TAKASHIMAYA

FINANCIAL STATEMENTS 2025

Years ended February 28, 2025 and February 29, 2024

Yokohama Scenery
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This artwork was specially created and exhibited for
'MINIATURE LIFE EXHIBITION 2 Tatsuya Tanaka MITATE Worlds'
at Yokohama Takashimaya, held from September 11 to September 29, 2024.

Takashimaya

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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 (Yakushimae-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 610,000		100.0 (66.8)
	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

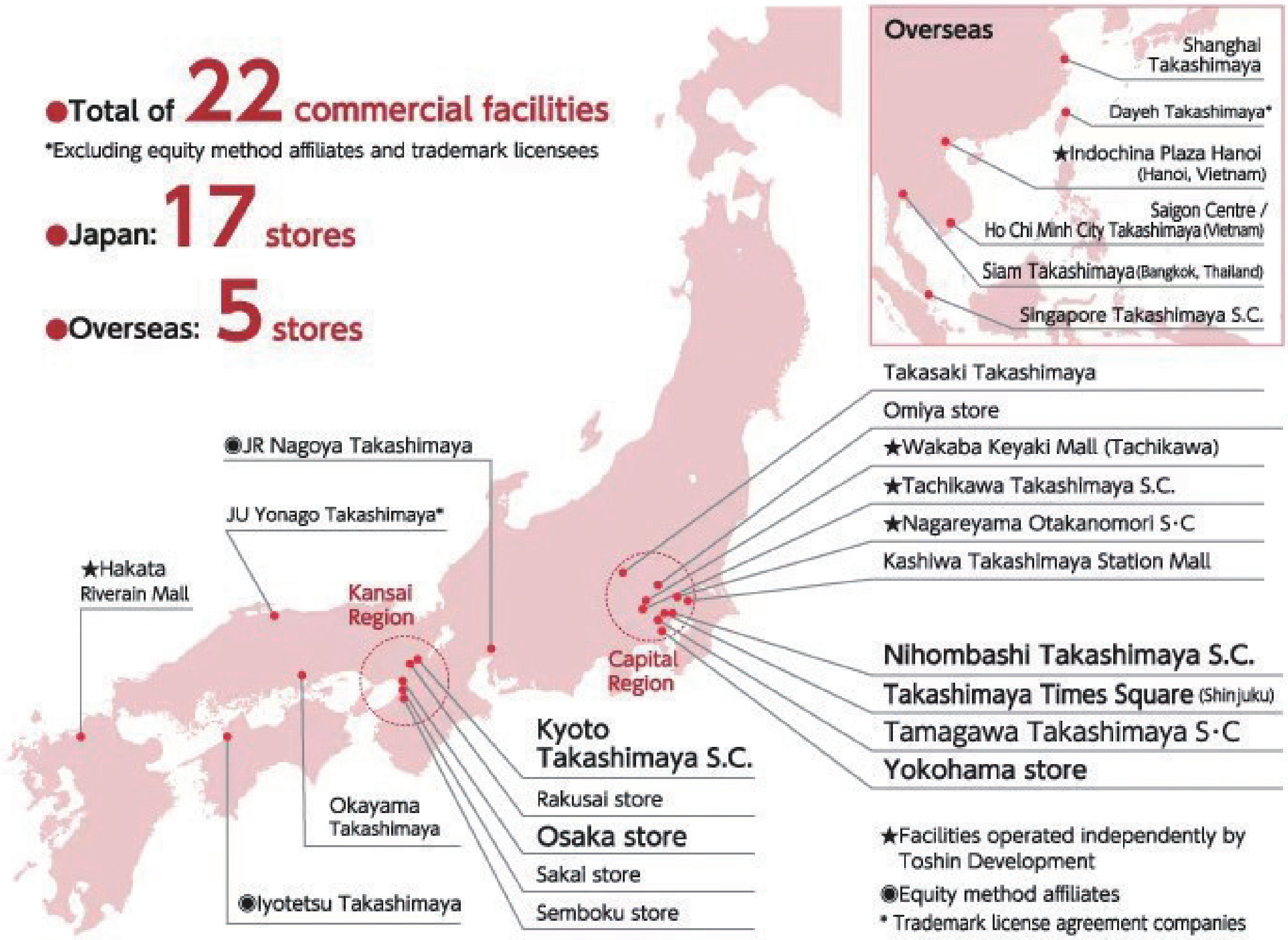
	Company	Country	Capital Millions of yen	Segment	Voting rights ownership ratio (%)
Consolidated subsidiaries	Toshin Development Singapore Pte. Ltd.	Republic of Singapore	Thousands of SGD 8,526	Overseas Commercial Property Development	100.0 (100.0)
	A&B Development CORP.	Socialist Republic of Viet Nam	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)
	NSland Viet Nam Joint Stock Company	Socialist Republic of Viet Nam	Millions of VND 81,800		75.0 (75.0)
	Toshin Development Vietnam Ltd.	Socialist Republic of Viet Nam	Millions of VND 38,390		100.0 (100.0)
	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)
	Takashimaya Financial Partners Co., Ltd.	Japan	100	Finance	69.5
	Vaste Culture & Cie.	Japan	5		50.0
	Takashimaya Space Create Co., Ltd.	Japan	100	Construction & Design	100.0

	Company	Country	Capital Millions of yen	Segment	Voting rights ownership ratio （%）
Consolidated subsidiaries	Good Live Co., Ltd.	Japan	100	Others	100.0
	RTD Co., Ltd.	Japan	10		60.0 (60.0)
	TAKASHIMAYA TRANSCOSMOS 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
	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
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
	6 other companies	—	—	—	—

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

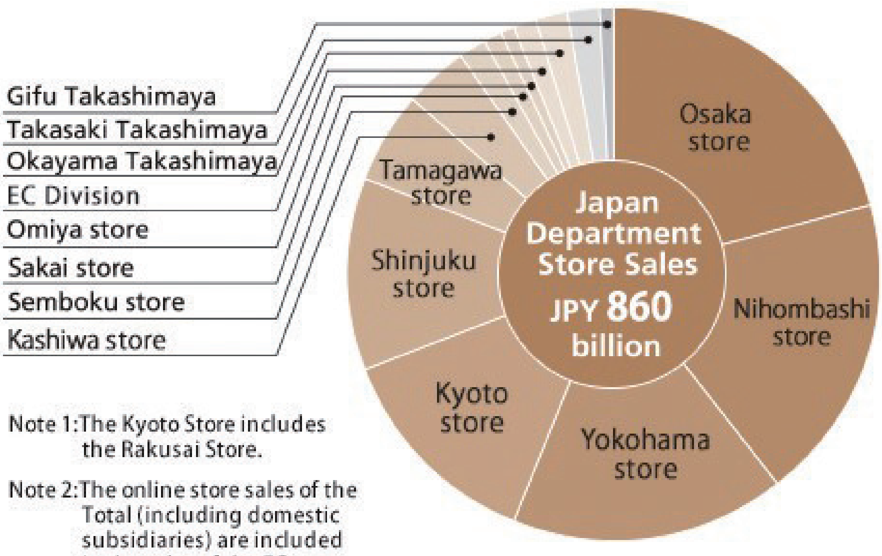
3. Store Network and Japan Department Store Sales

Store Network



Japan Department Store Sales

Osaka store	JPY 181B
Nihombashi store	JPY 161B
Yokohama store	JPY 142B
Kyoto store	JPY 112B
Shinjuku store	JPY 100B
Tamagawa store	JPY 48B
Kashiwa store	JPY 34B
Semboku store	JPY 15B
Sakai store	JPY 10B
Omiya store	JPY 7B
EC Division	JPY 10B
Okayama Takashimaya	JPY 17B
Takasaki Takashimaya	JPY 17B
Gifu Takashimaya	JPY 7B



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 Gifu Takashimaya Co., Ltd. ended on July 31, 2024.

4. Details of Audit Fees etc.

Details of audit fees etc. of fiscal year ended February 28, 2025 and February 29, 2024 are as follows:

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

	Millions of yen			
	2025		2024	
Category	Fees for audit and attestation services	Fees for non-audit services	Fees for audit and attestation services	Fees for non-audit services
Filing company	**¥157**	**¥—**	¥147	¥0
Consolidated subsidiaries	**52**	**—**	50	—
Total	**209**	**—**	197	0

As for details of non-audit services for the Company, the Company has mainly requested advisory services relating to examination of application of the Accounting Standard for Revenue Recognition and paid consideration for the services.

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

	Millions of yen			
	2025		2024	
Category	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**	¥—	¥8
Consolidated subsidiaries	**56**	**46**	49	21
Total	**56**	**61**	49	29

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

We announced the vision for the future that our Group is aiming for both internally and externally to mark the first year of our Grand Design in FY2024. We held roundtable meetings company-wide within our Group. Each person shared our Group’s values, considered their future path and worked to incorporate them into their own concrete actions. In addition, we announced our new Medium-Term Management Plan (three years). This shows that we have entered the implementation phase of the concrete measures to realize our Grand Design. We issued our first Integrated Report in December. We described our value creation story for each stakeholder in this report.

We introduced ROIC as a business management technique. We created ROIC Trees for each company, division and store. This initiative fostered awareness that each individual's actions lead to profits.

With the post-COVID-19 upswing in consumption coming to an end, we will need to continue closely watching the operating environment in FY2025 to see whether global geopolitical risks affect Japanese financial markets (interest rates, exchange rates and stock prices) and the economy (cost of living, consumption and demand from foreign visitors to Japan). Therefore, we need to realize initiatives on two fronts. We need to steadily climb the ladder of sustainable growth as a Group. In addition, calculating backwards from the realization of our Grand Design in 2031, we need to accelerate our efforts to form “a familiar platform that helps achieve fulfilling lifestyles for all our stakeholders.”

We need each employee and also each Group business to have the independence to enhance market competitiveness in their respective fields to realize sustainable growth in a complex operating environment. Thus, we intend to accelerate growth by having independent individuals and organizations work together to produce a surge in co-creation. We have set the following as our strategic objectives and priorities for FY2025.

[Strategic objectives]

Accelerate growth through a surge in independence and co-creation:
begin to achieve seamlessness within our Group to realize our Grand Design

[Strategic priorities]

(1) Establish next-generation shopping centers created by the collective strengths of our Group
(2) Strengthen sales capabilities as a source of value creation
(3) Build the organizations and foundations to support individual growth
(4) Implement ESG management focused on sales activities
(5) Demonstrate a greater presence in growth domains

We will begin to achieve seamlessness in FY2025. Seamlessness is an important strategic element to realize the ideal image for our Group that we have set out in our Grand Design. Our Group has three strengths: store location characteristics, excellent group companies and also the broad customer base built up by each of our sites and organizations. The sum total of the products, services and information handled by our Group such as in each of our sites inside and outside Japan (department stores and specialty stores), electronic commerce and finance operations is our Group’s unique competitive advantage. To further enhance these strengths, we will realize a state in which each Group business is equidistant from the customer’s perspective. In other words, we will achieve seamlessness. We will create a stress-free and inspiring shopping experience for our customers. To that end, we will continue to consider how to realize seamlessness. Those efforts will include making optimal proposals to suit the needs of our customers from all the products, services and information we handle within our Group.

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

Our consolidated strategic objectives for FY2026 (final fiscal year of the Medium-Term Management Plan) are as follows.

○Operating profit	JPY 60.0bn	(vs. FY2024	+JPY 2.5bn)
○Equity ratio	40.0%	(vs. FY2024	+3.5%)
○ROE	8.2%	(vs. FY2024	-0.3%)
○ROIC (return on invested capital)	6.1%	(vs. FY2024	-0.3%)

Furthermore, consolidated strategic objectives for FY2025 are as follows.

○Total operating revenue	JPY 1,070.0bn	(vs. FY2024	+JPY 37.3bn)
○SG&A to total operating revenue ratio	23.4%	(vs. FY2024	-0.1%)
○Operating profit	JPY 58.0bn	(vs. FY2024	+JPY 0.5bn)
○Equity ratio	38.0%	(vs. FY2024	+1.5%)
○ROE (Profit/equity)	8.2%	(vs. FY2024	-0.3%)
○EBITDA - Total assets ratio	6.3%	(vs. FY2024	+0.1%)
○Net interest-bearing debt to EBITDA ratio	1.6 times	(vs. FY2024	+0.2 times)
○ROIC (return on invested capital)	6.2%	(vs. FY2024	-0.2%)

(3) Business Environment and Issues to Be Addressed

We have set the following as our management issues for the next fiscal year 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.

- Establish next-generation shopping centers created by the collective strengths of our group and strengthen sales capabilities as a source of value creation

The shift to next-generation shopping centers is an important initiative in our 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 group business will then mutually use their respective management resources to maximize the appeal of each commercial facility. Next-generation shopping centers have three characteristics. The first characteristic is that they create incentives for customers to visit by introducing new contents. We will provide extra-special experience value beyond simple shopping and dining so that shopping centers continue to be supported by customers as a real presence. Through this, we will encourage customers from a wide area and of all ages to visit to create a lively atmosphere.

The second characteristic is that they provide functions as social infrastructure for the community. It is essential we contribute to the stakeholder of the local communities as we have set Machi-dukuri as our group-wide strategy. Shopping centers possess the qualities of being known to everyone, having a convenient location and offering a large facility. We will use these qualities to continue to fulfill our role as a terminal for forming local communities and promoting a recycling-oriented society, to communicate messages as symbolic facilities for the introduction of renewable energy and urban greening, and also to expand the functions as a disaster prevention base and to provide evacuation shelters and lifelines.

The third characteristic is that we should make 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.

Department stores will also be at the core of next-generation shopping centers. We will enhance 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 will do this to improve the appeal of department stores themselves and to thus raise the Takashimaya's brand value.

We will also employ management techniques. We will establish a cycle to calculate and verify ROIC for shopping centers overall without separating department stores and specialty stores based on the Balance Sheet by Store we will introduce in the next fiscal year. We will then promote management with an awareness of site profits to entrench ROIC management.

- 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 will work on human capital management, that is, we will support the participation and actively promote diverse human resources as well developing human resources across our group. Our aim in doing this is to encourage a virtuous cycle of engagement and productivity improvement to lead to sustainable growth. We will practice management which maximizes the abilities of each employee based on the concept of DE&I for the organizational culture that serves as our foundation. Furthermore, we will aim to enhance the effectiveness of the policy we formulated in the Basic Policy on Customer Harassment we announced last year. To that end, we will continue to develop an environment where employees of business partners and others can demonstrate their abilities with peace of mind. This will include periodic monitoring and other efforts.

- 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 will foster a culture in which each employee understands our approach to ESG management and is able to act independently. At the same time, we will communicate messages distinctive of our company that is in contact with many customers. In this way, we will maximize their effectiveness.

We will accelerate our efforts by using the business characteristics and management resources of each organization in our group in our symbolic TSUNAGU ACTION initiative. We will reinforce our perspective on profitability that is essential for sustainable growth. Our aim will be to sustainably increase profits while solving social issues at the same time.

Furthermore, the Group provides information on ESG management governance, strategies, risk management and risk countermeasures, and metrics and targets in "2. Sustainability Approach and Initiatives, (1) Takashimaya Group ESG management. "

- Demonstrate a greater presence in growth domains

We position overseas business and finance as growth domains. Against this background, in the overseas business we will use the know-how and partnerships we have cultivated in the Takashimaya Singapore Shopping Center to gradually advance development in the growth market that is Vietnam. Moreover, in addition to the Card business, we will take on challenges in new areas to expand our business base in the finance business as well. We expect our group profit level (consolidated operating profit +share of profit of entities accounted for using equity method +dividend income from Toshin Development Co., Ltd.'s Vietnamese affiliate) to increase from 75 billion yen to 80 billion yen by 2031 when we will celebrate our 200th anniversary by increasing profits in those growth domains. Furthermore, we will increase the share of profits from our overseas segment from 28% in FY2023 to 33% and the share of profits from non-department store segment from 38% in FY2023 to approximately half at 47%. We will simultaneously realize a well-balanced business portfolio which allows us to respond flexibly to changes in the operating environment.

Segment-specific initiatives are as follows.

Starting from this consolidated fiscal year, we changed our 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 "Part 3. Financial Information, Note 15: Segment information, 2. Changes of the reportable segments."

<Department Stores in Japan>

We will increase our buying power to realize attractive merchandise focused on our five large stores in the east and west, which is one of our strengths, for our product policy to strengthen our sales capabilities. We will continue to work with key business partners in the future to improve the ongoing issue of our gross margin ratio. These improvements will include reinforcing retail priced items. Furthermore, we will enhance our item spaces and self-curated sales spaces and develop new products and services. Through these efforts, we will provide one-stop experience value that takes advantage of the strengths of our physical stores.

We will continue to expand our brands in line with customer needs, distinguish our website and app, and promote initiatives to enhance convenience in our e-commerce business. We will expand points of contact with customers through mutual referrals between stores and electronic commerce channels by taking advantage of the strengths of our physical stores. This will lead to the acquisition of new customers and an improvement in profitability.

We made it possible to use the points of various Takashimaya cards in units of one from April. We will now take this opportunity to begin rebranding our card strategy to improve existing customer satisfaction and to acquire the next generation of customers in terms of our customer policy. Moreover, we will also enhance the appeal of the Takashimaya app as an important customer contact tool. In addition to strengthening the rewards function, we will take digital approaches among other efforts.

Furthermore, we will take advantage of having outstanding overseas stores such as in Singapore to mutually refer customers to our stores in Japan. Through this, we will aim to promote and establish shopping around stores beyond international borders.

We will establish a structure for our Sakai Store that will close on January 7, 2026 so that its customers can continue to shop mainly at our Osaka Store and Semboku 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 reinforcing our merchandise of fashion-related products, 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.

The first urban railway in Ho Chi Minh City opened in December 2024. In response to this, we will expand sales at Ho Chi Minh City Takashimaya by enhancing 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 plan to revamp and reopen each floor, including introducing new tenants, at Siam Takashimaya (Thailand). We will continue to promote efforts to maximize the effects of these renovations.

<Commercial Property Development in Japan>

We opened three new facilities, including Kashiwa Ekimae Administrative Service Center, in Kashiwa, Chiba Prefecture in February 2025 at the Kashiwa Takashimaya Station Mall that Toshin Development Co., Ltd. has been gradually renovating. This marked the completion of the renovations that we have been working on since September 2023. We will continue to aim to ensure it is an even more convenient and user-friendly facility in the future. In addition, we renovated the Nishikan Street at Tamagawa Takashimaya Shopping Center in April 2025. We opened the P. food court with four attention-grabbing restaurants. This will provide a new shopping environment that connects sidewalks, spaces and communities.

<Overseas Commercial Property Development>

In Vietnam, which we position as a growth driver, Toshin Development Co., Ltd. will concentrate investments on mixed-use development projects combining residential housing, offices and commercial businesses in Hanoi. Through these efforts, we will pursue growth potential and profitability in Vietnam as a second revenue pillar after Singapore.

<Finance>

We have introduced a new six-month savings course in addition to the existing 12-month savings course for our SUGO-TSUMI savings service using Takashimaya NEOBANK. Customers will be able to use the amount of savings, plus bonus, that they have saved in a short period of time for shopping. The introduction of this course will encourage new customers to join and increase customer contact points.

Moreover, Takashimaya Financial Partners Co., Ltd. has obtained a banking agency license with SBI Sumishin Net Bank serving as the affiliated bank. We will begin offering banking products at the Takashimaya financial counters in our Nihombashi Store, Yokohama Store and Osaka Store and elsewhere. This will allow us to provide comprehensive financial consulting and services including securities, insurance, inheritance and trusts.

Furthermore, we will expand our business in the independent financial advisor (IFA) market. For example, we will promote mutual referrals with our Vaste Culture & Cie. subsidiary. We will provide high-quality private bank services. That will allow us to strengthen our group’s customer base as well as to increase profits in the finance business.

<Construction & Design>

Takashimaya Space Create Co., Ltd. will establish a new company to handle residential interior design in Vietnam. This company will capture demand for Japanese-quality residential interiors which is expected to increase in the future as living standards improve.

<Others>

The food and beverage company R.T. Corporation Ltd. opened a new central kitchen facility last year. The company will use this kitchen together with its existing facilities to improve the efficiency of manufacturing, processing and procurement logistics while further promoting the development of unique products.

Century & Co., Ltd. will aim to accept more orders by leveraging its high-quality business operational abilities that it has built up at department stores.

Additionally, the advertising business All Takashimaya Agency Co., Ltd. will strengthen its expertise in the digital field.

We will continue to enhance the competitiveness of each of our businesses. This will lead to us building a stable revenue base.

(4) Basic Strategy for Capital Policy

The Company will enhance its financial soundness by increasing equity and reducing interest-bearing debt to prepare for future business risks and procure capital for sustainable growth investments.

The Company sets Return On Invested Capital (ROIC), EBITDA, equity ratio, Dividend On Equity ratio (DOE), and Total Shareholder Return (TSR) as key performance indicators (KPI). To pursue management focused on capital costs, the company promotes ROIC-based management. As of the end of FY2024, ROIC was 6.4%, esceeding the WACC of 4.8%. 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 KPI are disclosed in financial results briefing materials*.

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

(Assumptions concerning cash allocation)

The Company assumes that allocation towards investments for sustainable growth will account for approximately 80% to 90% of cash flows from operating activities. As a breakdown, roughly 70% will be allocated to growth investments in Japan and overseas with a focus on commercial property development while roughly 30% will be allocated towards investments in store safety and security, ESG, and human capital.

To address financial soundness, the Company assumes 3% to 5% of cash flows from operating activities will be expenditures towards reducing interest-bearing debt ahead of new lease accounting standards expected to be adopted in a few years.

The Company assumes 7% to 10% of cash flows from operating activities will be allocated towards shareholder returns.

(Shareholder returns)

Dividends will consist of progressive dividends based on increases in net assets with consideration also given to EBITDA and cash flows from operating activities. In times of favorable performance trends or other factors that result in free cash flow outperforming assumptions, the Company will make a comprehensive decision on whether to increase investment amounts, further reduce interest-bearing debt, or issue additional shareholder returns.

2. Sustainability Approach and Initiatives

The Group's sustainability approach and initiatives as we 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 aim to win the support of our stakeholders by providing unique value propositions such as “environmentally friendly and prosperous lifestyle and culture” “respond to diverse values, utilize diverse human resources,” and “customer-oriented management.”

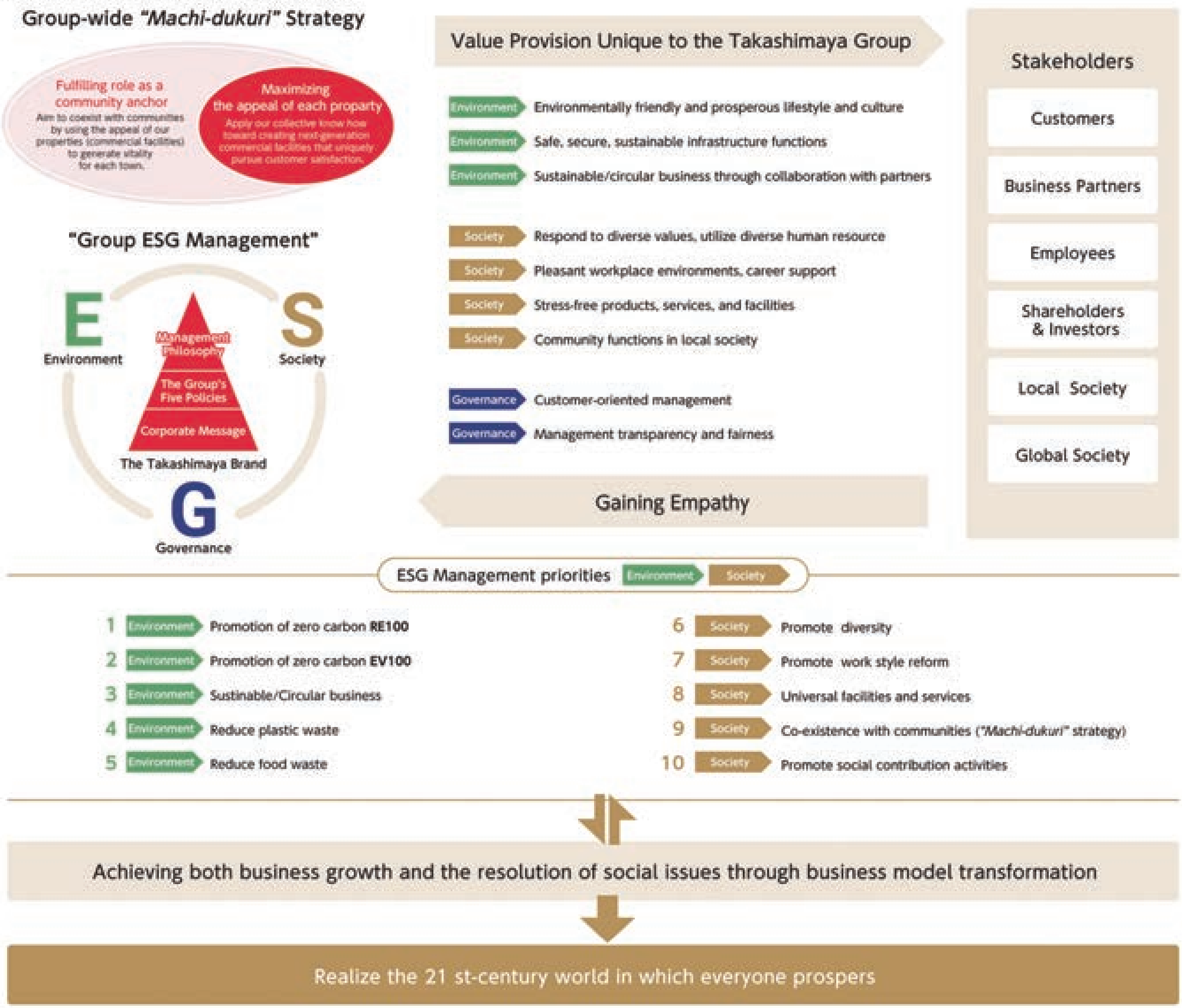
We have defined 10 key issues for ESG Management, including “RE100 to promote zero carbon” and “promoting diversity.” For example, we began procuring renewable energy through off-site PPAs at our Osaka Store and Kyoto Store in August 2024 to promote decarbonization.

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 Strategy 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.

We position Machi-dukuri (hereinafter, referred to as the Machi-dukuri Strategy) as our general group-wide strategy. From the perspective of community and sustainability, this strategy is also closely related to ESG strategy. We strive to create energetic cities while coexisting within the community. We also work to propose and offer new value through our merchandising, environments, and services. We believe that these activities work towards resolving various societal issues and help promote the development of society. The Takashimaya Group operates businesses in Japan and around the world centered on department stores. Our Group has a superb customer base and store locations, and a solid network of business partners. These attributes give the Takashimaya Group the strength and potential to approach various issues across the world. Through the promotion of our Machi-dukuri Strategy, we will work to resolve societal issues from both short-term and medium- to long-term perspective, aiming for further Group growth and the realization of a sustainable society.

● Group ESG Management Conceptual Diagram



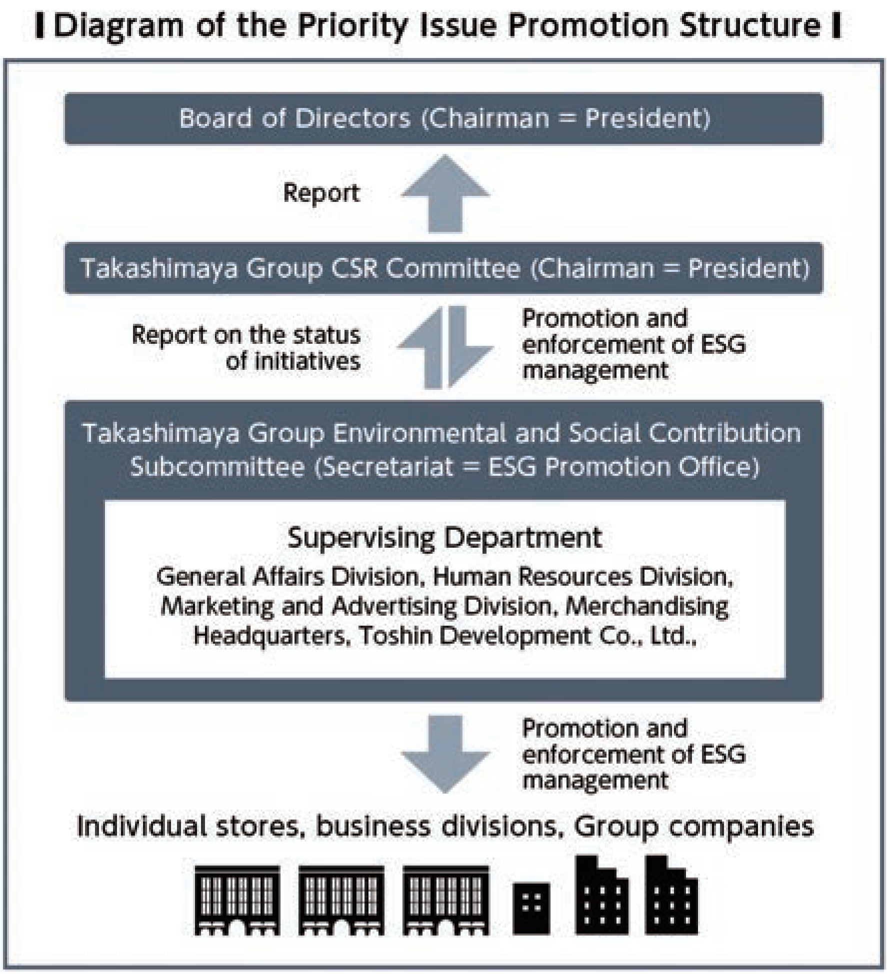
Furthermore, information on ESG management is also provided in "1. Business Policies, Business Environment, and Issues to Be Addressed, (3) Business Environment and Issues to Be Addressed: Implement ESG management focused on sales activities."

(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 CSR 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 CSR 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.

●Promotion structure diagram for core ESG issues



● Main agenda items for the Takashimaya Group CSR 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.

FY2023	First meeting (August 2023)	・TSUNAGU ACTION ・Employee engagement visualization and improvement ・Progress on priority issues for sustainability ・Further implementation of management that respects human rights
	Second meeting (February 2024)	・Verification of the priority issues for governance and sustainability in FY2023 ・Response to the revised Act for Eliminating Discrimination against Persons with Disabilities ・Human capital management
FY2024	First meeting (August 2024)	・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)	・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)

(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.

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). 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>."

●Core issues and action plan

		Initiatives, measures	By 2025	By 2030	By 2050
Environment	RE100 zero carbon initiative	• Transition to renewable energy • Reduce electricity consumption	Transition to/adoption of renewal energy Switch to LEDs in stores and facilities		Achieve RE100
	EV100 zero carbon initiative	• Switch to EVs • Streamline/reduce number of sales vehicles • Develop EV charging facilities	Switch to EVs Streamline number of vehicles Install chargers	Achieve EV100	
	Circular business	• Expand environmentally friendly products • Build circular platform	Expand Takashimaya-exclusive products Expand collaboration partners Expand items eligible for collection	Build circular business	
	Reduce waste plastic	• Reduce use of plastics • Switch to biodegradable plastics and non-plastics for food containers • 100% use of recycled materials, etc.	Reduce, use substitutes Change ingredients Promote recycling	Zero creation of waste plastic	
	Reduce food loss	• Expand secondary processing • Use external agencies • Reevaluate sales methods, etc.	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	• Fair and equal human resource management that leaves no one behind • Gender equality • Acceptance of foreign workers (Acceptance as workers and support as residents)	Establish LGBTQ+ work environment Expand systems and correct inequalities Improving living and work environments	Society of coexistence that respects diverse perspectives	
	Promote workstyle reform	• Improve productivity by promoting multi-tasking • Create environment aimed at realizing diverse workstyles • Promote employee awareness	Promote digital shift, establish environment Design new systems Employee education	Improve productivity Increase employee satisfaction	
	Universal facilities and services	• Create universal facilities • Permeate understanding of universal hospitality	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)	• Partnerships with municipal governments Promote creation of disaster prevention hubs • Provide community for gathering and spending time	Develop functions for safe and secure facilities Expand provision of community functions in regions	Sustainable community infrastructure hub	
	Promote social contribution activities	• Expand opportunities for participation • Culture business	Expand activities that offer customer participation Promote employees' participation Support cultural activities	Social contribution activities for leaving no one behind	

(iii) Risk management

Our Company deals with risks to our business including climate-related issues and other sustainability issues. The Takashimaya Group CSR 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, to minimize loss of business opportunities associated with the intensifying and increasing frequency of natural disasters, we are conducting capital investments to increase the resilience of our stores and facilities, and establishing a human rights due diligence structure aimed at preventing and reducing human rights-related risks along 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

The Group sets KPI, implements initiatives, and conducts monitoring for core ESG issues. 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

	Priorities	KPI	2021	2023	2025	2030	2050	Key points of initiatives
E Environmental	1 Promote zero-carbon RE100	Renewable energy (RE) conversion rate	1.8%	5.5%	8.6%	30% or more	100%	· Renewable energy conversion · Reduce electricity consumption
		Rate of reduction for GHG emissions from electricity consumption (vs. 2019)	-3.0%	-5.6%	-10.5%	-35%	-100%	
	2 Promote zero-carbon EV100	Electric vehicle (EV) conversion rate	0.3%	0.3%	3.1%	100%		· Switch to EV · Review and reduce the number of business vehicles · Develop EV charging facilities
		Reduction in number of vehicles owned (vs. 2019)	17 vehicles	17 vehicles	52 vehicles	115 vehicles		
	3 Sustainable/ circular business	Recycled polyester usage rate (limited products developed in-house)	–	–	100%			· Expand environmentally-friendly products · Build sustainable/circular platform
	4 Reduce plastic waste	Percentage of waste plastic recycled	97%	98%	99%	100%		· Plastic use reduction · Switch food containers to biodegradable or non-plastic materials · 100% use of recycled materials and more
		Total waste reduction (vs. 2019)	-3.6%	-24.8%	-26.3%	-30%		
	5 Reduce food loss	Recycling rate of food waste	68%	75%	80%	100%		· Expand secondary processing · Utilize external organizations · Review sales methods and more
		Food waste reduction (vs. 2019)	-3.6%	-15%	-16.7%	-20%		
S Social	6 Promote diversity	Percentage of women in management roles	31.3%	33.3%	35.4%	40% or more		· Fair human resource management that leaves no one behind · Gender equality · Acceptance of foreigners (acceptance as workers, support as residents)
		Rate of hiring of persons with disabilities, number of foreign employees						
	7 Promote workstyle reform	Take-up rate of paid leave	55%	65%	80%	100%		· Increase productivity by supporting multitasking · Establish environment for enabling diverse workstyles · Promote employee enlightenment
		Increase per capita productivity (amount of operating income per employee, 2x vs. 2019)	1.7 million yen	3.9 million yen	4.7 million yen	6.6 million yen		
		Employee turnover rate						
		Status of use of work-life balance system						
	8 Universal facilities and services	Rate of employees with credentials	10.1%	11.7%	14.5%	20%		· Universal facilities · Permeate understanding of universal hospitality
		Create barrier-free facilities						
	9 Co-existence with local communities (Machi-dukuri)	Partnership with local communities where we operate stores and shopping centers						· Promote partnerships with municipalities to establish disaster relief hubs for use in emergency situations · Provide community for gathering and spending quality time
	10 Promote social contribution activities	No. of vacation days taken for volunteer activities						· Increase opportunities for volunteer activities · Promote cultural activities
G Governance	· Management structure	· Internal controls	· Assumed risks and response measures	· Privacy policy and disclosure policy				

(2) Specific Issues Related to Sustainability

<Response to climate change>

We outline unceasing efforts to protect the global environment as one of the Five Policies of our Management Philosophy. In the Takashimaya Group Environmental Policy, we also prioritize the prevention of global warming and the reduction of CO2 emissions. We will 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 strategy. 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.

To address this situation, the Takashimaya Group will transform our conventional business model to a business model that regenerates and repairs the earth's resources. Our Group will work towards both resolving environmental issues and achieving business growth. As part of this mission, we have declared our support for TCFD recommendations, and will further enhance our information disclosure for the four disclosure items recommended by the TCFD: governance, strategy, risk management, and metrics and targets.

<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 ascertain the financial impact of the risks and opportunities that future climate change will present to our business activities, Takashimaya held workshops for selected employees. In the workshop, participants used the scenario analysis methods based on frameworks recommended by the TCDF to predict and analyze changes in our external environmental that we can expect to see in 2050. 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 identify major risk items with the potential to have a significant impact on our 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 strategy *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 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 response to the impact that climate-related risks could have on our business activities and financial position, and to contribute towards the realization of a sustainable society, we promote Group ESG management aimed at resolving social issues and achieving business growth. As part of these management practices, in 2019 we joined the RE100, an international initiative aiming for the use of 100% renewable energy for the electricity used in business activities. We are promoting initiatives to achieve a zero-carbon society and the goal of switching to 100% renewable energy by 2050. The Takashimaya Group is also working to reduce power consumption and CO_2 by gradually upgrading the facilities of each store to highly energy-efficient equipment, and by switching existing lighting fixtures to LED lighting. In FY2023, our Group invested approximately 530 million yen towards the switch to LED lighting, which reduced CO_2 emissions by 1,266 t-CO_2, in our department stores in Japan.

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, through initiatives such as TSUNAGU ACTION, 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 will 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 department stores as our mainstay business, we position our current business model, which assumes an environmental load, as a risk. As such, we are working towards 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 FY2023, our Scope 1 and Scope 2 GHG emissions were roughly 206,000 t-CO_2 and Scope 3 GHG emissions for department stores were roughly 3,442,000 t-CO_2.

●GHG emissions

		Scope		2019	2020	2021	2022	2023
GHG emissions	CO2	Consolidated	Scope 1 emissions (t)	**24,953**	**21,055**	**20,197**	**19,910**	**18,905**
			Scope 2 emissions (t) (Calculated using market-based methods)	**205,563**	**178,090**	**183,301**	**179,377**	**187,350**
			Scope 1 + 2 emissions (t)	**230,516**	**179,145**	**203,497**	**199,286**	**206,255**
		Department stores in Japan	Scope 3 emissions (t)	**3,382,417**	**2,495,547**	**2,772,244**	**4,264,236**	**3,442,335**
	Fluoro-carbon emissions	Department stores and shopping centers in Japan	t-CO2	**1,552**	**1,609**	**1,580**	**967**	**1,119**

*A third-party organization has verified our Company's GHG emissions (Scope 1 and 2) in accordance with the Takashimaya Group's rules for calculating GHG emissions.

* Fluorocarbon leakage from freezers and refrigerators used in domestic department stores and shopping centers is converted into CO_2 in accordance with the Fluorocarbon Emissions Control Act.

c. Targets used in climate risk and opportunity management, and results

We joined the 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 2050. 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.

Since switching facility electricity to electricity derived from renewable energy in FY2020, the Group has continued to promote the switch to renewable energy. In FY2022, we switched to electricity derived from renewable energy at 5 facilities, including ANNEX 2 and the Komorebi Terrace at the Nagareyama Otakanomori Shopping Center. In FY2023, the Group adopted electricity derived from renewable energy via a Corporate PPA for a portion of the electricity consumed at the Takashimaya Yokohama Store.

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 and diversity>

Investment in human capital, which is directly linked to a company's sustainable growth and value creation, is a strategic investment that is vital to achieving a balance between social sustainability and business profitability.Our Company is committed to promoting human capital management with the ultimate goal of becoming a company that can maximize the value of all individuals with their own specializations and diverse values and where all employees, including temporary employees seconded by our business partners,can work with enthusiasm and initiative to achieve results.

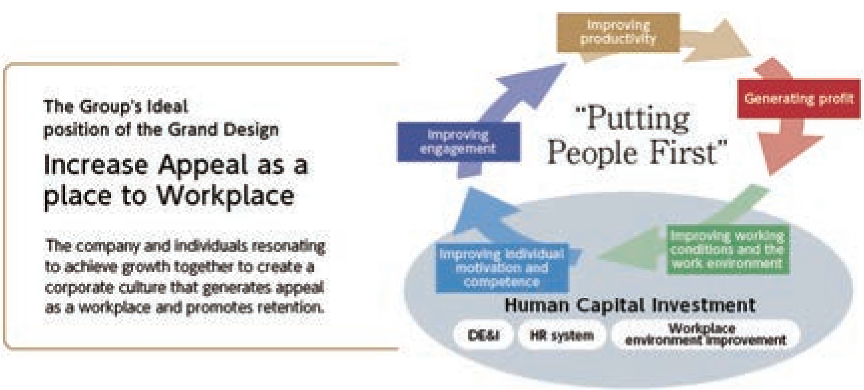
One of the goals we outline in our Grand Design, which we formulated as the ideal image of the Group in 2031, the 200th anniversary of our founding, is to "achieve a corporate culture in which the company and individuals resonate and achieve growth together to cultivate an appealing workplace and promote retention."

We have clarified the organization we want to be*[1] and the image of the human resources we want*[2] based on this Grand Design. We have summarized the Takashimaya Group's basic approach to human resources to serve as the basis for our future personnel measures.

*(1) The organization we want to be:
- An organization that values the founding spirit in our Store Creed and that serves society through honest and fair business
- An organization that values and respects everyone who works with us, including our Group employees and business partner employees
- An organization with a high level of psychological safety that can make use of diverse personalities to produce reforms
- An organization in which each individual is motivated to learn, teaches and improves each other, grows through work, and contributes to the sustainable growth of the Takashimaya Group

*(2) Image of the human resources we want
- Human resources who empathize with our management philosophy of "Putting People First" and who produce added value from encounters with other people
- Human resources with a spirit to take on challenges and who can create new value from a global perspective
- Human resources who are sensitive to changes in cities and people and who can think and act independently even in unknown situations
- Human resources who develop their careers independently by refining knowledge, skills and know-how that can be used both inside and outside the company

We will accelerate human capital investment to realize the organization we want to be and the human resources we want. This is human capital investment that creates the following cycle: improve working conditions and environments >> improve individual motivation and capabilities >> improve productivity >> generate profits. In this way, we will improve the attractiveness of our Group as a place to work.



(i) Strategy

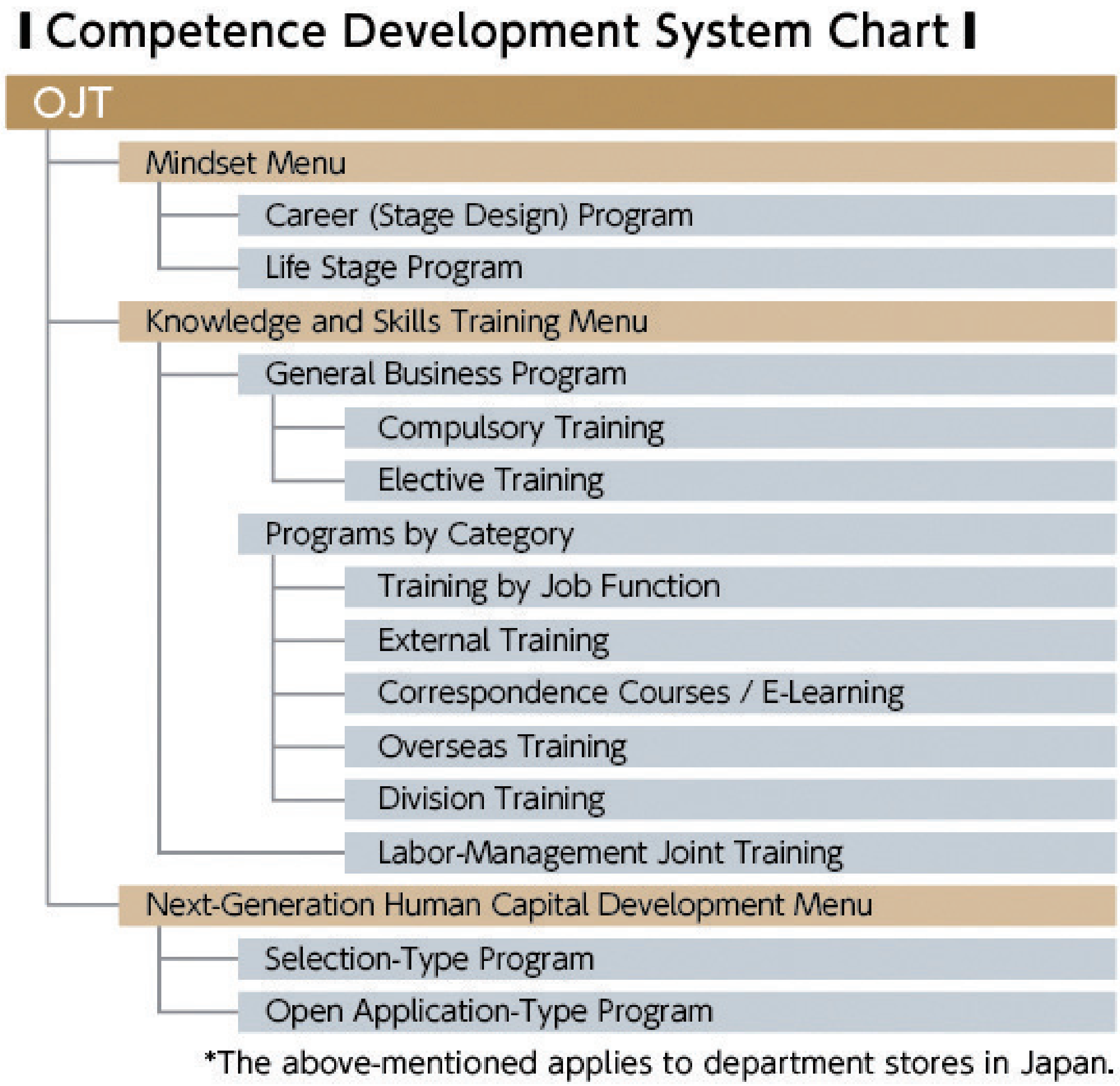
To make the department stores more profitable, improve core competence, and increase motivation, the Group has established a basic policy on human resource development to ensure our human resource development incorporates trends in the internal/external environment and generational shifts.

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

We have established various programs and training options based on OJT so that employees can develop their own careers in a planned manner. We have developed environments in which all employees, regardless of their employment pattern, can participate in these programs and training options equally.



●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, employees use skill evaluation assessments (capabilities and skills required for each position) to clarify the difference compared to their current level and reflect those results in their future skills development plans. The company then confirms self-generated reports by the employees (expression of intent concerning path, career plans) and factors these reports into job rotations.

●Open entry, FA system

This is a system that uses the preferences of employees in terms of the kind of work they want to do and the kind of career they want to pursue in job rotation. This allows employees to realize their own careers at their own volition.
Through a system that allows employees to request desired jobs and manifesting those desires through our job assignments, we support the employee journey to become a professional with dedicated skills.

● Providing Self-Career Dock (self-career check-ups)

We provide career training and conduct career support interviews when employees reach milestone ages and when we promote them. We encourage and support each individual's independent career development through this training and these interviews. Together with this, we enhance each individual's expertise. That leads to growth for both the individual and the company. Furthermore, the Career and Life Plan Counseling Office provides career advice at any time even to those who are not undergoing training regardless of their age and employment pattern. The office is promoting the development of a mechanism to comprehensively support careers so that employees can grow through their work and increase their job satisfaction.

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.

Simultaneously measuring mental health (stress) and engagement allows us to visualize in detail the state of the organization. This leads to measures to solve issues. We are improving the work environment and organizational culture, expanding various programs, operating a convincing personnel system, and engaging in other initiatives. In addition to those efforts, we are verifying and confirming issue understanding and improvement measures at the workplace level based on the survey results for each organization.

Moreover, we also view the employees of our business partners who are on the frontline of sales at store counters in our department stores as important partners in creating value. As such, we periodically conduct questionnaires on all stores to improve engagement. We will continue to strive to improve satisfaction by visualizing satisfaction and concerns/dissatisfaction and then taking action to make improvements in a timely manner. These initiatives are leading to the creation of job satisfaction, an improvement in productivity, human resource retention and cultivation of a sense of unity. In this way, we are aiming to build a structure that enables sustainable growth.

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.

Policy on promoting diversity

1. Under the Takashimaya Group management philosophy of “Putting People First”, we position and promote diversity as a driver of growth.
2. We strive to create an environment that promotes healthy advancement for all people, that is free of discrimination and harassment, and that overcomes the various differences between people working together, including race/nationality, age, gender, sexual preference, sexual identity, physical disability, employment type, or workstyle, to respect the human rights of all people and accept diverse uniqueness and perspectives.
3. We will aim to be a corporate Group in which all people feel motivated and proud to work in the Takashimaya Group. We will create an environment in which people learn from each other and that supports people being able to maximize their individual capabilities, skills, and ideas towards the continuous creation of new value.

Established in July 2020

We promote placement and promotion of women based on their motivations, abilities and future career vision to build environments in which all men and women can achieve even greater success with the concept of the right person in the right place. Through such efforts, we are working to realize the success of women in the workplace and gender equality. In addition, support tailored to each individual’s situation is necessary based on the concept of equity to develop environments in which each individual with diverse values and life backgrounds can work comfortably and demonstrate their abilities to the maximum. We have begun to change the awareness of employees to achieve an open workplace culture and smooth communication. For example, we provide unconscious bias training. We also give training to develop diverse subordinates that allows participants to learn about managing workplaces containing members with various constraints and circumstances such as in terms of childcare and nursing care.

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 in the PRIDE Index 2024 (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 five 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, we set January 2, 2025 as a store holiday. 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.

(ii) Metrics and targets

As indicators for promoting human capital management, we set metrics and the following numerical targets related to promoting diversity and promoting workstyle reform, which we identify as core ESG issues. We are promoting Group-wide initiatives to achieve these metrics.

Metrics	Results	Target		
	FY2024	FY2025	FY2026	FY2030
Rate of women in management positions *1	31.3%	35.4%	36.4%	40.0% or higher
Paid leave acquisition rate*2	75.4%	80.0%	82.0%	100.0%
Per-capita productivity *3 (Operating profit /employee)	8.7 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)

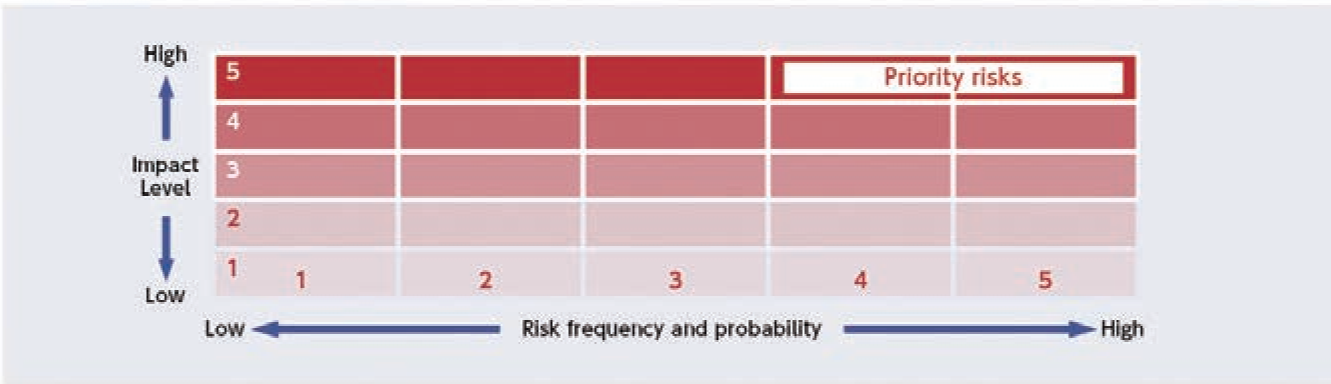
*2. Calculated using the number of days granted as annual paid leave based on the Labor Standards Act as the denominator and the number of days taken as the numerator. Figures are for Takashimaya Co., Ltd., consolidated subsidiaries in Japan, and unconsolidated subsidiary Takashimaya Transcosmos International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

❙ 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 strategy initiatives

<Risks and opportunities> Impact level = Particularly major

Risks	*Loss of trust from stakeholders *Damage to brand value, the backbone of Group revenues *Decline in reputation due to legal violations, operating loss
Opportunities	*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 strategy, 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 CSR 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 have established the new 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, department stores 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 includes 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, 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	*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	*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 West Japan and East 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	*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 sentiment due to a simultaneous decline in global stock prices
Opportunities	*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 changes every day. These changes include Russia’s invasion of Ukraine and the risk of an emergency in Taiwan due to a deterioration in bilateral relations between the U.S. and China. Our supply chain spans multiple countries. 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.

In addition, reciprocal tariffs have led to a simultaneous decline in stock prices around the world. This situation has increased the risk of a decline in consumer demand. It is expected that the risk of a further decrease in sales will rise depending on changes in the social and economic situation. Accordingly, we will take drastic measures to reduce risks according to 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	*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	*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 is 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	*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	*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 CSR 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.

Starting from the current consolidated fiscal year, the Takashimaya Group changed our 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. In addition, we have given figures reclassified to reflect the new segment classifications for the year-on-year comparisons 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	¥1,296,012	¥1,270,476	¥25,536	2.0%	$8,659,130
Liabilities	¥795,664	¥791,674	¥3,990	0.5%	$5,316,122
Net assets	¥500,348	¥478,802	¥21,546	4.5%	$3,343,008
Equity ratio	36.5%	35.7%	—	0.8%	—

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	¥498,492	¥466,135	¥32,357	6.9%	$3,330,607
Operating profit	¥57,504	¥45,938	¥11,566	25.2%	$384,205
Ordinary profit	¥60,396	¥49,199	¥11,197	22.8%	$403,528
Profit attributable to owners of parent	¥39,526	¥31,621	¥7,905	25.0%	$264,088

(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	¥498,492	¥466,135	¥32,357	6.9%	$3,330,607
Department Stores in Japan	¥318,210	¥294,281	¥23,929	8.1%	$2,126,077
Overseas Department Stores	¥34,287	¥32,572	¥1,715	5.3%	$229,084
Commercial Property Development In Japan	¥40,834	¥38,436	¥2,398	6.2%	$272,827
Overseas Commercial Property Development	¥15,435	¥13,512	¥1,923	14.2%	$103,127
Finance	¥18,851	¥17,438	¥1,413	8.1%	$125,950
Construction & Design	¥29,997	¥27,946	¥2,051	7.3%	$200,421
Others	¥40,878	¥41,950	¥(1,072)	-2.6%	$273,121
Consolidated operating profit (loss)	¥57,504	¥45,938	¥11,566	25.2%	$384,205
Department Stores in Japan	¥28,531	¥21,062	¥7,469	35.5%	$190,626
Overseas Department Stores	¥8,364	¥8,008	¥356	4.4%	$55,883
Commercial Property Development In Japan	¥6,852	¥7,861	¥(1,009)	-12.8%	$45,781
Overseas Commercial Property Development	¥5,908	¥4,127	¥1,781	43.2%	$39,474
Finance	¥4,832	¥4,609	¥223	4.8%	$32,284
Construction & Design	¥2,171	¥(731)	¥2,902	—	$14,505
Others	¥1,978	¥2,086	¥(108)	-5.2%	$13,216

(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	¥72,494	¥59,537	¥12,957	21.8%	$484,359
Cash flows from investing activities	¥(39,694)	¥(38,501)	¥(1,193)	—	$(265,210)
Cash flows from financing activities	¥(41,772)	¥(20,601)	¥(21,172)	—	$(279,094)
Cash and cash equivalents	¥88,560	¥92,899	¥(4,339)	-4.7%	$591,702

(iii) Production, orders received, and net sales

a. Production results

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

	Millions of yen	YoY (%)	Thousands of U.S. dollars
Segment name	Net production		Net production
Construction & Design	¥28,898	6.6%	$193,078
Total	¥28,898	6.6%	$193,078

(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.

	Millions of yen	YoY (%)	Thousands of U.S. dollars	Millions of yen	YoY (%)	Thousands of U.S. dollars
Segment name	Net orders received		Net orders received	Net orders balance		Net orders balance
Construction & Design	¥26,151	-22.5%	$174,724	¥19,027	-12.6%	$127,126
Total	¥26,151	-22.5%	$174,724	¥19,027	-12.6%	$127,126

(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.

	Millions of yen	YoY (%)	Thousands of U.S. dollars
Segment name	Current consolidated fiscal year		Current consolidated fiscal year
Department Stores in Japan	¥318,210	8.1%	$2,126,077
Overseas Department Stores	¥34,287	5.3%	$229,084
Commercial Property Development In Japan	¥40,834	6.2%	$272,827
Overseas Commercial Property Development	¥15,435	14.2%	$103,127
Finance	¥18,851	8.1%	$125,950
Construction & Design	¥29,997	7.3%	$200,421
Others	¥40,878	-2.6%	$273,121
Total	¥498,492	6.9%	$3,330,607

(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 Bank of Japan lifted its negative interest rate policy to stabilize prices in March 2024. It then raised interest rates for the first time in 17 years. The economy is moving away from long-lasting deflation to a virtuous cycle of rising prices and higher personnel expenses. For example, the rate of the increase in wages has been the highest since the bubble economy and real wages turned positive for the first time in 27 months in June. A gradual recovery in personal consumption was also observed. Furthermore, economic activities continued to be vigorous. For instance, the number of foreign visitors to Japan and spending reached record highs against the backdrop of a weak yen.

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 April 2024. We also newly issued an Integrated Report. This report communicates our value creation story, growth strategy, business portfolio and more. Furthermore, we have established a mechanism to use the ROIC Tree at the field level based on the characteristics of each store and group company to promote ROIC management with an awareness of capital costs. This has enhanced the effectiveness of management.

This fiscal year was the first year of our Grand Design and our new Medium-Term Management Plan (FY2024 to FY2026). We positioned this year as an important one to lay the foundations to take measures for sustainable growth. We made steady progress on the management issues of promoting ESG management; securing, developing, and promoting the success of our human resources; and advancing our Machi-dukuri Strategy.

- Promoting ESG management

ESG management is the foundation to providing added value to society. Contributing to solving social issues through business activities is the responsibility of companies as members of society. We positioned TSUNAGU ACTION as a symbolic initiative for ESG management. We promoted measures to solve social issues and achieve business growth at the company-wide level. We held “TSUNAGU: Wajima Lacquerware for the Future” at our Nihombashi Store to preserve traditional crafts and to support the reconstruction of Noto. We installed new Depart de Loop Port clothing collection boxes at Tamagawa Takashimaya Shopping Center as part of our Depart de Loop project aiming to realize a recycling-oriented society. These boxes allow customers to choose where their clothes will be recycled. In addition, we have also renovated our garbage sorting facility to allow visualization of waste. We now collect unwanted clothing products and cosmetics throughout the year instead of for limited time periods. This meant we expanded the amount we collected in the year to a level more than double that of the previous year at approximately 22 tons.

We recognize that we have a great responsibility to conserve the global environment as we own large commercial facilities among other reasons. We are promoting initiatives to realize decarbonization on a company-wide basis. These initiatives include entering into agreements to directly procure renewable energy-derived electric power from businesses at our Osaka Store and Kyoto Store.

We are promoting activities as an ally from the perspective of diversity, equity and inclusion (DE&I). Our aim is to understand and support sexual minorities. In addition, we have created an environment where our employees can work with peace of mind. For example, we have expanded the scope of the application of our welfare system to also include same-sex partners and common-law marriages. As a result, Takashimaya Company, Limited was awarded the highest rank of Gold in PRIDE Index 2024 to evaluate initiatives by the work with PRIDE private organization in November.

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

The labor shortage has become a serious social issue. Against this backdrop, we have proactively invested in human resources based on the concept of human capital management. We have a variety of group companies. To increase their competitiveness, we are strengthening our expertise in finance, construction and design, and other fields. We are developing specialists.

We decided to close for business on January 2 in addition to New Year's day in principle. Our aim is to create an environment where our business partners and other employees can work for a long time with pride and fulfillment and to secure outstanding human resources. We also formulated and published our Basic Policy on Customer Harassment ahead of others in the industry. Together with this, we reduced the burden of responding to customer harassment in the field.

- Advancing Machi-dukuri Strategy

We have positioned our group-wide Machi-dukuri strategy at the core of our business strategy. We are promoting a switch to next-generation shopping centers in Japan. The introduction of innovative content at Kyoto Takashimaya Shopping Center motivated a diverse range of customers, including young people, to visit. This increased the number of customers going around shopping between department stores and specialty stores. The introduction of a community zone and construction of one of the largest food zones in the area are contributing to the revitalization of the local community at Kashiwa Takashimaya Station Mall.

We are also promoting digital transformation (DX) as part of our efforts to realize Machi-dukuri. Against this background, we launched a DX promotion project across the whole of our company with the President at the top to achieve workflow reform. We used digital technology to improve operational efficiency and established a structure which allows us to focus on our core businesses, such as in-store sales, this year.

b. Financial Position

Total assets as of February 28, 2025 amounted to 1,296,012 million yen, up 25,536 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 18,471 million yen in investment securities relating to additional purchases of shares of affiliates, etc., and an increase of 7,417 million yen in notes and accounts receivable – trade, and contract assets relating to increased sales.

Liabilities amounted to 795,664 million yen, up 3,990 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 7,897 million yen in accounts-payable – other and long-term accounts-payable – other relating to purchases of shares, etc. and an increase of 3,010 million yen in lease liabilities relating to impact of foreign currency exchange due to the weak yen at overseas subsidiaries, despite a decrease of 7,347 million yen in interest-bearing debt.

Net assets amounted to 500,348 million yen, up 21,546 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 14,812 million yen in retained earnings as a result of an increase of 39,526 million yen in profit attributable to owners of parent, a decrease of 17,904 million yen relating to cancellation of treasury shares, and a decrease of 6,782 million yen relating to dividends paid, among others, and an increase of 5,235 million yen in foreign currency translation adjustment relating to the weak yen.

As a result of the above, the equity ratio was 36.5% (up 0.8% YoY) and net assets per share were 1,559.3 yen (up 119.89 yen YoY).

c. Operating Results

<Consolidated Financial Results>

Our consolidated financial results for the fiscal year under review were consolidated operating revenue of 498,492 million yen (increase of 6.9% YoY), consolidated operating profit of 57,504 million yen (increase of 25.2% YoY), consolidated ordinary profit of 60,396 million yen (increase of 22.8% YoY) and profit attributable to owners of parent of 39,526 million yen (increase of 25.0% YoY). These results were all record highs.

Return on earnings (ROE) was 8.5%, return on invested capital (ROIC) was 6.4%, EBITDA (an indicator to assess a company's pure cash generating capacity) to total assets ratio was 6.2% and net interest-bearing debt to EBITDA was 1.4-times.

<Non-consolidated Financial Results>

Our non-consolidated financial results for the fiscal year under review were net sales of 312,280 million yen (increase of 8.7% YoY), operating profit of 27,419 million yen (increase of 40.0% YoY), ordinary profit of 42,514 million yen (increase of 32.2% YoY) and net profit of 31,648 million yen (increase of 26.4% YoY). The results in all profit categories (operating profit, ordinary profit and profit attributable to owners of parent) were record highs.

Segment-specific earnings for each business were as follows.

We have changed the reportable segment classifications from the current consolidated fiscal year. We have calculated the figures for the year-on-year comparisons below by reclassifying them into the new segment classifications.

<Department Stores in Japan>

Operating revenue from the Department Stores in Japan segment was 318,210 million yen (increase of 8.1% YoY) and operating profit was 28,531 million yen (increase of 35.5% YoY).

Sales were firm thanks to an increase in sales from inbound travelers and strong domestic customer net sales, which account for roughly 85 percent of all net sales. Looking at net sales by product type, in addition to luxury brands and other high-ticket items, sales of fashion-related products such as women's clothing, men's clothing, and cosmetics also increased year on year.

In the fiscal year under review, we incorporated new brands based on changes in consumer trends and rebuilding sales floors to offer open sales spaces and self-curated sales spaces unique to the department store experience. We opened a new ITEM SELECT open sales space for men's clothing in our Nihombashi Store in September. We renovated the CS CASE Study select shop for men's clothing in our Yokohama Store in October. We also renovated and reopened Aji Hyakusen in our Shinjuku Store in December. We received positive feedback about our merchandise from customers. In addition, this has led to an expansion in our customer base.

We held topical events as well. An exhibition by the miniature photographer and metaphor artist Tatsuya Tanaka was well-received by many customers. These events helped greatly in attracting customers to our stores. 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.

In terms of electronic commerce, we celebrated the launch of TBEAUT, a dedicated online store for cosmetics, one of our major product categories, in August. We have simplified the purchasing flow for cosmetics with a high personal consumption ratio. In addition, we have introduced a function to provide customers with contents according to their interests, hobbies and preferences. These and similar efforts have led to an improvement in convenience for customers and the creation of a fun purchasing experience.

The gross margin ratio was lower than the previous year. That was in part due to a change in the sales proportion because of the favorable performance of high-ticket items with low profit margins. On the other hand, as a result of an increase in net sales, the gross margin exceeded the previous year by absorbing the impact of the worsening gross margin ratio.

We also minimized the year-on-year increase in SG&A expenses. We focused on the aggressive 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 continued to promote cost reduction efforts, including pursuing further optimization of our store operating structure. Thanks to these efforts, the SG&A expenses to total operating revenue ratio decreased compared to the previous year.

We closed our Gifu Store after 47 years at the end of July 2024. 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 34,287 million yen (increase of 5.3% YoY) and operating profit was 8,364 million yen (increase of 4.4% YoY).

Takashimaya Singapore net sales grew due to the impact of foreign currency. However, consumption remained stagnant in response to prolonged inflation and tourism has yet to return to pre-COVID-19 levels. Furthermore, profit slightly declined due to an increase in personnel related expenses and other SG&A expenses.

Shanghai Takashimaya recorded a decrease in revenue and a loss. Despite continued efforts to strengthen the store’s revenue base, including soliciting new tenants to adjust to changes in the market, performance was impacted by economic stagnation in China.

Ho Chi Minh City Takashimaya recorded increased revenue and profit thanks to a renovation to sales spaces and efforts to strengthen merchandising focused on children’s merchandise, a growth field, and cosmetics and foods, both highly popular product categories among customers.

Siam Takashimaya (Thailand) took measures to expand revenue. Those measures included strengthening merchandise by incorporating Japanese brands to match customer preferences and holding regional product exhibits. The large impacts of declining domestic demand and the sales space remodeling work led to a slight decrease in revenue. However, we curtailed the deficit by improving gross margin ratio and making cost reductions.

<Commercial Property Development in Japan>

Operating revenue from the Commercial Property Development in Japan segment was 40,834 million yen (increase of 6.2% YoY) and operating profit was 6,852 million yen (decrease of 12.8% YoY).

Toshin Development Co., Ltd.’s revenue increased because it recorded increased tenant rent income at the Kyoto Takashimaya Shopping Center, which opened in October 2023, and Tachikawa Takashimaya Shopping Center, which was renovated and reopened in November 2023. On the other hand, the company’s profit decreased due to the impact of renovation construction for the Tamagawa Takashimaya Shopping Center in 2024 and the significant reaction to transferring the expanded specialty store section of Kyoto Takashimaya Shopping Center to Takashimaya Company, Limited Kashiwa Takashimaya Station Mall is gradually undergoing renovations, including securing tenants that strongly address regional needs, and BeARIKA, a multi-purpose community space, opened in September. We will continue to increase the value of the brick-and-mortar experience and cultivate new customers by creating attractive shopping center (SC) environments that serve essential roles in their respective communities.

<Overseas Commercial Property Development>

Operating revenue from the Overseas Commercial Property Development segment was 15,435 million yen (increase of 14.2% YoY) and operating profit was 5,908 million yen (increase of 43.2% YoY).

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, we opened our second high-quality school as part of our rental/leasing for school business in Hanoi, Vietnam*. With regard to our participation in large-scale urban development projects in Haiphong, Vietnam’s third largest city after Hanoi and Ho Chi Minh City, in addition to the construction blocks in which we participated in June, we decided to participate in housing development projects in new blocks in December. We will control the size of our assets by combining short-term return residential investments with conventional long-term asset holding investments.

*Operated by a local operating company that we have jointly invested in with our business partner Edufit International Education Corporation Joint Stock Company

<Finance>

Operating revenue from the Finance segment was 18,851 million yen (increase of 8.1% YoY) and operating profit was 4,832 million yen (increase of 4.8% YoY).

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

The number of new members increased to a level exceeding that of FY2019 before the COVID-19 pandemic in the Card business by strengthening the acquisition of members at department stores, specialty stores and our electronic commerce site. In addition, we are seeing a steady increase in members and transaction volume for our Takashimaya Card (Business Platinum) American Express® in its second year since issue. Use of our newly launched business solution service is also increasing. We will continue to expand B-to-B business in the future by further enhancing its attractiveness.

We are seeing a steady increase in the use of our Life Partner business. That is because we are promoting proposals in line with the intentions of our customers by expanding the products and services we handle at our financial counters. In addition, we have been working to promote asset formation among our customers by raising the monthly contribution limit for Takashimaya's Card Tsumitate in line with Japan's new NISA scheme (a tax-free small-scale stock investment program) and holding various seminars.

Furthermore, Vaste Culture & Cie., in which Takashimaya Company, Limited acquired a majority stake in June and made a subsidiary, provides financial services such as wealth management in which it comprehensively manages assets and other services.

<Construction & Design>

Operating revenue from the Construction & Design segment was 29,997 million yen (increase of 7.3% YoY) and operating profit was 2,171 million yen (compared to an operating loss of 731 million yen in the same period of the previous fiscal year).

Takashimaya Space Create Co., Ltd. recorded increased revenue and a return to profitability on an increase in orders mainly for luxury brands and hotels. We will continue to advance human capital management, including the development and reinforcement of specialist human resources, and to steadily implement advanced projects by combining our sales and design capabilities. Through such efforts, we will establish a high-profit structure with a competitive edge to lead to sustainable growth.

<Others>

Operating revenue from other businesses was 40,878 million yen (decrease of 2.6% YoY) and operating profit was 1,978 million yen (decrease of 5.2% YoY).

The "Others" as a whole recorded decreased revenue and profit due to a decline in revenue and a deficit at our wholesaler Takashimaya Transcosmos International Commerce PTE, LTD., despite increased revenue and profit at our staffing business Century & Co., Ltd.

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 comprehensively evaluating earnings and our operating environment. As a result, the group has decided to set the dividend at 13 yen per share.

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. Accordingly, the amount equivalent to the annual dividends per share for the fiscal year under review combined with the year-end dividend is 24.50 yen per share. The annual dividends per share of 24.50 yen is equivalent to 49 yen per share before the stock split. This will be an increase of 12 yen from the annual dividend of 37 yen in the previous year.

Moreover, we acquired 14,999 million 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 72,494 million yen, an increase in inflow of 12,957 million yen from the 59,537 million yen provided in the same period of the previous consolidated fiscal year. This was mainly due to an increase of 16,701 million yen in profit before income taxes.

Net cash used in investing activities was 39,694 million yen, an increase in outflow of 1,193 million yen from the 38,501 million yen used in the same period of the previous consolidated fiscal year. This was mainly due to a net increase of 5,013 million yen in short-term loans receivable despite an increase of 4,673 million yen in proceeds from sale and redemption of short-term and long-term investment securities.

Net cash used in financing activities was 41,772 million yen, an increase in outflow of 21,172 million yen from the 20,601 million yen used in the same period of the previous consolidated fiscal year. This was mainly due to an increase of 15,000 million yen in the purchase of treasury shares.

As a result of the above along with the effect of exchange rates and change in the scope of consolidation, cash and cash equivalents as of February 28, 2025 amounted to 88,560 million yen, down 4,339 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 201,605 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	FY2024	Management targets	Change
Total operating revenue	10,327	10,700	373
SG&A to total operating revenue	23.4%	23.4%	-0.1%
Operating profit	575	580	5
Equity ratio	36.5%	38.0%	1.5%
ROE (Profit attributable to owners of parent/equity)	8.5%	8.2%	-0.3%
EBITDA-Total assets ratio	6.2%	6.3%	0.1%
Ratio of net interest-bearing debt to EBITDA	1.4 times	1.6 times	0.2 times
ROIC (return on invested capital)	6.4%	6.2%	-0.2%

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.

CONSOLIDATED BALANCE SHEETS

Takashimaya Company, Limited and Consolidated Subsidiaries
February 28, 2025 and February 29, 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2025**	2024	**2025**
Current assets:			
Cash and deposits (Notes 3 and 5)	**¥90,538**	¥94,752	**$604,917**
Notes and accounts receivable - trade, and contract assets			
Trade (Notes 2, 4 ,8 and 14)	**163,644**	156,262	**1,093,365**
Non-consolidated subsidiaries and affiliated companies (Note 2 ,4 ,8 and 14)	**754**	719	**5,038**
Other (Note 8)	**18,631**	18,951	**124,481**
Less: Allowance for doubtful accounts (Note 4)	**(672)**	(733)	**(4,490)**
	182,357	175,199	**1,218,394**
Inventories (Note 7)	**36,616**	37,136	**244,645**
Other	**23,991**	20,759	**160,293**
Total current assets	**333,502**	327,846	**2,228,249**
Property, plant and equipment:			
Land (Notes 10 and 11)	**419,862**	419,853	**2,805,252**
Buildings and structures (Note 12)	**492,265**	476,856	**3,289,002**
Equipment and fixtures	**50,994**	48,872	**340,710**
Leased assets	**6,481**	6,713	**43,302**
Construction in progress	**9,982**	9,076	**66,693**
Right-of-use assets	**195,480**	180,092	**1,306,073**
	1,175,064	1,141,462	**7,851,032**
Less: Accumulated depreciation	**(415,289)**	(384,222)	**(2,774,698)**
Total property, plant and equipment	**759,775**	757,240	**5,076,334**
Intangible assets:			
Goodwill (Note 15)	**2,736**	2,468	**18,280**
Leasehold interests in land	**11,697**	11,270	**78,152**
Right-of-use assets	**6,899**	6,566	**46,095**
Other	**15,693**	15,270	**104,851**
Total intangible assets	**37,025**	35,574	**247,378**
Investments and other assets:			
Investment securities (Notes 4 and 6)	**25,926**	28,760	**173,221**
Investments in non-consolidated subsidiaries and affiliated companies (Note 4)	**94,042**	72,736	**628,329**
Guarantee deposits (Notes 4, 5 and 13)	**23,920**	25,949	**159,818**
Deferred tax assets (Note 9)	**11,446**	17,063	**76,475**
Retirement benefit asset	**2,463**	—	**16,456**
Other	**10,111**	7,471	**67,555**
Less: Allowance for doubtful accounts	**(2,198)**	(2,163)	**(14,685)**
Total investments and other assets	**165,710**	149,816	**1,107,169**
Total assets (Note 15)	**¥1,296,012**	¥1,270,476	**$8,659,130**

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS	Millions of yen 2025	2024	Thousands of U.S. dollars (Note 1) 2025
Current liabilities:			
Short-term borrowings (Notes 4 and 16)	¥5,000	¥5,000	$33,407
Current portion of long-term borrowings (Notes 4, 9, 16 and 17)	32,673	38,580	218,300
Lease liabilities (Note 4)	9,313	8,347	62,224
Notes and accounts payable - trade:			
Trade (Notes 4 and 17)	115,706	115,857	773,074
Non-consolidated subsidiaries and affiliated companies (Note 4)	8,143	8,281	54,406
Other	22,911	19,707	153,077
	146,760	143,845	980,557
Income taxes payable	7,234	4,574	48,333
Accrued expenses	3,127	2,508	20,893
Provision for bonuses for directors (and other officers)	146	140	975
Gift certificates	40,328	41,869	269,446
Contract liabilities (Note 14)	100,744	98,647	673,107
Deposits received (Note 4)	63,491	66,409	424,207
Provision for point card certificates	2,182	2,190	14,579
Other	4,548	5,207	30,387
Total current liabilities	415,546	417,316	2,776,415
Non-current liabilities:			
Long-term borrowings (Notes 4, 16 and 17)	163,932	165,372	1,095,290
Lease liabilities (Notes 3 and 4)	130,559	128,515	872,312
Retirement benefit liability (Note 18)	37,974	39,103	253,718
Provision for retirement benefits for directors (and other officers)	277	264	1,851
Deferred tax liabilities (Note 9)	2,705	2,269	18,073
Deferred tax liabilities for land revaluation (Note 11)	9,050	9,050	60,466
Asset retirement obligations	4,991	6,635	33,347
Other	30,630	23,150	204,650
Total non-current liabilities	380,118	374,358	2,539,707
Total liabilities	795,664	791,674	5,316,122
Contingent liabilities (Note 19)			
Net assets			
Shareholders' equity (Note 20):			
Share capital	66,025	66,025	441,137
Authorized: 600,000 thousand shares			
Issued: 315,566,316 shares in 2025			
177,759,481 shares in 2024			
Capital surplus	37,522	54,791	250,698
Retained earnings	335,680	320,868	2,242,801
Less: Treasury shares	(12,531)	(32,692)	(83,724)
At cost: 12,194,482 shares in 2025			
20,028,578 shares in 2024			
Total shareholders' equity	426,696	408,992	2,850,912
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	8,714	11,945	58,222
Deferred gains or losses on hedges	5	3	33
Revaluation reserve for land (Note 11)	3,972	3,972	26,538
Foreign currency translation adjustment	30,285	25,050	202,345
Remeasurements of defined benefit plans	3,377	4,117	22,563
Total accumulated other comprehensive income	46,353	45,087	309,701
Non-controlling interests:	27,299	24,723	182,395
Total net assets	500,348	478,802	3,343,008
Total liabilities and net assets	¥1,296,012	¥1,270,476	$8,659,130

CONSOLIDATED STATEMENTS OF INCOME

Takashimaya Company, Limited and Consolidated Subsidiaries
Years ended February 28, 2025 and February 29, 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Operating revenue (Note 15):			
Net sales	¥412,770	¥385,831	$2,757,867
Other operating revenue	85,722	80,304	572,740
	498,492	466,135	3,330,607
Operating expenses:			
Cost of sales	199,099	187,579	1,330,253
Selling, general and administrative expenses	241,889	232,618	1,616,149
	440,988	420,197	2,946,402
Operating profit (Note 15)	57,504	45,938	384,205
Other income (expenses):			
Interest and dividend income	4,219	3,335	28,189
Interest expenses (Note 17)	(7,876)	(5,691)	(52,622)
Loss on retirement of non-current assets (Note 22)	(2,917)	(2,904)	(19,489)
Gain (loss) on sales of investment securities, net (Note 6)	4,079	—	27,253
Gain on adjustment of unused certificates	1,559	1,500	10,416
Share of profit of entities accounted for using equity method	3,687	3,223	24,634
Impairment losses (Notes 15 and 23)	(2,893)	(5,591)	(19,329)
Foreign exchange gains (losses), net	609	329	4,069
Loss on valuation of investment securities	(434)	—	(2,900)
Gain on forgiveness of lease liabilities	28	94	187
Loss on store closings	(1,081)	(330)	(7,223)
Gain on sale of non-current assets(Note 22)	77	—	515
Gain on reversal of loss on store closings	—	88	—
Other, net (Note 10)	693	562	4,630
	(250)	(5,385)	(1,670)
Profit before income taxes	57,254	40,553	382,535
Income taxes (Note 9):			
Current	9,104	4,801	60,827
Deferred	7,479	2,739	49,970
	16,583	7,540	110,797
Profit	40,671	33,013	271,738
Profit attributable to non-controlling interests	(1,145)	(1,392)	(7,650)
Profit attributable to owners of parent	¥39,526	¥31,621	$264,088

	Yen		U.S. Dollars (Note 1)
	2025	2024	2025
Basic earnings per share (Note 21)	¥126.33	¥100.24	$0.84
Diluted earnings per share (Note 21)	107.25	85.27	0.72
Cash dividends applicable to the year (Note 20)	43	31	0.28

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Takashimaya Company, Limited and Consolidated Subsidiaries
Years ended February 28, 2025 and February 29, 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	**2025**
Profit	**¥40,671**	¥33,013	**$271,738**
Other comprehensive income			
Valuation difference on available-for-sale securities	**(3,278)**	3,844	**(21,901)**
Deferred gains or losses on hedges	**2**	4	**13**
Foreign currency translation adjustment	**3,961**	3,421	**26,465**
Remeasurements of defined benefit plans, net of tax	**(726)**	5,190	**(4,851)**
Share of other comprehensive income of entities accounted for using the equity method	**2,669**	2,166	**17,833**
Total other comprehensive income (Note 25)	**2,628**	14,625	**17,559**
Comprehensive income	**¥43,299**	¥47,638	**$289,297**
Comprehensive income attributable to:			
Comprehensive income attributable to owners of parent	**40,791**	45,637	**272,540**
Comprehensive income attributable to non-controlling interests	**2,508**	2,001	**16,757**

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, 2025 and February 29, 2024

		Millions of yen				
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance, February 28, 2023	177,759,481	¥66,025	¥54,791	¥294,130	¥(32,690)	¥382,256
Cumulative effects of changes in accounting policies						—
Restated balance	177,759,481	66,025	54,791	294,130	(32,690)	382,256
Dividends of surplus				(4,890)		(4,890)
Profit attributable to owners of parent				31,621		31,621
Purchase of treasury shares and disposal of treasury shares					(2)	(2)
Cancelation of treasury shares						—
Change of scope of consolidation				7		7
Change in ownership interest of parent due to transactions with non-controlling interests						—
Net changes of items other than shareholders' equity						—
Stock split						—
Balance, February 29, 2024	177,759,481	¥66,025	¥54,791	¥320,868	¥(32,692)	¥408,992
Cumulative effects of changes in accounting policies						—
Restated balance	**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)**
Cancelation 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				**0**		—
Stock split	**163,827,608**					—
Balance, February 28, 2025	**315,566,316**	**¥66,025**	**¥37,522**	**¥335,680**	**¥(12,531)**	**¥426,696**

★The Company has conducted a 2-for-1 stock split of shares of common stock on September 1, 2024.

	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 28, 2023	¥8,366	¥(1)	¥3,972	¥19,812	¥(1,079)	¥31,070	¥23,156	¥436,482
Cumulative effects of changes in accounting policies						—		—
Restated balance	8,366	(1)	3,972	19,812	(1,079)	31,070	23,156	436,482
Dividends of surplus						—		(4,890)
Profit attributable to owners of parent						—		31,621
Purchase of treasury shares and disposal of treasury shares						—		(2)
Cancelation of treasury shares						—		—
Change of scope of consolidation						—		7
Change in ownership interest of parent due to transactions with non-controlling interests						—		—
Net changes of items other than shareholders' equity	3,579	4		5,238	5,196	14,017	1,567	15,584
Stock split						—		—
Balance, February 29, 2024	¥11,945	¥3	¥3,972	¥25,050	¥4,117	¥45,087	¥24,723	¥478,802
Cumulative effects of changes in accounting policies						—		—
Restated balance	**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**

The accompanying notes are an integral part of these statements.

	Number of shares issued	Thousands of U.S. dollars (Note 1)				
		Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance, February 29, 2024	177,759,481	$441,137	$366,079	$2,143,836	$(218,426)	$2,732,626
Cumulative effects of changes in accounting policies						—
Restated balance	177,759,481	441,137	366,079	2,143,836	(218,426)	2,732,626
Dividends of surplus				(45,312)		(45,312)
Profit attributable to owners of parent				264,088		264,088
Purchase of treasury shares and disposal of treasury shares			535	0	(101,136)	(100,601)
Cancelation of treasury shares	(26,020,773)		(116,217)	(119,623)	235,838	(2)
Change of scope of consolidation				(188)		(188)
Change in ownership interest of parent due to transactions with non-controlling interests			301			301
Net changes of items other than shareholders' equity						—
Stock split	163,827,608					—
Balance, February 28, 2025	315,566,316	$441,137	$250,698	$2,242,801	$(83,724)	$2,850,912

★The Company has conducted a 2-for-1 stock split of shares of common stock on September 1, 2024.

	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 29, 2024	$79,809	$20	$26,538	$167,368	$27,507	$301,242	$165,183	$3,199,051
Cumulative effects of changes in accounting policies						—		—
Restated balance	79,809	20	26,538	167,368	27,507	301,242	165,183	3,199,051
Dividends of surplus						—		(45,312)
Profit attributable to owners of parent						—		264,088
Purchase of treasury shares and disposal of treasury shares						—		(100,601)
Cancelation of treasury shares						—		(2)
Change of scope of consolidation						—		(188)
Change in ownership interest of parent due to transactions with non-controlling interests						—		301
Net changes of items other than shareholders' equity	(21,587)	13		34,977	(4,944)	8,459	17,212	25,671
Stock split						—		—
Balance, February 28, 2025	$58,222	$33	$26,538	$202,345	$22,563	$309,701	$182,395	$3,343,008

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, 2025 and February 29, 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Cash flows from operating activities:			
Profit before income taxes	¥57,254	¥40,553	$382,535
Depreciation	32,888	34,217	219,737
Impairment losses	2,893	5,591	19,329
Amortization of goodwill	333	312	2,225
Increase (decrease) in allowance for doubtful accounts	(29)	(238)	(194)
Increase (decrease) in retirement benefit liability	(4,632)	(3,633)	(30,948)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	12	16	80
Increase (decrease) in provision for point card certificates	(9)	(11)	(60)
Interest and dividend income	(4,219)	(3,335)	(28,189)
Interest expenses	7,876	5,691	52,622
Share of loss (profit) of entities accounted for using equity method	(3,687)	(3,223)	(24,634)
Loss (gain) on sale of non-current assets	(77)	—	(515)
Loss on retirement of non-current assets	2,917	2,904	19,489
Loss (gain) on sale of investment securities (Note 6)	(4,079)	—	(27,253)
Decrease (increase) in trade receivables	(7,231)	(13,428)	(48,313)
Decrease (increase) in inventories	755	(571)	5,044
Increase (decrease) in trade payables	(800)	12,458	(5,345)
Increase (decrease) in deposits received	(3,071)	10,764	(20,518)
Increase (decrease) in accounts payable - other	1,583	(6,254)	10,577
Increase (decrease) in contract liabilities	1,444	1,145	9,648
Other, net	(1,191)	(17,948)	(7,957)
Subtotal	78,930	65,010	527,360
Interest and dividends received	6,198	4,944	41,411
Interest paid	(7,818)	(5,713)	(52,235)
Income taxes paid	(4,816)	(4,704)	(32,177)
Net cash provided by (used in) operating activities	72,494	59,537	484,359
Cash flows from investing activities:			
Payments into time deposits	(1,498)	(1)	(10,008)
Proceeds from withdrawal of time deposits	1,525	523	10,189
Purchase of short-term and long-term investment securities	(2,909)	(1,927)	(19,436)
Proceeds from sale and redemption of short-term and long-term investment securities	4,673	—	31,222
Purchase of property, plant and equipment and intangible assets	(28,811)	(27,857)	(192,497)
Proceeds from sale of property, plant and equipment and intangible assets	97	3	648
Payments for asset retirement obligations	(196)	(380)	(1,310)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(327)	(0)	(2,185)
Purchase of shares of subsidiaries and associates	(10,388)	(12,072)	(69,406)
Net decrease (increase) in short-term loans receivable	(3,046)	1,967	(20,351)
Long-term loan advances	(154)	(1)	(1,029)
Other, net	1,340	1,244	8,953
Net cash provided by (used in) investing activities	(39,694)	(38,501)	(265,210)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Cash flows from financing activities:			
Proceeds from long-term borrowings	28,000	—	187,078
Repayments of long-term borrowings	(38,580)	(4,660)	(257,767)
Repayments of lease liabilities	(8,824)	(10,501)	(58,957)
Purchase of treasury shares	(15,002)	(2)	(100,234)
Dividends paid	(6,782)	(4,890)	(45,312)
Other, net	(584)	(548)	(3,902)
Net cash provided by (used in) financing activities	(41,772)	(20,601)	(279,094)
Effect of exchange rate change on cash and cash equivalents	3,992	3,833	26,672
Net increase (decrease) in cash and cash equivalents	(4,980)	4,268	(33,273)
Cash and cash equivalents at beginning of period	92,899	88,631	620,692
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	641	—	4,283
Cash and cash equivalents at end of period (Note 3)	¥88,560	¥92,899	$591,702

The accompanying notes are an integral part of these 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, 2025, which was ¥149.67 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 9 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, 2025, the following nine companies were newly included in the scope of consolidation.

New establishment : TVNVY PTE.LTD.
Share acquisition : Vaste Culture & Cie.
Increased significance : Toshin Property Investment PTE.LTD.,
Toshin Education Investment PTE.LTD.,
VN AB Holding PTE.LTD.,
VNSL Holdings PTE.LTD., VNIP Holdings PTE.LTD.,
VNLL Holdings PTE.LTD., VNOP Holdings PTE.LTD.

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

New establishment : VNVY2 PTE.LTD.

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 annual dues is recognized over the period covered by the payments. Furthermore, revenue associated with commissions is recognized in proportion to the use of credit cards based on the rate stipulated in the contract.

(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 29, 2024

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

(1) Amount recorded in the consolidated financial statements for the year ended February 29, 2024

In the year ended February 29, 2024, 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 835 million yen was recorded.

The book value of non-current assets in the financial statements is 495,290 million yen (property, plant and equipment: 477,799 million yen, intangible assets: 17,491 million yen), and the book value of non-current assets of the above stores is 6,154 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, 2025

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, 2025.

(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 29, 2024

Since operating results of Siam Takashimaya (Thailand) Co.,Ltd. fell short of the planned targets in the year ended February 29, 2024, 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 4,316 million yen (property, plant and equipment: 4,278 million yen, intangible assets: 37 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, 2025

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, 2025.

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, 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 1,631 million yen was recorded.

The carrying amount 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 carrying amount 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 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, 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 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, 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 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 4,341 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

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, 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.

(u) Accounting standards not yet applied, etc.

("Accounting Standard for Current Income Taxes," etc.)

・"Accounting Standard for Current Income Taxes" (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022)

・"Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022)

・"Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022)

(1) Overview

The standards specify the category for recording corporate income taxes levied on other comprehensive income and the treatment of tax effects related to the sale of shares of subsidiaries, etc., in the case where the group taxation system has been applied.

(2) Scheduled date of application
To be applied effective from the beginning of the fiscal year ending February 28, 2026.

(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 Current Income Taxes," etc. is currently under evaluation.

("Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules," etc.)
・"Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules" (Practical Solution No. 46, March 22, 2024)

(1) Overview
In October 2021, an agreement on a global minimum tax was reached by the participating countries of the "Inclusive Framework on Base Erosion and Profit Shifting" under the Organisation for Economic Co-operation and Development (OECD)/Group of Twenty (G20).
In response, Japan has stipulated the treatment related to the Income Inclusion Rule—one of the internationally agreed global minimum tax rules—in the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 3 of 2023), which was enacted on March 28, 2023. This treatment is set to be applied to target fiscal years beginning on or after April 1, 2024.
The global minimum tax is a new tax system aimed at ensuring that multinational groups and others meeting certain criteria pay a minimum of 15% corporate tax on profits by country. It distinguishes between the company that generates the net income (profit) serving as the source of taxation and the company that incurs the tax obligation. The "Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules," sets out the accounting treatment and disclosures of corporate income taxes and local income taxes related to the global minimum tax rules.

(2) Scheduled date of application
To be applied effective from the beginning of the fiscal year ending February 28, 2026.

(3) Impact from the application of the accounting standards, etc.
The impact on the consolidated financial statements from the application of the "Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules," is currently under evaluation.

("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 Presentation

(Consolidated statements of income)

"Loss on store closings," which had been included in "Other, net" of "Other income (expenses)" in the year ended February 29, 2024 (329 million yen for the year ended February 29, 2024), is presented separately from the year ended February 28, 2025, given its increased financial materiality.

(Consolidated statements of cash flows)

"Purchase of shares of subsidiaries resulting in change in scope of consolidation" which had been included in "Other, net" of "Cash flows from investing activities" in the year ended February 29, 2024 (-0 million yen for the year ended February 29, 2024), is presented separately from the year ended February 28, 2025, given its increased financial materiality.

(w) 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, 2025 and February 29, 2024 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Cash and deposits	**¥90,538**	¥94,752	**$604,917**
Time deposits with maturities exceeding three months	**(1,978)**	(1,853)	**(13,215)**
Cash and cash equivalents at the end of period	**¥88,560**	¥92,899	**$591,702**

2. Significant Non-cash Transactions

Description of significant non-cash transactions as at February 28, 2025 and February 29, 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Right-of-use assets	—	¥51,118	—
Lease liabilities	—	50,010	—

4 FINANCIAL INSTRUMENTS

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 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, 2025 and February 29, 2024, and fair value and their differences are as follows.

	Millions of yen		
	2025		
	Book Value	Fair Value	Difference
(1) Notes and accounts receivable - trade, and contract assets	¥164,398		
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 values.
＊2 General and specific allowance for doubtful accounts for Accounts receivable-trade are deducted from the carrying amount.
＊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

	Millions of yen		
	2024		
	Book Value	Fair Value	Difference
(1) Notes and accounts receivable - trade, and contract assets	¥156,981		
Allowance for doubtful accounts (＊2)	(733)		
	156,248	157,757	1,509
(2) Securities and investment securities			
Available-for-sale securities	22,931	22,931	—
	22,931	22,931	—
(3) Guarantee deposits (＊3)	27,010	24,831	(2,179)
Total assets	¥206,189	¥205,519	¥(670)
(1) Long-term borrowings (＊4)	¥203,952	¥212,050	¥8,098
(2) Lease liabilities (＊5)	136,862	120,020	(16,842)
Total liabilities	¥340,814	¥332,070	¥(8,744)
Derivatives (＊6)			
Amount subject to hedge accounting	5	5	—
Total derivatives	¥5	¥5	¥—

＊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 values.
＊2 General and specific allowance for doubtful accounts for Accounts receivable-trade are deducted from the carrying amount.
＊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
	2024
(a) Stock of subsidiaries	¥3,982
(b) Stock of affiliates	68,754
(c) Unlisted stocks	5,829

	Thousands of U.S. dollars		
	2025		
	Book Value	Fair Value	Difference
(1) Notes and accounts receivable - trade, and contract assets	$1,098,403		
Allowance for doubtful accounts (＊2)	(4,490)		
	1,093,913	1,099,438	5,525
(2) Securities and investment securities			
Available-for-sale securities	119,636	119,636	—
	119,636	119,636	—
(3) Guarantee deposits (＊3)	165,638	144,705	(20,933)
Total assets	$1,379,187	$1,363,779	$(15,408)
(1) Long-term borrowings (＊4)	$1,313,590	$1,390,867	$77,277
(2) Lease liabilitites (＊5)	934,536	829,892	(104,644)
Total liabilities	$2,248,126	$2,220,759	$(27,367)
Derivatives (＊6)			
Amount subject to hedge accounting	53	53	—
Total derivatives	$53	$53	$—

＊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 values.
＊2 General and specific allowance for doubtful accounts for Accounts receivable-trade are deducted from the carrying amount.
＊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
	2025
(a) Stock of subsidiaries	$21,447
(b) Stock of affiliates	606,882
(c) Unlisted stocks	53,585

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

	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	162,015	2,221	111	51
Guarantee deposits	871	7,416	10,315	6,189
Total	¥253,424	¥9,637	¥10,426	¥6,240

	Millions of yen			
	2024			
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Cash and deposits	¥94,752	¥—	¥—	¥—
Notes and accounts receivable - trade, and contract assets	153,730	2,794	457	—
Guarantee deposits	1,062	11,216	8,595	6,137
Total	¥249,544	¥14,010	¥9,052	¥6,137

	Thousands of U.S. dollars			
	2025			
	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Cash and deposits	$604,917	$—	$—	$—
Notes and accounts receivable - trade, and contract assets	1,082,481	14,839	742	341
Guarantee deposits	5,820	49,549	68,918	41,351
Total	$1,693,218	$64,388	$69,660	$41,692

＊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					
	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

	Millions of yen					
	2024					
	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	38,580	30,006	3,223	32,000	5,000	15,000
Lease liabilities	8,347	8,500	8,686	9,137	9,586	92,606
Total	¥46,927	¥38,506	¥21,909	¥41,137	¥74,586	¥117,606

	Thousands of U.S. dollars					
	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	$—	$66,814	$—	$400,882	$—	$66,814
Long-term borrowings	218,300	21,561	216,844	34,315	167,034	120,265
Lease liabilities	62,224	65,050	68,330	71,464	74,804	592,664
Total	$280,524	$153,425	$285,174	$506,661	$241,838	$779,743

* 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, 2025

	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

	Millions of yen			
	2024			
	Level1	Level2	Level3	Total
Securities and investment securities				
Available-for-sale securities	¥22,931	¥—	¥—	¥22,931
Derivatives				
Amount subject to hedge accounting	—	5	—	5
Total assets	¥22,931	¥5	¥—	¥22,936

	Thousands of U.S. dollars			
	2025			
	Level1	Level2	Level3	Total
Securities and investment securities				
Available-for-sale securities	$119,636	$—	$—	$119,636
Derivatives				
Amount subject to hedge accounting	—	53	—	53
Total assets	$119,636	$53	$—	$119,689

(2) Financial instruments other than those measured at fair value and recorded on the Consolidated balance sheets
As at February 28, 2025

	Millions of yen			
	2025			
	Level1	Level2	Level3	Total
Notes and accounts receivable - trade, and contract assets	¥—	¥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

	Millions of yen			
	2024			
	Level1	Level2	Level3	Total
Notes and accounts receivable - trade, and contract assets	¥—	¥157,757	¥—	¥157,757
Guarantee deposits	—	24,831	—	24,831
Total assets	¥—	¥182,588	¥—	¥182,588
Long-term borrowings	¥—	¥212,050	¥—	¥212,050
Lease liabilities	—	120,020	—	120,020
Total liabilities	¥—	¥332,070	¥—	¥332,070

	Thousands of U.S. dollars			
	2025			
	Level1	Level2	Level3	Total
Notes and accounts receivable - trade, and contract assets	$—	$1,099,438	$—	$1,099,438
Guarantee deposits	—	144,705	—	144,705
Total assets	$—	$1,244,143	$—	$1,244,143
Long-term borrowings	$—	$1,390,867	$—	$1,390,867
Lease liabilities	—	829,892	—	829,892
Total liabilities	$—	$2,220,759	$—	$2,220,759

(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 receivable, trade accounts receivable and contract assets

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 receivable which will be settled in a short time, their fair value is the carrying value as the fair value is virtually equal to the carrying value.

(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 by using observable inputs, including foreign exchange rates, therefore classified at Level 2 fair value.

5 DEPOSITED ASSETS

Deposited assets based on lease contracts, etc. as at February 28, 2025 and February 29, 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Cash and deposits	**¥1,570**	¥1,477	**$10,490**
Guarantee deposits	**10**	10	**67**
Total	**¥1,580**	¥1,487	**$10,557**

6 SECURITIES

The following tables summarize acquisition costs, book value and fair value of securities with available fair value as at February 28, 2025 and February 29, 2024:

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

(2) Available-for-sale securities

	Millions of yen					
	2025			2024		
Type	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Securities with book value exceeding acquisition cost:						
Equity securities	¥5,673	¥17,725	¥12,052	¥6,244	¥22,878	¥16,634
Government bonds	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—
Others	160	176	16	27	41	14
Securities with book value exceeding acquisition cost	5,833	17,901	12,068	6,271	22,919	16,648
Securities with book value not exceeding acquisition cost:						
Equity securities	6	5	(1)	6	5	(1)
Government bonds	—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—
Others	—	—	—	—	—	—
Securities with book value not exceeding acquisition cost:	6	5	(1)	6	5	(1)
Total available-for-sale securities	¥5,839	¥17,906	¥12,067	¥6,277	¥22,924	¥16,647

＊1 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.
＊2 The amount of unlisted stocks (¥5,829 million ($38,691 thousand) recorded in the Consolidated balance sheets as at February 29,2024) is not included in "Others" as they have no market value.

	Thousands of U.S. dollars		
	2025		
Type	Acquisition cost	Book value	Difference
Securities with book value exceeding acquisition cost:			
Equity securities	$37,903	$118,427	$80,524
Government bonds	—	—	—
Corporate bonds	—	—	—
Others	1,069	1,176	107
Securities with book value exceeding acquisition cost	38,972	119,603	80,631
Securities with book value not exceeding acquisition cost:			
Equity securities	40	33	(7)
Government bonds	—	—	—
Corporate bonds	—	—	—
Others	—	—	—
Securities with book value not exceeding acquisition cost:	40	33	(7)
Total available-for-sale securities	$39,012	$119,636	$80,624

(3) Available-for-sale securities sold

	Millions of yen					
	2025			2024		
Type	Amount sold	Gain on sales	Loss on sales	Amount sold	Gain on sales	Loss on sales
Equity securities	¥4,673	¥4,079	¥—	¥—	¥—	¥—
Corporate bonds	—	—	—	—	—	—
Others	—	—	—	—	—	—
Total available-for-sale securities	¥4,673	¥4,079	¥—	¥—	¥—	¥—

	Thousands of U.S. dollars		
	2025		
Type	Amount sold	Gain on sales	Loss on sales
Equity securities	$31,222	$27,253	$—
Corporate bonds	—	—	—
Others	—	—	—
Total available-for-sale securities	$31,222	$27,253	$—

(4) Impairment losses on securities

Impairment losses on the Company's securities for the years ended February 28, 2025 and February 29, 2024 are as follows:

	Millions of yen	
	2025	2024
	Book value	Book value
Loss on valuation of investment securities	¥434	¥—

	Thousands of U.S. dollars
	2025
	Book value
Loss on valuation of investment securities	$2,900

7 INVENTORIES

Inventories as at February 28, 2025 and February 29, 2024 consist of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Merchandise	**¥35,344**	¥35,882	**$236,146**
Products	**22**	22	**147**
Work in process	**291**	244	**1,944**
Supplies	**959**	988	**6,408**
Total	**¥36,616**	¥37,136	**$244,645**

8 LIQUIDATION OF RECEIVABLES

The liquidation of receivables as at February 28, 2025 and February 29, 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Notes and accounts receivable-trade	**¥23,000**	¥23,000	**$153,671**

9 INCOME TAXES

The Companies are subject to a number of taxes based on income. The aggregate statutory tax rate in Japan is approximately 30.6% for the years ended February 28, 2025 and February 29, 2024.

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

	%	
Years ended February 28, 2025 and February 29, 2024	**2025**	2024
Statutory tax rate	**30.6%**	30.6%
Items that are not temporary differences such as dividend income	**0.3**	0.6
Decrease in valuation allowance	**0.4**	(9.2)
Difference in statutory tax rate of foreign subsidiaries	**(1.9)**	(3.1)
Equity in gain of affiliated companies	**(2.0)**	(2.4)
Others	**1.6**	2.1
Effective tax rate	**29.0%**	18.6%

Significant components of the Companies' deferred tax assets and liabilities as at February 28, 2025 and February 29, 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deferred tax assets:			
Accrued enterprise tax	¥472	¥439	$3,154
Accrued bonuses	60	85	401
Nondeductible allowance for doubtful accounts	822	820	5,492
Provision for point card certificates	1,567	1,666	10,470
Nondeductible write-down of inventories	513	545	3,428
Adjustment of gift certificates	5,679	7,293	37,943
Unrealized intercompany profits	512	444	3,421
Tax loss carryforward (＊2)	3,484	9,075	23,278
Nondeductible amortization of software costs	45	43	301
Nondeductible retirement benefit liability	11,052	12,167	73,842
Nondeductible write-down of securities	786	749	5,251
Impairment losses of property, plant and equipment	6,945	6,722	46,402
Others	3,462	3,400	23,131
Total gross deferred tax assets	35,399	43,448	236,514
Less: Valuation allowance for tax loss carryforward (＊2)	(1,836)	(2,064)	(12,267)
Less: Valuation allowance for deductible temporary differences	(4,916)	(5,622)	(32,846)
Less: Total valuation allowance (＊1)	(6,752)	(7,686)	(45,113)
Total deferred tax assets	28,647	35,762	191,401
Deferred tax liabilities:			
Adjustments of allowance for doubtful accounts	(72)	(66)	(481)
Reserve for deferred capital gains of property	(13,482)	(13,492)	(90,078)
Valuation difference on available-for-sale securities	(3,425)	(4,727)	(22,884)
Valuation difference on assets of subsidiaries	(2,382)	(2,249)	(15,915)
Others	(545)	(434)	(3,641)
Total deferred tax liabilities	(19,906)	(20,968)	(132,999)
Net deferred tax assets	¥8,741	¥14,794	$58,402

＊1 Valuation allowance decreased by ¥934 million ($6,244 thousand).This was mainly due to a valuation allowance associated with store closures.

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

	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	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

	Millions of yen						
	2024						
	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	Total
Tax loss carryforward (＊1)	¥517	¥372	¥315	¥317	¥347	¥7,207	¥9,075
Less: Valuation allowance	(515)	(367)	(315)	(317)	(347)	(203)	(2,064)
Deferred tax assets (＊2)	2	5	—	—	—	7,004	7,011

	Thousands of U.S. dollars						
	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	Total
Tax loss carryforward (＊1)	$2,305	$1,958	$1,797	$1,597	$1,650	$13,971	$23,278
Less: Valuation allowance	(2,292)	(1,958)	(1,797)	(1,597)	(1,650)	(2,973)	(12,267)
Deferred tax assets (＊2)	13	0	—	—	—	10,998	11,011

＊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 ¥1,648 million ($11,011 thousand) for tax loss carryforward of ¥3,484million ($23,278 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. Change in the rate of corporate income taxes, etc. after the balance sheet date

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 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, 2025 and February 29, 2024 are as follows:

Amounts on the Consolidated balance sheets

	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

	Millions of yen			
	2024			
	Book value			Fair value
	March 1, 2023	Increase (Net)	February 29, 2024	February 29, 2024
Rental properties	¥80,221	¥4,729	¥84,950	¥89,753
Real estate including spaces used as rental properties	460,988	48,607	509,595	714,930

	Thousands of U.S. dollars			
	2025			
	Book value			Fair value
	March 1, 2024	Increase (Net)	February 28, 2025	February 28, 2025
Rental properties	$567,582	$(1,269)	$566,313	$609,815
Real estate including spaces used as rental properties	3,404,791	36,286	3,441,077	4,245,193

Notes
1. The amounts presented on the Consolidated balance sheets are the acquisition costs minus accumulated depreciation.
2. Rental properties: The increase during the years ended February 28, 2025 and February 29, 2024 is primarily for the acquisition, and the decrease is for the depreciation.
3. Real estate including spaces used as rental properties: The increase during the years ended February 28, 2025 and February 29, 2024 is primarily for the acquisition, and the decrease is for the 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, 2025 and February 29, 2024 are as follows:

	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)**

	Millions of yen			
	2024			
	Rental income	Rental expenses	Difference	Other, net
Rental properties	¥6,333	¥3,991	¥2,342	¥(22)
Real estate including spaces used as rental properties	44,961	39,243	5,718	(1,628)

	Thousands of U.S. dollars			
	2025			
	Rental income	Rental expenses	Difference	Other, net
Rental properties	**$48,440**	**$30,080**	**$18,360**	**$(641)**
Real estate including spaces used as rental properties	**323,832**	**257,473**	**66,359**	**(24,614)**

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, 2025 and February 29, 2024 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
	2025	2024	2025
Buildings and structures	¥96	¥93	$641
Tools, furniture and fixtures	¥10	¥11	$67
Total	¥106	¥104	$708

For property, plant and equipment acquired in the year ended February 28, 2025, the amounts of reduction entry deducted from the acquisition costs are ¥1 million ($7 thousand) for buildings and structures.

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, 2025

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.

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

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

FY ended February 29, 2024	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,	¥285,582	¥29,996	¥—	¥—	¥—	¥—	¥315,578
revenue from property management	1,558	—	26,620	1,628	—	—	29,806
etc.	12,086	1,904	—	369	18,076	30,916	63,351
revenue from contracts with customers	¥299,226	¥31,900	¥26,620	¥1,997	¥18,076	¥30,916	¥408,735
revenue from other sources	11,935	1,605	30,798	11,894	3,534	113	59,879
intersegment operating revenue or transfer	(16,880)	(933)	(18,982)	(379)	(4,172)	(3,083)	(44,429)
operating revenue from outside customers	294,281	32,572	38,436	13,512	17,438	27,946	424,185

FY ended February 29, 2024	Millions of yen	
	Others	Consolidated
Net sales of department store merchandise,	¥—	¥315,578
revenue from property management	—	29,806
etc.	56,076	119,427
revenue from contracts with customers	¥56,076	¥464,811
revenue from other sources	11	59,890
intersegment operating revenue or transfer	(14,137)	(58,566)
operating revenue from outside customers	41,950	466,135

FY ended February 28, 2025	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
Net sales of department store merchandise,	$2,065,417	$211,091	$—	$—	$—	$—	$2,276,508
revenue from property management	11,539	—	129,291	12,461	—	—	153,291
etc.	84,132	12,006	—	3,561	130,247	222,810	452,756
revenue from contracts with customers	$2,161,088	$223,097	$129,291	$16,022	$130,247	$222,810	$2,882,555
revenue from other sources	83,256	12,274	211,566	91,348	24,460	755	423,659
intersegment operating revenue or transfer	(118,267)	(6,287)	(68,030)	(4,243)	(28,757)	(23,144)	(248,728)
operating revenue from outside customers	2,126,077	229,084	272,827	103,127	125,950	200,421	3,057,486

FY ended February 28, 2025	Thousands of U.S. dollars	
	Others	Consolidated
Net sales of department store merchandise,	$—	$2,276,508
revenue from property management	—	153,291
etc.	378,486	831,242
revenue from contracts with customers	$378,486	$3,261,041
revenue from other sources	67	423,726
intersegment operating revenue or transfer	(105,432)	(354,160)
operating revenue from outside customers	273,121	3,330,607

(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, 2024	As at February 28, 2025
Receivables from contracts with customers		
Notes	**¥1,101**	**¥727**
Accounts receivable - trade	**148,958**	**158,806**
Total	**150,059**	**159,533**
Contract assets	**¥6,922**	**¥4,865**
Contract liabilities	**¥98,647**	**¥100,744**

	Millions of yen	
	As at March 1, 2023	As at February 29, 2024
Receivables from contracts with customers		
Notes	¥788	¥1,101
Accounts receivable - trade	137,425	148,958
Total	138,213	150,059
Contract assets	¥5,265	¥6,922
Contract liabilities	¥96,912	¥98,647

	Thousands of U.S. dollars	
	As at March 1, 2024	As at February 28, 2025
Receivables from contracts with customers		
Notes	**$7,356**	**$4,857**
Accounts receivable - trade	**995,243**	**1,061,041**
Total	**1,002,599**	**1,065,898**
Contract assets	**$46,248**	**$32,505**
Contract liabilities	**$659,097**	**$673,107**

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 ¥49,404 million ($330,091 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, 2025	As at February 29, 2024	As at February 28, 2025
Due within one year	**¥39,893**	¥37,448	**$266,540**
Due after one year through two years	**18,451**	20,106	**123,278**
Due after two years	**34,881**	32,859	**233,052**
Total	**93,225**	90,413	**622,870**

15 SEGMENT INFORMATION

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. Changes of the reportable segments

From 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 year ended February 29, 2024, figures have been reclassified to reflect these changes.

3. 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, 2025 and February 29, 2024 are as follows:

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
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 △¥1,132 million (△＄7,564 thousand) consist of △¥11 million (△$73 thousand) in eliminations of intersegment transactions and △¥1,121 million (△$7,490 thousand) in depreciation of company-wide assets not allocated to each reportable segment.

(2) Adjustments to segment assets of ¥8,893 million ($59,417 thousand) include △¥138,165 million (△$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 △¥531 million (△$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 △¥12 million (△$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 29, 2024	Department Stores in Japan	Overseas Department Stores	Commercial Property Development In Japan	Overseas Commercial Property Development	Finance	Construction & Design	Total of Reportable Segments
	Millions of yen						
Operating revenue:							
Outside customers	¥294,281	¥32,572	¥38,436	¥13,512	¥17,438	¥27,946	¥424,185
Intersegment	16,880	933	18,982	379	4,172	3,083	44,429
Total	311,161	33,505	57,418	13,891	21,610	31,029	468,614
Segment profit (loss)	¥21,062	¥8,008	¥7,861	¥4,127	¥4,609	¥(731)	¥44,936
Segment assets	¥555,725	¥122,390	¥219,009	¥172,162	¥133,685	¥19,656	¥1,222,627
Depreciation	14,597	6,265	4,938	6,742	69	93	32,704
Goodwill amortization	—	—	21	289	—	2	312
Investment expenditures for affiliated company accounted for by the equity method	19,606	—	2,941	31,048	—	—	53,595
Increase in property, plant and equipment and intangible assets	21,150	628	9,875	54,165	61	42	85,921

FY ended February 29, 2024	Others (＊1)	Total	Adjustments (＊2)	Consolidated
	Millions of yen			
Operating revenue:				
Outside customers	¥41,950	¥466,135	¥—	¥466,135
Intersegment	14,137	58,566	(58,566)	—
Total	56,087	524,701	(58,566)	466,135
Segment profit (loss)	¥2,086	¥47,022	¥(1,084)	¥45,938
Segment assets	¥33,243	¥1,255,870	¥14,606	¥1,270,476
Depreciation	599	33,303	914	34,217
Goodwill amortization	—	312	—	312
Investment expenditures for affiliated company accounted for by the equity method	—	53,595	—	53,595
Increase in property, plant and equipment and intangible assets	1,460	87,381	1,007	88,388

＊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 △¥1,084 million (△7,195 thousand) consist of ¥26 million ($173 thousand) in eliminations of intersegment transactions and △¥1,110 million (△$7,367 thousand) in depreciation of company-wide assets not allocated to each reportable segment.

(2) Adjustments to segment assets of ¥14,606 million ($96,940thousand) include △¥151,635 million (△$1,006,405 thousand) in eliminations of intersegment receivables and payables and ¥166,241 million ($1,103,345 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 ¥914 million ($6,066 thousand) include △¥197 million (△$1,307 thousand) in adjustments for unrealized intersegment profit and ¥1,110 million ($7,367 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 ¥1,007 million ($6,683 thousand) include ¥325 million ($2,157 thousand) in adjustments for unrealized intersegment profit and ¥682 million ($4,526 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	Department Stores in Japan	Overseas Department Stores	Commercial Property Development In Japan	Overseas Commercial Property Development	Finance	Construction & Design	Total of Reportable Segments
	Thousands of U.S. dollars						
Operating revenue:							
Outside customers	$2,126,077	$229,084	$272,827	$103,127	$125,950	$200,421	$3,057,486
Intersegment	118,267	6,287	68,030	4,243	28,757	23,144	248,728
Total	2,244,344	235,371	340,857	107,370	154,707	223,565	3,306,214
Segment profit	$190,626	$55,883	$45,781	$39,474	$32,284	$14,505	$378,553
Segment assets	$3,884,940	$788,187	$1,256,398	$1,390,031	$918,768	$124,688	$8,363,012
Depreciation	91,775	41,785	34,650	43,028	568	381	212,187
Goodwill amortization	—	—	140	1,791	281	13	2,225
Investment expenditures for affiliated company accounted for by the equity method	145,353	—	19,950	295,163	—	—	460,466
Increase in property, plant and equipment and intangible assets	122,690	5,278	55,335	8,272	675	1,263	193,513

FY ended February 28, 2025	Others (＊1)	Total	Adjustments (＊2)	Consolidated
	Thousands of U.S. dollars			
Operating revenue:				
Outside customers	$273,121	$3,330,607	$—	$3,330,607
Intersegment	105,432	354,160	(354,160)	—
Total	378,553	3,684,767	(354,160)	3,330,607
Segment profit	$13,216	$391,769	$(7,564)	$384,205
Segment assets	$236,701	$8,599,713	$59,417	$8,659,130
Depreciation	3,608	215,795	3,942	219,737
Goodwill amortization	—	2,225	—	2,225
Investment expenditures for affiliated company accounted for by the equity method	—	460,466	—	460,466
Increase in property, plant and equipment and intangible assets	6,955	200,468	808	201,276

(b) Related information

1. Information by product and service

Information by product and service for the years ended February 28, 2025 and February 29, 2024 has been omitted, because similar information is disclosed in "Note 15: Segment Information."

2. Information by geographical area

(1) Operating revenue

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

	Millions of yen			
FY ended February 29, 2024	Japan	Singapore	Others	Total
Operating revenue	¥418,414	¥36,669	¥11,052	¥466,135

	Thousands of U.S. dollars			
FY ended February 28, 2025	Japan	Singapore	Others	Total
Operating revenue	**$2,992,196**	**$258,763**	**$79,648**	**$3,330,607**

(2) Property, plant and equipment

Information for the years ended February 28, 2025 and February 29, 2024 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.

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

	Millions of yen			
FY ended February 29, 2024	Japan	Singapore	Others	Total
Property, plant and equipment	¥615,104	¥117,193	¥24,943	¥757,240

	Thousands of U.S. dollars			
FY ended February 28, 2025	Japan	Singapore	Others	Total
Property, plant and equipment	**$4,125,843**	**$782,749**	**$167,742**	**$5,076,334**

3. Information by major customer

This information for the years ended February 28, 2025 and February 29, 2024 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, 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 29, 2024	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	¥289	¥—	¥2	¥312
Unamortized balance	¥—	¥—	¥127	¥2,338	¥—	¥3	¥2,468
Negative goodwill:							
Amortization	¥—	¥—	¥—	¥—	¥—	¥—	¥—
Unamortized balance	¥—	¥—	¥—	¥—	¥—	¥—	¥—

FY ended February 29, 2024	Millions of yen		
	Others	Adjustments	Consolidated
Goodwill:			
Amortization	¥—	¥—	¥312
Unamortized balance	¥—	¥—	¥2,468
Negative goodwill:			
Amortization	¥—	¥—	¥—
Unamortized balance	¥—	¥—	¥—

FY ended February 28, 2025	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	$—	$—	$140	$1,791	$281	$13	$2,225
Unamortized balance	$—	$—	$701	$14,499	$3,067	$13	$18,280
Negative goodwill:							
Amortization	$—	$—	$—	$—	$—	$—	$—
Unamortized balance	$—	$—	$—	$—	$—	$—	$—

FY ended February 28, 2025	Thousands of U.S. dollars		
	Others	Adjustments	Consolidated
Goodwill:			
Amortization	$—	$—	$2,225
Unamortized balance	$—	$—	$18,280
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, 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 29, 2024	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	¥3,816	¥405	¥751	¥—	¥—	¥—	¥4,972

FY ended February 29, 2024	Millions of yen		
	Others	Adjustments	Consolidated
Impairment losses	¥619	¥—	¥5,591

FY ended February 28, 2025	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	$17,619	$—	$6	$—	$—	$—	$17,625

FY ended February 28, 2025	Thousands of U.S. dollars		
	Others	Adjustments	Consolidated
Impairment losses	$1,704	$—	$19,329

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 0.54% and 0.39% as at February 28, 2025 and February 29, 2024, respectively.

Short-term borrowings and current portion of long-term borrowings as at February 28, 2025 and February 29, 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
Short-term borrowings	**¥5,000**	¥5,000	**$33,407**
Current portion of long-term borrowings	**32,673**	38,580	**218,300**
Total	**¥37,673**	¥43,580	**$251,707**

Long-term borrowings as at February 28, 2025 and February 29, 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	**2025**
0.0% unsecured convertible bonds due 2028 *	**¥60,114**	¥60,143	**$401,643**
0.250% unsecured bonds due 2026	**10,000**	10,000	**66,814**
0.5% unsecured bonds due 2031	**10,000**	10,000	**66,814**
Borrowings from banks, insurance companies and others due serially to 2032:			
Unsecured(bearing interest at rates from 0.22% to 7.13% at February 28, 2025)	**116,491**	123,809	**778,319**
Subtotal	**196,605**	203,952	**1,313,590**
Less: Current portion of long-term borrowings	**(32,673)**	(38,580)	**(218,300)**
Total	**¥163,932**	¥165,372	**$1,095,290**

* The current conversion price of 0.0% convertible bonds due 2028 issued by the Company is ¥1,081.8($7.23). On February 28, 2025, the convertible bonds were convertible into 55,463,117 shares of common stock. As the proposal regarding appropriation of surplus of ¥13 per share was approved at the 159th Ordinary General Meeting of Shareholders, held on May 20, 2025, and from this, it was determined that annual dividends for the fiscal year ended February 28, 2025 shall be ¥24.5 per share, the conversion price was adjusted to ¥1,071.0 retrospectively to March 1, 2025 in accordance with the conversion price adjustment clause. As a result, the bonds can now be converted into 56,022,408 shares.

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
2026	**¥32,673**	**$218,300**
2027	**13,227**	**88,375**
2028	**32,455**	**216,844**
2029	**65,136**	**435,197**
2030 and thereafter	**53,000**	**354,113**
Total	**¥196,491**	**$1,312,829**

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

Hedge accounting method	Type of derivatives	Major hedged items	Millions of yen 2025 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

Hedge accounting method	Type of derivatives	Major hedged items	Millions of yen 2024 Contract amount	Contract amount due after one year	Fair value
Deferral hedge accounting	Forward exchange contract	Accounts payable-trade			
	To buy U.S.dollars		¥103	¥—	¥3
	To buy Euros		53	—	2
Total			¥156	¥—	¥5

Hedge accounting method	Type of derivatives	Major hedged items	Thousands of U.S. dollars 2025 Contract amount	Contract amount due after one year	Fair value
Deferral hedge accounting	Forward exchange contract	Accounts payable-trade			
	To buy U.S. dollars		$728	$—	$(7)
	To buy Euros		100	—	(0)
Deferral hedge accounting	Forward exchange contract	other current assets ＊2			
	To sell Singapore dollars		13,737	—	60
Allocation method	Forward exchange contract	Accounts payable-trade			
	To buy U.S. dollars		60	—	＊3
	To buy Euros		67	—	＊3
Total			$14,692	$—	$53

＊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.

(2) Interest-rate-related derivatives

			Millions of yen		
			2025		
Hedge accounting method	Type of derivatives	Major hedged items	Contract amount	Contract amount due after one year	Fair value
Specified treatment for interest rate swaps	Interest rate swaps Receive floating rate Pay fixed rate	Interest expenses on long-term debt	¥—	¥—	¥—
Total			¥—	¥—	¥—

			Millions of yen		
			2024		
Hedge accounting method	Type of derivatives	Major hedged items	Contract amount	Contract amount due after one year	Fair value
Specified treatment for interest rate swaps	Interest rate swaps Receive floating rate Pay fixed rate	Interest expenses on long-term debt	¥10,000	¥—	¥—
Total			¥10,000	¥—	¥—

			Thousands of U.S. dollars		
			2025		
Hedge accounting method	Type of derivatives	Major hedged items	Contract amount	Contract amount due after one year	Fair value
Specified treatment for interest rate swaps	Interest rate swaps Receive floating rate Pay fixed rate	Interest expenses on long-term debt	$—	$—	$—
Total			$—	$—	$—

* The interest rate swaps which are qualified for hedge accounting and meet specific criteria are not remeasured at market value. However, the amounts paid or received under the swap contracts are recognized and included in interest expenses of the long-term debt as hedged items. Accordingly, the fair value of the interest rate swaps is considered to be included in the fair value of the long-term debt.

(3) Interest rate and currency-related derivatives

Not applicable.

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, 2025 and February 29, 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at the beginning of the year	¥87,388	¥96,556	$583,871
Service cost	1,235	1,628	8,251
Interest cost	610	212	4,076
Actuarial gains or losses	722	(5,074)	4,824
Benefit paid	(7,001)	(5,934)	(46,776)
Balance at the end of the year	¥82,954	¥87,388	$554,246

(2) The movements in plan assets for the years ended February 28, 2025 and February 29, 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at the beginning of the year	¥50,031	¥48,019	$334,275
Expected return on plan assets	1,251	1,200	8,358
Actuarial gains or losses	341	3,024	2,279
Contribution from the employer	535	557	3,575
Benefit paid	(2,878)	(2,769)	(19,229)
Balance at the end of the year	¥49,280	¥50,031	$329,258

(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, 2025 and February 29, 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Funded defined benefit obligation	¥46,817	¥48,520	$312,802
Plan assets	(49,280)	(50,031)	(329,258)
	(2,463)	(1,511)	(16,456)
Unfunded defined benefit obligation	36,137	38,869	241,444
Net liability for defined benefit obligation	¥33,674	¥37,358	$224,988
Retirement benefit liability	36,137	37,358	241,444
Retirement benefit asset	¥(2,463)	¥—	$(16,456)
Net liability for defined benefit obligation	¥33,674	¥37,358	$224,988

(4) The components of periodic benefit costs for the years ended February 28, 2025 and February 29, 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Service cost	¥1,235	¥1,628	$8,251
Interest cost	610	212	4,076
Expected return on plan assets	(1,251)	(1,200)	(8,358)
Amortization of actuarial gains and losses	(506)	(446)	(3,381)
Amounts of prior service cost recognized	(177)	(182)	(1,183)
Total	¥(89)	¥12	$(595)

(5) The components of other comprehensive income on defined retirement benefits plans, before tax, as at February 28, 2025 and February 29, 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Prior service cost	¥(177)	¥(182)	$(1,183)
Actuarial gains and losses	(862)	7,652	(5,759)
Total	¥(1,039)	¥7,470	$(6,942)

(6) Accumulated other comprehensive income on defined retirement benefits plans, before tax, as at February 28, 2025 and February 29, 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unrecognized prior service cost	¥278	¥455	$1,857
Unrecognized actuarial gains and losses	4,778	5,573	31,924
Total	¥5,056	¥6,028	$33,781

(7) Plan assets

1) Components of plan assets are as follows:

	%	
	2025	2024
Debt investments	31%	24%
Equity investments	25	31
General accounts with life insurance companies	24	30
Cash and deposits	10	7
Alternative Investments	10	8
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, 2025 and February 29, 2024 are as follows:

	%			
	2025		2024	
Discount rate				
Relating to defined benefit obligation	Mainly	0.9%	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, 2025 and February 29, 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at the beginning of the year	¥1,745	¥1,669	$11,659
Employees' retirement benefit cost	262	213	1,751
Benefit paid	(170)	(137)	(1,136)
Balance at the end of the year	¥1,837	¥1,745	$12,274

(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, 2025 and February 29, 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Funded defined benefit obligation	¥133	¥124	$889
Plan assets	(133)	(127)	(889)
	0	(3)	0
Unfunded defined benefit obligation	1,837	1,748	12,274
Net liability for defined benefit obligation	¥1,837	¥1,745	$12,274
Retirement benefit liability	1,837	1,745	12,274
Net liability for defined benefit obligation	¥1,837	¥1,745	$12,274

(3) Employees' benefit cost of the simplified method for the years ended February 28, 2025 and February 29, 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Employees' benefit cost of the simplified method	¥262	¥213	$1,751

4. Defined contribution pension plan

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Required contribution amount of the Company and its consolidated subsidiaries to the defined contribution plan	¥621	¥656	$4,149

19 CONTINGENT LIABILITIES

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

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Guarantees on loans from financial institutions:			
Keppel Land Watco II Co.,Ltd.	¥4,691	¥3,096	$31,341
Keppel Land Watco III Co.,Ltd.	1,173	774	7,835
Edusmart Tay Ho Education Co.,Ltd. (*1 *2)	447	425	2,985
VNLL Holdings Pte.Ltd.	—	3,173	—
Loan guarantees made for employees	1	2	10
Total	¥6,312	¥7,470	$42,171

∗1 ¥318 million ($2,111 thousand) of ¥424 million ($2,814 thousand) for guarantees on loans from financial institutions for the year ended February 29, 2024 have been counter-guaranteed from Edufit International Education Corporation Joint Stock Company.
∗2 ¥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.
∗3 VNLL Holdings PTE.LTD. has been included in the scope of consolidation from the year ended February 28, 2025.

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

	Number of shares			
	2025			
Common shares	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.

	Number of shares			
	2024			
Common shares	March 1, 2023	Increase	Decrease	February 29, 2024
Number of shares issued	177,759,481	—	—	177,759,481

2. Treasury shares

	Number of shares			
	2025			
Common shares	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.

	Number of shares			
	2024			
Common shares	March 1, 2023	Increase	Decrease	February 29, 2024
Treasury shares	20,027,587	991	—	20,028,578

＊1 The number of treasury shares increased by 991 shares due to the purchase of fractional shares of less than one voting unit.

3. Stock options

Not applicable.

4. Dividends

(1) Payments of dividends

2025							
Approval	Type of shares	Total dividends		Dividends per share		Record date	Effective date
May 21, 2024 shareholders' meeting	Common shares	¥3,155 millions	$21,077 thousands	¥20.00	$0.13	February 29, 2024	May 22, 2024
October 15, 2024 board of directors	Common shares	¥3,628 millions	$24,239 thousands	¥23.00	$0.15	August 31, 2024	November 25, 2024

2024					
Approval	Type of shares	Total dividends	Dividends per share	Record date	Effective date
May 23, 2023 shareholders' meeting	Common shares	¥2,208 millions	¥14.00	February 28, 2023	May 24, 2023
October 13, 2023 board of directors	Common shares	¥2,681 millions	¥17.00	August 31, 2023	November 22, 2023

(2) Dividends payment whose record date is attributable to the accounting period ended February 28, 2025 and February 29, 2024, but which becomes effective after the said accounting period

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	$26,351 thousands	¥13.00	$0.09	February 28, 2025	May 21, 2025

2024						
Approval	Type of shares	Source of dividends	Total dividends	Dividends per share	Record date	Effective date
May 21, 2024 shareholders' meeting	Common shares	Retained earnings	¥3,155 millions	¥20.00	February 29, 2024	May 22, 2024

21 PER SHARE INFORMATION

Per share information for the years ended February 28, 2025 and February 29, 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Basic profit attributable to owners of parent per share			
Income (numerator):			
Profit attributable to owners of parent	¥39,526	¥31,621	$264,088
Amounts not belonging to common shareholders	—	—	—
Profit attributable to owners of parent concerning common shares	39,526	31,621	264,088
Shares (denominator):			
Weighted average number of shares	312,866,668	315,462,950	312,866,668
Basic earnings per share	¥126.33	¥100.24	$0.84
Diluted profit attributable to owners of parent per share			
Income (numerator):			
Profit attributable to owners of parent	¥39,526	¥31,621	$264,088
Amounts not belonging to common shareholders	—	—	—
Profit attributable to owners of parent concerning common shares	39,526	31,621	264,088
Effect of dilutive securities — convertible bonds	(21)	(21)	(140)
Adjusted profit attributable to owners of parent	39,505	31,600	263,948
Shares (denominator):			
Weighted average number of shares	312,866,668	315,462,950	312,866,668
Assumed conversion of convertible bonds	55,463,117	55,109,070	55,463,117
Adjusted weighted average number of shares	368,329,785	370,572,020	368,329,785
Diluted earnings per share	¥107.25	¥85.27	$0.72

Net assets per share as at February 28, 2025 and February 29, 2024 are calculated as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Net assets per share			
Net assets (numerator):			
Total net assets	¥500,348	¥478,802	$3,343,008
Non-controlling interests	(27,299)	(24,723)	(182,395)
Adjusted net assets	473,049	454,079	3,160,613
Common shares (denominator):			
Issued number of shares	315,566,316	355,518,962	315,566,316
Treasury shares	(12,194,482)	(40,057,156)	(12,194,482)
Outstanding number of shares	303,371,834	315,461,806	303,371,834
Net assets per share	¥1,559.30	¥1,439.41	$10.42

* The Company conducted a 2-for-1 stock split of common shares 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 year ended February 29, 2024.

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, 2025 and February 29, 2024 consist of the following:

	Millions of yen	
	2025	2024
	Book value	Book value
Land	¥42	—
Buildings	35	—
Total	¥77	¥—

	Thousands of U.S. dollars
	2025
	Book value
Land	$281
Buildings	234
Total	$515

2. Loss on retirement of non-current assets

Loss on retirement of non-current assets for the years ended February 28, 2025 and February 29, 2024 consist of the following:

	Millions of yen	
	2025	2024
	Book value	Book value
Buildings and structures	¥1,062	¥696
Other non-current assets	115	160
Cost of restoration	1,739	2,048
Total	¥2,916	¥2,904

	Thousands of U.S. dollars
	2025
	Book value
Buildings and structures	$7,096
Other non-current assets	768
Cost of restoration	11,619
Total	$19,483

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
				2025	2025
				Impairment losses	
Kashiwa Store of the Company	Chiba, Japan	Stores	Buildings	¥1,324	$8,846
			Others	308	2,058
EC Division of the Company	Tokyo, Japan	Business operating	Software	833	5,566
			Others	0	0
Cross media Division of the Company	Tokyo, Japan	Business operating	Software	68	454
			Others	1	7
R.T Corporation Ltd.	Tokyo, Japan	Stores	Buildings	173	1,156
			Others	13	87
Others		Stores	Buildings	93	620
			Others	80	535
Total				¥2,893	$19,329

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.

	Location	Category by use	Assets	Millions of yen
				2024
				Impairment losses
EC Division of the Company	Tokyo, Japan	Business operating	Software	¥1,850
			Others	25
Omiya Store of the Company	Saitama, Japan	Stores	Buildings	598
			Others	238
Cross media Division of the Company	Tokyo, Japan	Business operating	Software	384
			Others	35
Gifu Takashimaya Co.,Ltd	Gifu, Japan	Stores	Buildings	321
			Others	553
Toshin Development Co.,Ltd	Tokyo, Japan	Stores	Buildings	680
			Others	22
Shanhai Takashimaya Co.,Ltd	Shanhai,China	Stores	Buildings	353
			Others	51
Others		Stores	Buildings	297
			Others	184
Total				¥5,591

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 5,591 million yen ($ 37,108 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 calculated to be zero because no future cash flow is expected. Net realizable value is calculated based on real estate appraisal value, etc.
The recoverable amounts of the asset groups belonging to the overseas consolidated subsidiaries are measured based on the value in use in accordance with International Financial Reporting Standards. The value in use is calculated to be zero because no future cash flow is expected.

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, 2025 and February 29, 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Valuation difference on available-for-sale securities			
Occurrence amount	¥(935)	¥5,534	$(6,247)
Reclassification adjustments	(3,645)	—	(24,354)
Before tax effect	(4,580)	5,534	(30,601)
Tax effect	1,302	(1,690)	8,700
Valuation difference on available-for-sale securities	(3,278)	3,844	(21,901)
Deferred gains or losses on hedges			
Occurrence amount	3	6	20
Tax effect	(1)	(2)	(7)
Deferred gains or losses on hedges	2	4	13
Foreign currency translation adjustments realized for the year			
Occurrence amount	3,961	3,421	26,465
Remeasurements of defined benefit plans, net of tax			
Occurrence amount	(357)	8,098	(2,385)
Reclassification adjustments	(682)	(628)	(4,557)
Before tax effect	(1,039)	7,470	(6,942)
Tax effect	313	(2,280)	2,091
Remeasurements of defined benefit plans, net of tax	(726)	5,190	(4,851)
Share of other comprehensive income of entities accounted for using the equity method			
Occurrence amount	2,672	2,165	17,853
Reclassification adjustments	(3)	1	(20)
Share of other comprehensive income of entities accounted for using the equity method	2,669	2,166	17,833
Total other comprehensive income	¥2,628	¥14,625	$17,559

25 SIGNIFICANT SUBSEQUENT EVENTS

Not applicable.

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, 2025 and February 29, 2024, 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, 2025 and February 29, 2024, 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 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 ¥759,774 million and intangible assets of ¥37,025 million were recognized. As stated in Note 2, "Significant accounting estimates" to the consolidated financial statements as of March 31, 2025, Takashimaya Co., Ltd. (hereinafter referred to as the "Company"), which operates a domestic department store business, had non-current assets of ¥495,399 million (consisting of property, plant and equipment of ¥477,459 million and intangible assets of ¥17,939 million), which accounted for 38.2% 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	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: **(1) Internal control testing** 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. **(2) Assessment of the reasonableness of the net realizable value**

was ¥5,495 million. Impairment losses of ¥1,631 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 are 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 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 used by the Company and assessed the appropriateness of the real estate appraisal valuation method; and ● compared key assumptions that formed the basis for the calculation 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.	

<table>
<tr><th colspan="2">Reasonableness of the estimated future cash flows used for the impairment testing of non-current assets of Siam Takashimaya (Thailand) Co., Ltd.</th></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>In the consolidated balance sheet for the current fiscal year, property, plant and equipment of ¥759,774 million and intangible assets of ¥37,025 million were recognized. As stated in Note 2, "Significant accounting estimates" to the consolidated financial statements as of March 31, 2025, 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 ¥4,341 million (consisting of property, plant and equipment of ¥4,293 million and intangible assets of ¥47 million).

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.

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, the recoverable amount, based on the value in use, exceeded the carrying amount, therefore the recognition of an impairment loss was deemed unnecessary.

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</td><td>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.

(1) Internal control testing
We tested the design and operating effectiveness of certain of Siam Takashimaya's internal controls relevant to the estimate of future cash flows.

(2) Assessment of the reasonableness of the estimated future cash flows
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:
● assessed the achievement of prior fiscal year business plan, including the causes of any variances with actual results; and
● inspected documents related to the introduction of new tenants, including contracts.</td></tr>
</table>

involved a high degree of subjective judgment by management in addition to estimation uncertainty. 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.	

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, 2025 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

TARO NAKAMURA
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
June 27, 2025

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.

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