chi Minh City. Through these efforts, we will pursue growth potential and profitability in Vietnam as a second revenue pillar after Singapore.

<Finance>

Operating revenue from the Finance segment was 8,982 million yen (increase of 4.3% YoY) and operating profit was 2,291 million yen (increase of 1.6% YoY).

Takashimaya Financial Partners Co., Ltd. recorded increased revenue and profit on strong growth in transaction numbers for the Card business, its revenue pillar, and higher revenue from annual membership fees.

The Card business recorded growth with new accounts exceeding FY2019 levels prior to COVID-19. This was attributable to enhanced efforts to capture new members through department stores, specialty stores, and websites as the Takashimaya Group promotes its Machi-dukuri Strategy. Amid growing transaction volume for both department stores and external partner stores, use at department stores was particularly favorable. The Group is also recording favorable growth in new members and transaction amounts for the "Takashimaya Card (Business Platinum) American Express®," a new card we began offering in August 2023 aimed at business owners and sole proprietors. We are leveraging this card to start a B-to-B business for members that will offer a wide range of solutions aimed at promoting business growth. Through this new business, we will further increase the appeal of our products and services.

The Life Partner business promoted the utilization of the new NISA scheme started this year (NISA is a scheme through which profits gained from financial products such as stocks and investment trusts are tax exempt, transitioned to a new scheme from January 2024 through which the tax-exempt period for investments was extended indefinitely, the account creation period was made permanent, and annual investment limits were increased). This promotion included increasing the monthly contribution limits from 50,000 yen to 100,000 yen for Takashimaya's Card Tsumitate. We also established combined consultation desks for NISA and insurance products and increased seminar content. Through the promotion of these and other initiatives, the business is seeing a steady increase in the number of consultations and applications.

The Social Lending business followed up the No. 1 Fund in January 2024 and the No. 2 Fund in February 2024 with the formulation of four new funds since April 2024. We will continue to expand projects through Takashimaya Funding as we pursue additional contact points with customers.

We will also continue to expand our business and develop new fields through alliances and M&A. In March of 2024, we entered into a new partnership with Fanta, Inc., which offers real estate investment and asset management services. In the future, the two companies will collaborate to establish an investment corporation targeting healthcare facilities. Through this partnership, we will pursue increased profits and strive to contribute to resolving social issues facing an aging population. In June 2024, we acquired a majority stake in Vaste Culture & Cie., making the company a subsidiary. Through this stock acquisition, we are expanding business in the IFA (Independent Financial Advisor) market, which is a growing field, and will strengthen our financial business by incorporating IFA-related management know-how and human resources into the Group. This will allow us to provide Vaste Culture & Cie.'s high-quality private banking services to our customers, while providing Vaste Culture & Cie.'s customers with high-quality department store products and services. This acquisition allows us to propose a more enriched lifestyle to the customers of both companies.

<Construction & Design>

Operating revenue from the Construction & Design segment was 15,425 million yen (increase of 15.9% YoY) and operating profit was 1,177 million yen (increase of 804.3% YoY).

Takashimaya Space Create Co., Ltd. recorded increased revenue and profit on an increase in orders received for commercial facilities, mainly large-scale projects such as hotels and luxury brands. We will build a platform for stable revenue by continuing to develop and hire dedicated human resources to strengthen our ability to conduct sales based on forward-looking proposals that incorporate advanced marketing and design capabilities.

<Others>

Operating revenue from other businesses was 18,318 million yen (decrease of 3.3% YoY) and operating profit was 783 million yen (increase of 24.2% YoY).

The Cross Media business, which involves mail-order business, recorded increased profit. Although revenue decreased on the planned reduction in content and number of catalogs shipped, the business benefited from cost reductions. As a result, the scope of losses recorded by the Cross Media business decreased. Overall, other businesses resulted in decreased revenue but increased profit largely thanks to the impact of the Cross Media business. We will continue to achieve sustainable growth in each business by securing industry competitiveness.

(2) Explanation of Financial Position

(i) Status of Assets, Liabilities and Net Assets

Total assets as of August 31, 2024 amounted to 1,298,559 million yen, up 28,084 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 11,207 million yen in notes and accounts receivable – trade, and contract assets relating to increased sales, an increase of 8,171 million yen in right-of-use assets due to the impact of foreign currency exchange relating to the weak yen at overseas subsidiaries, and an increase of 3,341 million yen in investment securities relating to growth in financial performance of entities accounted for using equity method.

Liabilities amounted to 797,638 million yen, up 5,964 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 4,554 million yen in interest-bearing debt (bonds and borrowings) and an increase of 9,733 million yen in lease liabilities due to the impact of foreign currency exchange relating to the weak yen at overseas subsidiaries.

Net assets amounted to 500,921 million yen, up 22,119 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 19,078 million yen in retained earnings due to profit attributable to owners of parent, a decrease of 3,154 million yen in retained earnings due to dividend payment, and an increase of 6,390 million yen in foreign currency translation adjustment relating to the weak yen at overseas subsidiaries.

As a result, the equity ratio was 36.6% (up 0.9 points from the end of the previous consolidated fiscal year).

(ii) Status of Cash Flows

Net cash provided by operating activities was 32,208 million yen, an increase of 11,147 million yen from the 21,061 million yen provided in the same period of the previous consolidated fiscal year. This was mainly due to an increase of 8,464 million yen in profit before income taxes.

Net cash used in investing activities was 17,953 million yen, an increase of 2,435 million yen from 15,517 million yen used in the same period of the previous consolidated fiscal year. This was mainly due to an increase of 1,933 million yen in net decrease (increase) in short-term loans receivable.

Net cash used in financing activities was 12,687 million yen, an increase of 1,692 million yen from 10,994 million yen used in the same period of the previous consolidated fiscal year. This was mainly due to an increase of 14,500 million yen in repayments of long-term borrowings, despite an increase of 13,000 million yen in proceeds from long-term borrowings.

When exchange differences are added to the above cash flows, cash and cash equivalents as of August 31, 2024 amounted to 99,201 million yen, up 6,302 million yen from the end of the previous consolidated fiscal year.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements

The Group revised earnings forecasts as follows for operating revenue. These revisions reflect a slowdown in net sales from inbound travelers at department stores in Japan following the announcement of earnings forecast figures in the financial results announcement on June 28, 2024.

Consolidated earnings forecasts for the year ending February 28, 2025
(from March 1, 2024 to February 28, 2025)

	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
Forecasts announced on June 28	511,400	55,000	58,000	38,000	164.83
Forecasts revised on October 15	495,000	55,000	58,000	38,000	121.28
Change (amount)	(16,400)	—	—	—	(43.55)
Change (%)	(3.2)	—	—	—	—
Results for the previous year (Year ended February 29, 2024)	466,134	45,937	49,199	31,620	200.47

Note: The Company has conducted a 2-for-1 stock split of shares of common stock on September 1, 2024. In the forecasts revised on October 15, earnings per share are calculated assuming that this stock split occurred at the beginning of the previous consolidated fiscal year.

2. Interim Consolidated Financial Statements and Major Notes

(1) Interim Consolidated Balance Sheets

(Millions of yen)

	As of February 29, 2024	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	94,752	103,258
Notes and accounts receivable - trade, and contract assets	156,981	168,189
Merchandise and finished goods	35,904	35,918
Work in process	243	356
Raw materials and supplies	987	966
Other	39,709	36,560
Allowance for doubtful accounts	(733)	(667)
Total current assets	327,845	344,581
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	191,580	191,182
Land	419,852	419,864
Leased assets, net	829	604
Right-of-use assets, net	123,628	131,177
Other, net	21,349	23,352
Total property, plant and equipment	757,240	766,182
Intangible assets		
Goodwill	2,467	3,078
Leasehold interests in land	11,269	11,907
Right-of-use assets	6,566	7,188
Other	15,269	14,794
Total intangible assets	35,574	36,968
Investments and other assets		
Investment securities	101,495	104,837
Guarantee deposits	25,948	25,800
Other	24,533	22,639
Allowance for doubtful accounts	(2,162)	(2,449)
Total investments and other assets	149,815	150,827
Total non-current assets	942,629	953,978
Total assets	1,270,475	1,298,559

(Millions of yen)

	As of February 29, 2024	As of August 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	124,137	122,711
Short-term borrowings	43,580	50,927
Lease liabilities	8,346	9,407
Income taxes payable	4,574	5,747
Contract liabilities	98,646	100,036
Gift certificates	41,868	41,644
Provision for point card certificates	2,190	2,138
Other	93,971	90,963
Total current liabilities	417,315	423,577
Non-current liabilities		
Bonds payable	80,143	80,127
Long-term borrowings	85,228	73,341
Lease liabilities	128,515	137,187
Asset retirement obligations	6,635	6,702
Retirement benefit liability	39,103	38,762
Provision for retirement benefits for directors (and other officers)	264	243
Other	34,468	37,696
Total non-current liabilities	374,357	374,061
Total liabilities	791,673	797,638
Net assets		
Shareholders' equity		
Share capital	66,025	66,025
Capital surplus	54,790	37,507
Retained earnings	320,867	331,334
Treasury shares	(32,692)	(9,952)
Total shareholders' equity	408,991	424,914
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,944	10,515
Deferred gains or losses on hedges	3	(12)
Revaluation reserve for land	3,972	3,972
Foreign currency translation adjustment	25,050	31,440
Remeasurements of defined benefit plans	4,116	3,934
Total accumulated other comprehensive income	45,087	49,851
Non-controlling interests	24,722	26,155
Total net assets	478,802	500,921
Total liabilities and net assets	1,270,475	1,298,559

(2) Interim Consolidated Statements of Income and Interim Consolidated Statements of Comprehensive Income
(Interim Consolidated Statements of Income)

(Millions of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Operating revenue	221,175	243,431
Net sales	182,016	200,627
Cost of sales	87,550	96,511
Gross profit	94,466	104,115
Other operating revenue	39,158	42,803
Operating gross profit	133,625	146,919
Selling, general and administrative expenses		
Advertising expenses	4,670	5,281
Provision for point card certificates	1,094	1,043
Provision of allowance for doubtful accounts	407	298
Remuneration, salaries and allowances for directors (and other officers)	29,854	31,348
Retirement benefit expenses	464	415
Rent expenses on real estate	11,313	11,552
Other	65,009	68,219
Total selling, general and administrative expenses	112,814	118,158
Operating profit	20,810	28,760
Non-operating income		
Interest income	1,080	941
Dividend income	302	437
Gain on adjustment of unused certificates	749	812
Share of profit of entities accounted for using equity method	1,133	2,330
Foreign exchange gains	554	883
Other	351	458
Total non-operating income	4,172	5,862
Non-operating expenses		
Interest expenses	2,575	3,977
Other	226	407
Total non-operating expenses	2,801	4,384
Ordinary profit	22,181	30,238
Extraordinary income		
Gain on sale of investment securities	–	332
Gain on forgiveness of lease liabilities	42	28
Gain on sale of non-current assets	–	76
Other	–	5
Total extraordinary income	42	442
Extraordinary losses		
Loss on retirement of non-current assets	1,281	904
Loss on store closings	–	352
Impairment losses	855	893
Other	29	8
Total extraordinary losses	2,166	2,159
Profit before income taxes	20,057	28,521
Income taxes - current	2,318	3,996
Income taxes - deferred	2,060	5,242
Total income taxes	4,378	9,239
Profit	15,678	19,282
Profit attributable to non-controlling interests	716	203
Profit attributable to owners of parent	14,962	19,078

(Interim Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Profit	15,678	19,282
Other comprehensive income		
Valuation difference on available-for-sale securities	2,232	(1,434)
Deferred gains or losses on hedges	4	(15)
Foreign currency translation adjustment	4,147	4,411
Remeasurements of defined benefit plans, net of tax	(173)	(180)
Share of other comprehensive income of entities accounted for using equity method	2,364	3,236
Total other comprehensive income	8,575	6,017
Comprehensive income	24,253	25,300
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	22,726	23,843
Comprehensive income attributable to non-controlling interests	1,527	1,457

(3) Interim Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended August 31, 2023	Six months ended August 31, 2024
Cash flows from operating activities		
Profit before income taxes	20,057	28,521
Depreciation	16,895	16,452
Impairment losses	855	893
Amortization of goodwill	149	171
Increase (decrease) in allowance for doubtful accounts	207	218
Increase (decrease) in retirement benefit asset and liability, net	(1,929)	(2,555)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(17)	(20)
Increase (decrease) in provision for point card certificates	(6)	(51)
Interest and dividend income	(1,382)	(1,378)
Interest expenses	2,575	3,977
Share of loss (profit) of entities accounted for using equity method	(1,133)	(2,330)
Loss (gain) on sale of non-current assets	−	(76)
Loss on retirement of non-current assets	1,281	904
Loss (gain) on sale of investment securities	−	(332)
Decrease (increase) in trade receivables	(11,530)	(10,997)
Decrease (increase) in inventories	(851)	150
Increase (decrease) in trade payables	5,320	(1,795)
Increase (decrease) in deposits received	4,533	(1,894)
Increase (decrease) in accounts payable - other	(1,579)	1,315
Increase (decrease) in contract liabilities	(357)	614
Other, net	(10,836)	2,279
Subtotal	22,252	34,066
Interest and dividends received	2,997	3,318
Interest paid	(2,524)	(3,906)
Income taxes refund (paid)	(1,663)	(1,270)
Net cash provided by (used in) operating activities	21,061	32,208
Cash flows from investing activities		
Payments into time deposits	(1,225)	(3,453)
Proceeds from withdrawal of time deposits	395	1,528
Purchase of short-term and long-term investment securities	(1,920)	(1,737)
Proceeds from sale and redemption of short-term and long-term investment securities	−	358
Purchase of property, plant and equipment and intangible assets	(14,813)	(14,435)
Proceeds from sale of property, plant and equipment and intangible assets	3	86
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(0)	(326)
Purchase of shares of subsidiaries and associates	(258)	(49)
Net decrease (increase) in short-term loans receivable	1,682	(251)
Long-term loan advances	−	(78)
Other, net	619	406
Net cash provided by (used in) investing activities	(15,517)	(17,953)
Cash flows from financing activities		
Proceeds from long-term borrowings	−	13,000
Repayments of long-term borrowings	(3,080)	(17,580)
Repayments of lease liabilities	(5,284)	(4,397)
Dividends paid	(2,208)	(3,154)
Other, net	(421)	(555)
Net cash provided by (used in) financing activities	(10,994)	(12,687)
Effect of exchange rate change on cash and cash equivalents	3,954	4,734
Net increase (decrease) in cash and cash equivalents	(1,496)	6,302
Cash and cash equivalents at beginning of period	88,631	92,898
Cash and cash equivalents at end of period	87,134	99,201

(4) Notes to Interim Consolidated Financial Statements

[Notes on Premise of Going Concern]

Not applicable.

[Notes on Substantial Changes in the Amount of Shareholders' Equity]

The Company canceled 13,931,873 treasury shares with a value of 22,851 million yen on April 26, 2024 based on a resolution at a Board of Directors' meeting held on April 12, 2024. Accordingly, in the first half of the current year, capital surplus decreased by 17,393 million yen and retained earnings decreased by 5,457 million yen.

As a result, looking at the balances as of August 31, 2024, capital surplus was 37,507 million yen, retained earnings were 331,334 million yen and treasury shares were 9,952 million yen.

[Changes in Significant Subsidiaries During the Interim Consolidated Period]

(i) Significant changes in the scope of consolidation

In the interim consolidated period under review, Vaste Culture & Cie. (Finance segment) has been included in the scope of consolidation.

(ii) Significant changes in the scope of application of the equity method

Not applicable.

[Segment Information]

(i) Six months ended August 31, 2023 (from March 1, 2023 to August 31, 2023)

a). Information about amounts of operating revenue and profit by reportable segment

(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	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Operating revenue:											
Outside Customers	139,755	15,441	18,691	6,436	8,608	13,304	202,238	18,936	221,175	−	221,175
Intersegment	8,210	460	13,501	158	2,031	991	25,352	6,303	31,656	(31,656)	−
Total	147,966	15,901	32,193	6,594	10,640	14,296	227,591	25,240	252,831	(31,656)	221,175
Segment profit	8,106	3,713	4,526	2,144	2,255	130	20,877	630	21,507	(697)	20,810

Notes: 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 to segment profit of (697) million yen consist of (160) million yen in eliminations of intersegment transactions and (536) million yen in depreciation of company-wide assets not allocated to each reportable segment.

3. Segment profit is adjusted with operating profit in the interim consolidated statements of income.

b). Information about impairment loss of non-current assets or goodwill, etc. by reportable segment

(Significant impairment loss on non-current assets)

An impairment loss of 855 million yen was recorded in the “Department Stores in Japan” segment.

(ii) Six months ended August 31, 2024 (from March 1, 2024 to August 31, 2024)

a). Information about amounts of operating revenue and profit by reportable segment

(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	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Operating revenue:											
Outside Customers	155,873	16,634	20,368	7,828	8,982	15,425	225,113	18,318	243,431	–	243,431
Intersegment	8,712	481	5,119	257	2,055	1,748	18,374	7,698	26,073	(26,073)	–
Total	164,585	17,115	25,487	8,085	11,037	17,174	243,487	26,016	269,504	(26,073)	243,431
Segment profit	14,416	3,917	3,923	3,136	2,291	1,177	28,863	783	29,646	(885)	28,760

Notes: 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 to segment profit of (885) million yen consist of (324) million yen in eliminations of intersegment transactions and (561) million yen in depreciation of company-wide assets not allocated to each reportable segment.

3. Segment profit is adjusted with operating profit in the interim consolidated statements of income.

b). Changes in Reportable Segments

From the first half of the fiscal year ending February 28, 2025, the Company has changed its reportable segments as shown below in order to optimize the business portfolio and further promote ROIC management that clarifies investment efficiency, profitability and other items by business under the new Medium-Term Management Plan.

The department stores in Japan and overseas that were included in the "Department Store" segment have been separated into the "Department Stores in Japan" and "Overseas Department Stores" segments. In addition, the commercial property development in Japan and overseas that were included in the "Commercial Property Development" segment have likewise been separated into the "Commercial Property Development in Japan" and "Overseas Commercial Property Development" segments. Furthermore, R.T. Corporation Ltd., which is involved in the development and operation of restaurants and cafes, etc., was previously included in the "Department Store" segment but has now been moved to the "Others" segment as "Restaurants."

Please note that in the segment information for the six months ended August 31, 2023, figures have been adjusted to reflect these changes.

c). Information about impairment loss of non-current assets or goodwill, etc. by reportable segment

(Significant impairment loss on non-current assets)

An impairment loss of 834 million yen was recorded in the "Department Stores in Japan" segment, and an impairment loss of 59 million yen was recorded in the "Others" segment.

(Significant change in the amount of goodwill)

In the interim consolidated period under review, Vaste Culture & Cie. has been included in the scope of consolidation. As a result, goodwill of 500 million yen was recognized in the "Finance" segment.

[Significant Subsequent Events]

(Stock Split and a Partial Revision of the Articles of Incorporation due to the Stock Split)

The Company has conducted a stock split on September 1, 2024 based on a resolution of a Board of Directors' meeting held on April 12, 2024.

1. Purpose of the Stock Split

The Company is aiming to improve the liquidity of its shares and to further expand its investor base through the creation of an environment where it is even easier for individual investors to invest by lowering the level per investment unit of the Company's stock.

2. Overview of the Stock Split

(1) Method of the stock split

The Company split each share of common stock owned by shareholders recorded in the final shareholder register on August 31, 2024 (actually, August 30) into two.

(2) Number of shares increased with the stock split

Total number of issued shares before the stock split	163,827,608
Number of shares increased with this stock split	163,827,608
Total number of issued shares after the stock split	327,655,216
Total number of authorized shares after the stock split	600,000,000

(3) Schedule of the stock split

Record date announcement date	August 16, 2024
Record date	August 31, 2024 * Actually, August 30
Effective date	September 1, 2024

3. Partial Revision of the Articles of Incorporation due to the Stock Split

(1) Reason for the revision

The Company revised as follows part of its Articles of Incorporation on September 1, 2024 based on the provisions in Article 184, Paragraph 2 of the Companies Act due to this stock split.

(2) Details of the revision

The details of the revision are as follows.

(Underlining indicates a revision)

Current Articles of Incorporation	Revised Articles of Incorporation
Article 6: Total Number of Authorized Shares The total number of authorized shares in the Company shall be <u>300 million</u>.	Article 6: Total Number of Authorized Shares The total number of authorized shares in the Company shall be <u>600 million</u>.

(3) Schedule of the revision

Effective date	September 1, 2024

(4) Change in the amount of share capital

There was no change in the amount of share capital as a result of the stock split.

(Purchase of the Company's shares and Cancelation of Treasury Shares)

The Company resolved, at a Board of Directors' meeting held on October 15, 2024, matters related to the purchase of the Company's shares pursuant to the provisions of Article 156 of the Companies Act as applied by replacing the relevant terms pursuant to the provisions of Article 165, paragraph 3 of the same Act, and resolved matters related to the cancelation of the Company's treasury shares pursuant to the provisions of Article 178 of the same Act.

1. Reasons for Executing Purchase of the Company's shares and Cancelation of Treasury Shares

The Company plans to enhance shareholder returns and improve capital efficiency.

2. Details of Matters Related to Purchase

(1)	Type of shares for purchase	Common stock of the Company
(2)	Total number of shares for purchase	15,000,000 shares (maximum) [Percentage of the total number of issued shares (excluding treasury shares): 4.8%]
(3)	Total purchase cost for the shares	15,000 million yen (maximum)
(4)	Share purchase period	From November 1, 2024 to February 28, 2025
(5)	Purchase method	Market buying on the Tokyo Stock Exchange

3. Details of Matters Related to Cancelation

(1)	Type of shares to be canceled	Common stock of the Company
(2)	Total number of shares to be canceled	Total number of treasury shares purchased by 2. above.
(3)	Scheduled date of cancelation	March 31, 2025