

Translation

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

## Summary of Consolidated Financial Results for the Three Months Ended May 31, 2021 (Based on Japanese GAAP)

June 25, 2021

Company name: Takashimaya Company, Limited  
 Stock exchange listing: Tokyo  
 Stock code: 8233 URL <https://www.takashimaya.co.jp>  
 Representative: President Yoshio Murata  
 Inquiries: General Manager, Public and Investor Yoshiyuki Nishikata TEL (03)3211-4111  
 Relations Office  
 Scheduled date to file Quarterly Securities Report: July 13, 2021  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the three months ended May 31, 2021 (from March 1, 2021 to May 31, 2021)

#### (1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended May 31, 2021	164,959	42.0	(717)	–	148	–	(1,305)	–
Three months ended May 31, 2020	116,204	(48.0)	(7,368)	–	(8,684)	–	(20,530)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2021	(7.82)	–
Three months ended May 31, 2020	(123.13)	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2021	1,123,973	414,879	35.0
As of February 28, 2021	1,150,506	415,111	34.3

### 2. Cash dividends

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

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

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2021	378,500	27.3	2,000	–	2,000	–	3,500	–	20.99
Full year	812,000	19.3	13,000	–	12,000	–	10,000	–	59.97

4. Notes

- (1) Changes in significant subsidiaries during the three months ended May 31, 2021  
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of May 31, 2021	177,759,481 shares	As of February 28, 2021	177,759,481 shares
--------------------	--------------------	-------------------------	--------------------

Number of treasury shares at the end of the period

As of May 31, 2021	11,026,357 shares	As of February 28, 2021	11,026,374 shares
--------------------	-------------------	-------------------------	-------------------

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

Three months ended May 31, 2021	166,733,116 shares	Three months ended May 31, 2020	166,733,348 shares
---------------------------------	--------------------	---------------------------------	--------------------

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of February 28, 2021	As of May 31, 2021
Assets		
Current assets		
Cash and deposits	106,675	80,315
Notes and accounts receivable - trade	100,682	89,371
Securities	8	8
Merchandise and finished goods	41,843	41,775
Work in process	327	331
Raw materials and supplies	1,139	971
Other	33,595	41,715
Allowance for doubtful accounts	(664)	(679)
Total current assets	283,607	253,808
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	184,000	185,938
Land	411,031	411,626
Leased assets, net	3,139	2,993
Right of use assets, net	77,281	79,439
Other, net	31,082	23,366
Total property, plant and equipment	706,535	703,364
Intangible assets		
Goodwill	2,354	2,443
Leasehold interests in land	10,070	10,380
Right of use assets	4,673	5,788
Other	19,341	19,405
Total intangible assets	36,439	38,018
Investments and other assets		
Investment securities	75,222	76,506
Guarantee deposits	26,562	28,470
Other	24,700	26,377
Allowance for doubtful accounts	(2,562)	(2,573)
Total investments and other assets	123,923	128,781
Total non-current assets	866,899	870,164
Total assets	1,150,506	1,123,973

(Millions of yen)

	As of February 28, 2021	As of May 31, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	86,965	79,966
Short-term borrowings	28,220	6,160
Current portion of bonds payable	10,090	10,073
Commercial papers	10,000	28,000
Lease obligations	7,981	8,432
Income taxes payable	8,356	1,984
Advances received	112,897	115,969
Gift certificates	54,074	54,186
Provision for point card certificates	2,427	2,371
Allowance for loss on repair construction of building	3,661	3,661
Other	77,949	61,599
Total current liabilities	402,625	372,406
Non-current liabilities		
Bonds payable	60,277	60,272
Long-term borrowings	98,565	98,380
Lease obligations	78,409	81,471
Asset retirement obligations	5,028	5,087
Retirement benefit liability	53,083	52,509
Provision for retirement benefits for directors (and other officers)	310	220
Provision for environmental measures	241	241
Other	36,854	38,505
Total non-current liabilities	332,769	336,687
Total liabilities	735,395	709,093
<b>Net assets</b>		
Shareholders' equity		
Share capital	66,025	66,025
Capital surplus	54,790	54,790
Retained earnings	270,615	267,309
Treasury shares	(15,993)	(15,993)
Total shareholders' equity	375,437	372,131
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,873	8,533
Deferred gains or losses on hedges	1	0
Revaluation reserve for land	2,945	2,945
Foreign currency translation adjustment	5,969	9,128
Remeasurements of defined benefit plans	1,089	994
Total accumulated other comprehensive income	18,879	21,601
Non-controlling interests	20,793	21,146
Total net assets	415,111	414,879
Total liabilities and net assets	1,150,506	1,123,973

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

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Three months ended May 31, 2020	Three months ended May 31, 2021
Operating revenue	116,204	164,959
Net sales	102,159	148,945
Cost of sales	77,937	112,938
Gross profit	24,221	36,007
Other operating revenue	14,044	16,014
Operating gross profit	38,266	52,021
Selling, general and administrative expenses		
Advertising expenses	3,601	4,880
Provision for point card certificates	493	550
Provision of allowance for doubtful accounts	343	127
Remuneration, salaries and allowances for directors (and other officers)	11,895	14,231
Retirement benefit expenses	489	331
Rent expenses on real estate	3,676	5,102
Other	25,135	27,514
Total selling, general and administrative expenses	45,635	52,738
Operating loss	(7,368)	(717)
Non-operating income		
Interest income	253	80
Dividend income	63	44
Subsidy income	28	783
Share of profit of entities accounted for using equity method	–	320
Foreign exchange gains	–	494
Other	360	290
Total non-operating income	706	2,014
Non-operating expenses		
Interest expenses	1,201	1,091
Share of loss of entities accounted for using equity method	287	–
Foreign exchange losses	365	–
Other	168	57
Total non-operating expenses	2,022	1,148
Ordinary profit (loss)	(8,684)	148
Extraordinary income		
Gain on sales of investment securities	–	136
Gain on forgiveness of debts	–	313
Total extraordinary income	–	449

(Millions of yen)

	Three months ended May 31, 2020	Three months ended May 31, 2021
Extraordinary losses		
Loss on retirement of non-current assets	460	239
Loss related to COVID-19	8,585	1,847
Other	718	–
Total extraordinary losses	9,764	2,086
Loss before income taxes	(18,449)	(1,488)
Income taxes - current	1,013	751
Income taxes - deferred	973	(1,191)
Total income taxes	1,987	(440)
Loss	(20,436)	(1,048)
Profit attributable to non-controlling interests	94	256
Loss attributable to owners of parent	(20,530)	(1,305)

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended May 31, 2020	Three months ended May 31, 2021
Loss	(20,436)	(1,048)
Other comprehensive income		
Valuation difference on available-for-sale securities	978	(371)
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	(2,712)	2,590
Remeasurements of defined benefit plans, net of tax	(73)	(109)
Share of other comprehensive income of entities accounted for using equity method	(1,150)	1,078
Total other comprehensive income	(2,957)	3,187
Comprehensive income	(23,393)	2,139
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(23,159)	1,416
Comprehensive income attributable to non-controlling interests	(234)	722

## Consolidated statements of cash flows

(Millions of yen)

	Three months ended May 31, 2020	Three months ended May 31, 2021
Cash flows from operating activities		
Loss before income taxes	(18,449)	(1,488)
Depreciation	6,299	7,531
Amortization of goodwill	38	58
Increase (decrease) in allowance for doubtful accounts	253	25
Increase (decrease) in retirement benefit liability	(700)	(731)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	0	(89)
Increase (decrease) in provision for point card certificates	(204)	(59)
Interest and dividend income	(316)	(124)
Interest expenses	1,201	1,091
Share of loss (profit) of entities accounted for using equity method	287	(320)
Loss on retirement of non-current assets	148	98
Loss related to COVID-19	8,585	1,847
Gain on forgiveness of debt	-	(313)
Decrease (increase) in trade receivables	29,071	11,337
Decrease (increase) in inventories	(2,145)	329
Increase (decrease) in trade payables	(50,552)	(7,452)
Increase (decrease) in advances received	7,761	2,999
Increase (decrease) in accounts payable - other	(6,402)	(3,610)
Other, net	9,787	(10,270)
Subtotal	(15,337)	858
Interest and dividends received	991	138
Interest paid	(1,177)	(1,115)
Loss related to COVID-19 paid	(6,854)	(1,492)
Income taxes paid	(1,539)	(5,758)
Net cash provided by (used in) operating activities	(23,918)	(7,369)
Cash flows from investing activities		
Purchase of short-term and long-term investment securities	(2)	(8)
Proceeds from sales and redemption of short-term and long-term investment securities	-	218
Purchase of property, plant and equipment and intangible assets	(7,243)	(8,550)
Purchase of shares of subsidiaries and associates	-	(448)
Short-term loan advances	-	(2,715)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(638)	-
Other, net	(55)	(1,640)
Net cash provided by (used in) investing activities	(7,939)	(13,144)



(Millions of yen)

	Three months ended May 31, 2020	Three months ended May 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	34,000	(10,000)
Proceeds from long-term borrowings	20,168	85
Repayments of long-term borrowings	(10,045)	(12,000)
Net increase (decrease) in commercial papers	–	18,000
Repayments of lease obligations	(2,209)	(2,084)
Dividends paid	(2,000)	(2,000)
Other, net	(372)	(392)
Net cash provided by (used in) financing activities	39,540	(8,392)
Effect of exchange rate change on cash and cash equivalents	(2,887)	2,474
Net increase (decrease) in cash and cash equivalents	4,795	(26,431)
Cash and cash equivalents at beginning of period	88,411	105,320
Cash and cash equivalents at end of period	93,206	78,888

## Qualitative Information about Consolidated Operating Results

During the first quarter (March 1 to May 31, 2021), the Japanese economy was severely hit by a resurgence in Covid-19 infections. Japan's GDP growth rate for the January–March quarter turned negative, the first negative growth for three quarters. The economic downturn was caused by a lull in consumer spending, which itself was prompted by a second state of emergency, which was declared in January and applied to 11 prefectures. In April, a third state of emergency was declared, raising concerns among retailers about a protracted impact from the trend to avoid outings.

The value of the Takashimaya brand derives from our department stores. These department stores continued, in the period under review, to face harsh conditions amid the pandemic. The challenges included pandemic-driven changes in consumers' values, restrictions on international and domestic travel, and temporary closures of shopping facilities due to the third state of emergency.

The pandemic crisis also presents an opportunity—a chance to transform our organization and set it on the path of sustained growth. To this end, we must urgently revive our core business, department stores. In April, we unveiled a three-year strategy (FY2021–FY2023), outlining our intention to improve department stores' bottom line through a program of cost optimization, and to improve store sales by merchandising better and creating new customer interfaces. In this first year of the strategy, we are working to reduce operating expenses in order to return stores to profit as soon as possible. Meanwhile, our growing online business is seeing strong sales thanks to the rise of at-home consumption. For this business, we aim to achieve sales of 50 billion yen by FY2023. Accordingly, for this fiscal year, we will continue to provide the kind of attractive and original products that are the hallmarks of department stores, but we will also focus on improving customers' experiential value by revamping our e-commerce website. The new site will feature personalized recommendations and an effective product search.

While department stores serve as the linchpin for our groupwide Machi-dukuri Strategy, it is our commercial property developer, Toshin Development, that spearheads the strategy. In Japan, Toshin Development has focused on developing the vicinity of Nagareyama Otakanomori Shopping Center—the Nagareyama Otakanomori area in Chiba Prefecture. In March, the developer opened a new shopping facility, Flaps, next to the shopping center. In Vietnam, Toshin Development is expanding into growing sectors. It owns a stake in Saigon Centre, a mixed-use building dominated by Ho Chi Minh City Takashimaya, and more recently it started participating in Starlake Project, a township development in Hanoi.

Regarding the finance business, we have opened a financial counters business as a new form of

department store merchandise, one that draws upon our customer base and store locations. The first financial counter was opened in Nihombashi Takashimaya Shopping Center last year. This year, we will open two new financial counters, one in the Osaka store and one in the Yokohama store, and thereby expand customer interfaces and secure a revenue base.

Regarding sustainability action, to reduce our carbon footprint, together with JEPLAN Inc., our capital alliance partner, we launched in April a retail business selling products that contribute toward a circular economy. Additionally, we have joined global initiative RE100 to signal our commitment to achieving, by 2050, a 100% shift to renewable sources for the energy we consume in our business activities, and in the period under review we made progress in rolling out renewables among our existing facilities. We will continue working with government, business partners, and customers to contribute toward a sustainable 21st-century world in which everyone prospers.

Stores will continue to take robust anti-infection measures in order to provide a safe shopping environment along with appealing products and services.

Our consolidated performance was as follows: Total consolidated operating revenue for Takashimaya Group was 164,959 million yen (up 42.0% compared with the same period of the previous fiscal year). We recorded a consolidated operating loss of 717 million yen (compared to a loss of 7,368 million yen in the same period of the previous fiscal year), a consolidated ordinary income of 148 million yen (compared to a loss of 8,684 million yen in the same period of the previous fiscal year), and 1,305 million yen in consolidated loss attributable to owners of parent (compared to a loss of 20,530 million yen in the same period of the previous fiscal year).