

# Financial Results for the First Quarter of the Fiscal Year Ending February 29, 2024 (FY2023)

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June 29, 2023

Takashimaya Co., Ltd.

# Agenda

- I. Financial Results for Q1 of FY Ending Feb 2024 (FY2023)
- II. Forecasts for FY Ending Feb 2024 (FY2023)

# I **Financial Results for Q1 of FY Ending Feb 2024 (FY2023)**

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- I. Key Points of Performance
- II. Consolidated Performance
- III. Performance of Domestic  
Department Store Segment
- IV. Performance of Key Subsidiaries  
(Domestic/Overseas)

# 1. Key Points of Q1 Performance

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- **Consolidated revenue growth** as the impact of COVID-19 gradually subsided and performance recovered to 2019 levels prior to COVID-19. Operating profit **increased significantly** compared to both the previous year and 2019 on efforts to minimize increases in SG&A expenses.

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- **Domestic department store revenue grew** on a recovery in domestic consumption and growth in sales among inbound tourists, restoring performance to 2019 levels. Gross margin ratio improved to a level exceeding SG&A to total operating revenue ratio as operating profit **increased significantly** over the previous year and 2019.
  - For **product-specific sales**, high-ticket items transitioned firmly. Fashion, which has a high gross margin ratio, continued on a recovery trend, lifting the overall margin ratio.
  - **Sales among inbound tourists** were a cumulative 10.9 billion yen, transitioning on a level that will exceed the full-year target of 36.0 billion yen.
  - Promoted cost-optimization program for **SG&A** to control cost increases in areas such as heating and lighting expenses.

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- **Group companies** recorded **significant increases in revenue and profits**. Performance was driven by **Toshin Development** in Japan and, overseas, by **Takashimaya Singapore and Toshin Development Singapore**.

## 2. Consolidated Results

- ✓ Revenue increased on improved consumption in Japan and overseas as performance recovered to 2019 levels
- ✓ Costs such as heating and lighting expenses increased but SG&A to total operating revenue ratio improved
- ✓ Profits improved with operating profit and ordinary profit surpassing 2019 levels

(billion JPY)	Q1 Results	Previous FY	YoY Change	FY2019 Results	Change from FY2019
Total operating revenue	217.6	202.8	+7.3%	223.7	(2.7%)
SG&A	53.7	53.1	+0.6	63.2	(9.5)
SG&A to total operating revenue ratio	24.7%	26.2%	(1.5)	28.2%	(3.6)
Operating profit	11.0	6.6	+4.4	7.7	+3.3
Ordinary profit	11.6	7.3	+4.3	7.1	+4.5
Profit attributable to owners of parent	8.5	5.3	+3.2	10.6	(2.1)

\* We apply the Accounting Standard for Revenue Recognition from FY2022. As such, operating revenue based on recording methods applied through FY2021 are indicated as total operating revenue.

## 3-1. Performance of Domestic Department Store Segment

- ✓ Sales improved on recovery in domestic consumption and growth in sales among inbound tourists
- ✓ Gross margin ratio recovered to level exceeding SG&A to total operating revenue ratio
- ✓ Advanced profit structure improvements as operating profit improving significantly over the previous year and 2019

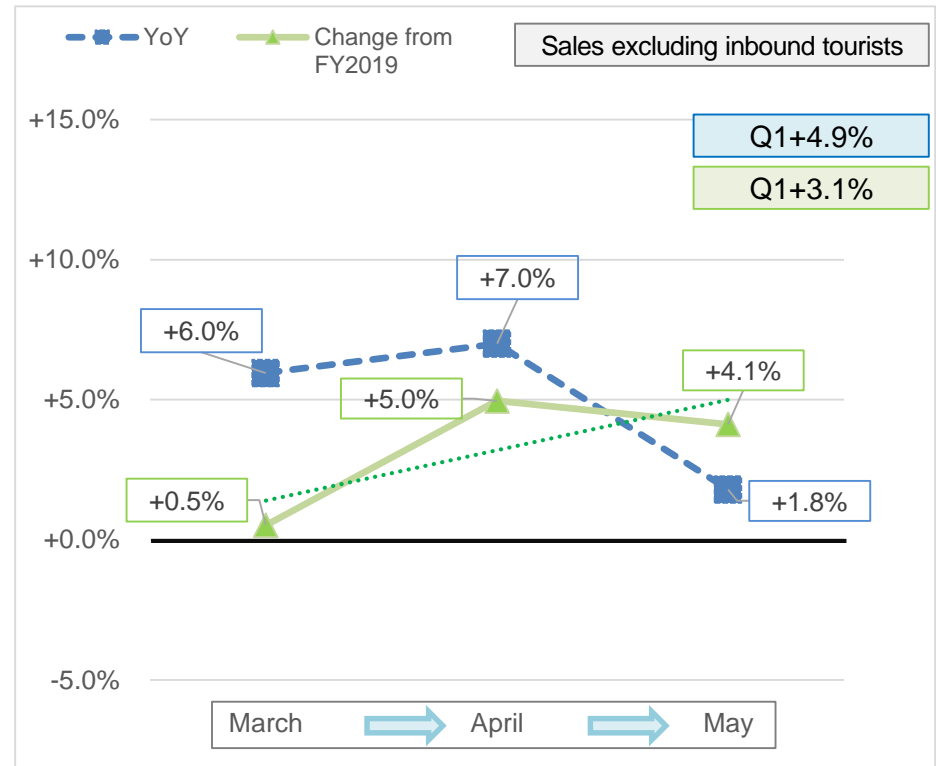
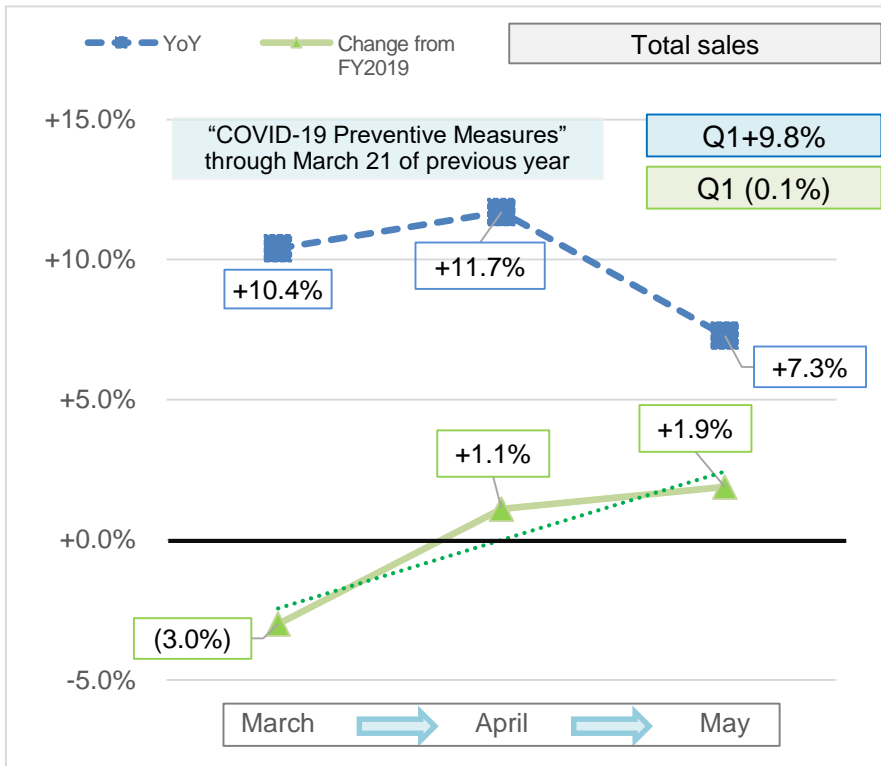
(billion JPY)	Q1 Results	Previous FY	YoY Change	FY2019 Results	Change from FY2019
Total operating revenue	184.2	174.2	+5.7%	189.5	(2.8%)
Total sales	180.5	170.5	+5.9%	185.8	(2.8%)
Gross margin ratio (% of total sales)	22.16%	22.21%	(0.05)	23.73%	(1.57)
SG&A	38.7	39.2	(0.4)	45.9	(7.1)
SG&A to total operating revenue ratio	21.0%	22.5%	(1.5)	24.2%	(3.2)
Operating profit	4.2	2.1	+2.1	1.9	+2.3

\* We apply the Accounting Standard for Revenue Recognition from FY2022. As such, operating revenue and sales based on recording methods applied through FY2021 are indicated as total operating revenue and total sales, respectively.

## 3-2. Domestic Department Stores: Sales Trends

- ✓ Total sales greatly exceeded the previous year, recovering to the 2019 levels prior to COVID-19
- ✓ Monthly sales recovered gradually, with figures exceeding 2019 since the most recent April
- ✓ Net sales excluding inbound tourists also trended above 2019 levels each month

○ Sales trends \*Compared to previous FY and FY2019 (existing stores)

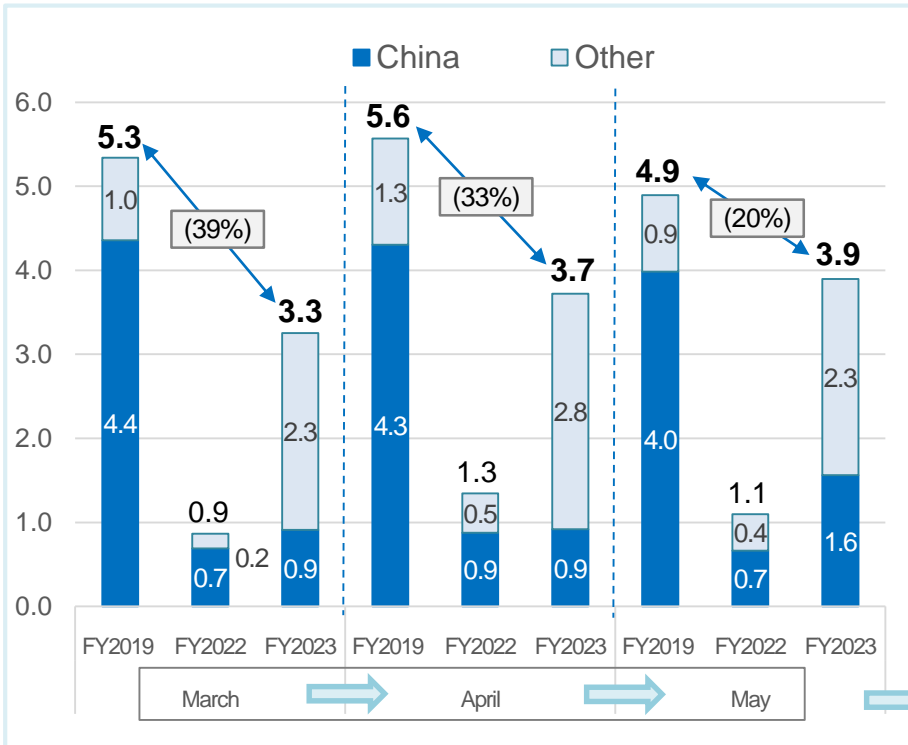


# 3-3. Domestic Department Stores: Inbound Sales Trends

- ✓ Exceeded JPY 3 billion monthly for a cumulative total of JPY 10.9 billion. Significant YoY increase but at roughly 70% of 2019
- ✓ Recovery in mainland China is limited, still at roughly 30% of 2019
- ✓ Trending at levels exceeding full-year forecast of JPY 36 billion thanks to growth in other regions

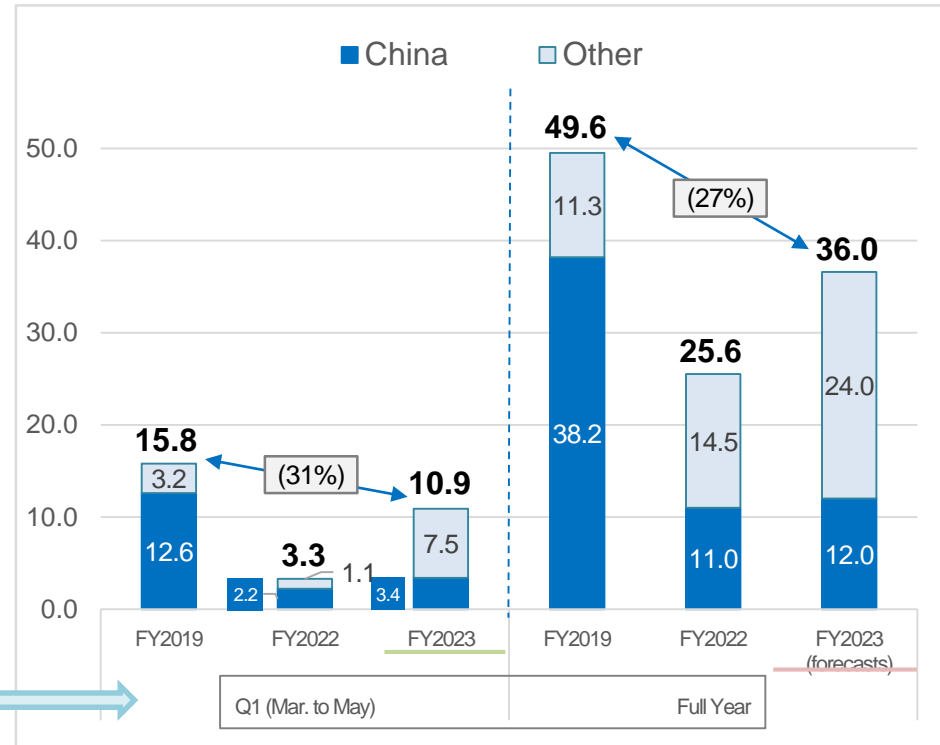
(billion JPY)

Monthly trends



Q1 Results

Full-year forecast (announced April 14)

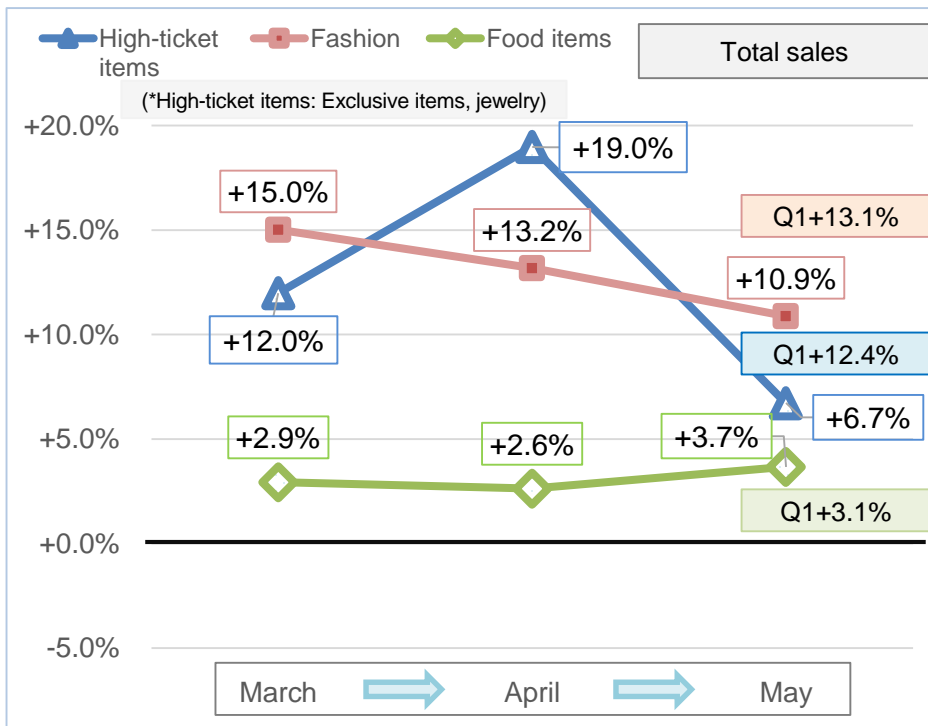




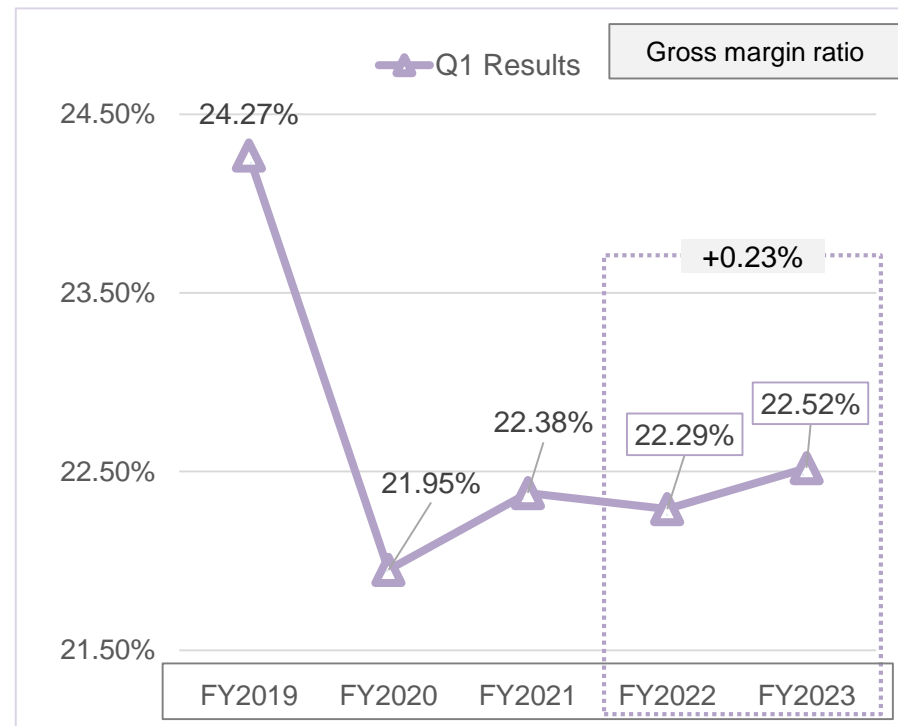
### 3-4. Domestic Department Stores: Product-Specific Sales and Margin Ratio Trends

- ✓ High-ticket items remained firm despite cooling off from bumper orders the previous year, food items were stable
- ✓ Fashion continued on recovery trend, with cumulative figures surpassing sales of high-ticket items
- ✓ Gross margin ratio improved from previous year on growth for high-profit fashion

○Product-specific sales trends \*YoY



○Gross margin ratio trends (Q1 of each FY)



## 3-5. Domestic Department Stores: SG&A

- ✓ Increased by JPY 0.8 billion on higher heating and lighting expenses, personnel related expenses, and expenses related to making the department stores more profitable
- ✓ Reduced by JPY 1.2 billion, which exceeded cost increases, thanks to continued cost-optimization program
- ✓ Total reductions of JPY 0.4 billion, resulted in improvement in SG&A to total operating revenue ratio

(billion JPY)	Q1 Results		Breakdown of YoY Change				Change from FY2019
	Q1 Results	YoY change	Increase in variable costs	Increased costs	Measures for making department stores more profitable	Cost structure reforms	
Personnel related expenses	11.9	(0.4)		0.1		(0.5)	(2.6)
Advertising expenses	2.8	+0.5	0.2		0.3	0	(4.5)
G&A expenses	17.3	(0.5)		0.2		(0.7)	+0.4
Accounting related expenses	6.8	(0.1)				(0.1)	(0.5)
<b>Total</b>	<b>38.7</b>	<b>(0.4)</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>	<b>(1.2)</b>	<b>(7.1)</b>
			0.8 increase				
SG&A to total operating revenue ratio	21.0%	(1.5)					(3.2)

\* We apply the Accounting Standard for Revenue Recognition from FY2022.

## 4-1. Performance of Key Subsidiaries (Domestic)

- ✓ Toshin Development revenue and profit increased on recovery in rental income and cost increase control
- ✓ TFP recorded higher revenue and profit on growth in transaction volume for the card business, an earnings pillar
- ✓ TSC recorded increased revenue and a decline in losses on growth in orders received for hotels and commercial facilities

(billion JPY)		Q1 Results	Previous FY	YoY Change	FY2019 Results	Change from FY2019
Toshin Development Co., Ltd.	Operating revenue	12.1	11.0	+10.3%	11.1	+8.9%
	Operating profit	2.4	1.7	+0.7	2.0	+0.4
Takashimaya Financial Partners Co., Ltd. (TFP)	Operating revenue	5.4	5.3	+2.1%	5.4	+0.0%
	Operating profit	1.2	1.2	+0	1.4	(0.2)
Takashimaya Space Create Co., Ltd. (TSC)	Operating revenue	5.1	4.0	+29.1%	7.4	(31.0%)
	Operating profit	(0.3)	(0.5)	+0.2	0.2	(0.5)

\*Figures indicate a comparison with FY2019 and change from FY2019 with Toshin Development Co., Ltd. figures representing the combined total with T & T Co., Ltd., Takashimaya Space Create Tohoku Co., Ltd. figures representing the combined total with Takashimaya Space Create Tohoku Co., Ltd., and Takashimaya Financial Partners Co., Ltd. figures representing the combined total for Takashimaya Credit Co., Ltd. and Takashimaya Insurance Co., Ltd..

## 4-2. Performance of Key Subsidiaries (Overseas)

- ✓ Foreign currency impact due to yen depreciation pushed up operating profit by roughly JPY 0.4 billion from the previous year
- ✓ Revenue and profit increased for Singapore and Vietnam on growth in sales
- ✓ Siam recorded increased revenue and a decline in losses, while revenue and profit decreased for Shanghai due to the impact of COVID-19

(billion JPY)		Q1 Results (Jan. to Mar.)	YoY Change	(impact of foreign currency)	Change from FY2019	(impact of foreign currency)	In local currency	
							YoY	Change from FY2019
Takashimaya Singapore Ltd.	Operating revenue	5.7	+42.9%	-	+40.2%	-	+23.9%	+14.1%
	Operating profit	1.8	+0.9	(+ 0.2)	+0.6	(+ 0.3)	-	-
Toshin Development Singapore Pte, Ltd.	Operating revenue	2.6	+24.5%	-	+14.4%	-	+7.9%	(6.9%)
	Operating profit	0.9	+0.3	(+ 0.1)	+0	(+ 0.2)	-	-
Shanghai Takashimaya Co., Ltd.	Operating revenue	0.8	(3.8%)	-	(7.1%)	-	(8.2%)	(21.4%)
	Operating profit	0.1	(-0)	(+ 0)	+0.1	(+ 0)	-	-
Takashimaya Vietnam Ltd.	Operating revenue	0.7	+22.6%	-	+58.1%	-	+11.7%	+29.9%
	Operating profit	0.2	+0.1	(+ 0)	+0.2	(+ 0)	-	-
Siam Takashimaya (Thailand) Co., Ltd.	Operating revenue	0.6	+49.2%	-	+63.5%	-	+35.1%	+45.6%
	Operating profit	(0.1)	+0.1	(- 0)	+0.1	(- 0)	-	-

Current FY      1SGD=100.36JPY      1CNY=19.43JPY      1VND=0.0056JPY      1THB=3.92JPY  
 Previous FY      1SGD=86.98JPY      1CNY=18.55JPY      1VND=0.0051JPY      1THB=3.55JPY



# **II Forecasts for FY Ending Feb 2024 (FY2023)**

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# 1. Consolidated Cost and Revenue Forecasts

- ✓ Revised all profit categories upwards compared to forecast announced on April 14
- ✓ No revision to total operating revenue in light of risks of future downturn in domestic and overseas consumption
- ✓ Will improve SG&A through advancement of cost-optimization program

(billion JPY)	H1 forecast	YoY Change	Change from FY2019	Change from April 14 forecast	Full-year forecast	YoY Change	Change from FY2019	Change from April 14 forecast
Total operating revenue	450.0	+8.8%	(0.7%)	—	940.0	+6.6%	+2.3%	—
SG&A	114.5	+4.3	(14.0)	(2.5)	234.5	+5.8	(25.6)	(2.5)
SG&A to total operating revenue ratio	25.4%	(1.2)	(2.9)	(0.6)	24.9%	(1.0)	(3.4)	(0.3)
Operating profit	17.5	+4.7	+4.1	+2.5	37.5	+5.0	+11.9	+2.5
Ordinary profit	18.5	+3.9	+5.8	+2.5	37.5	+3.0	+14.3	+2.5
Profit attributable to owners of parent	12.0	(1.5)	(0.4)	+1.5	24.5	(3.3)	+8.5	+1.5

\* We apply the Accounting Standard for Revenue Recognition from FY2022. As such, operating revenue based on recording methods applied through FY2021 are indicated as total operating revenue.

## 2. Forecast for Domestic Department Stores

- ✓ Revised operating profit upward by JPY 2 billion compared to forecast announced on April 14
- ✓ No revision to total operating revenue despite growth in sales among inbound tourists due to domestic consumption risks
- ✓ Improve SG&A through cost reductions that exceed increase in heating and lighting expenses

(billion JPY)	H1 forecast	YoY Change	Change from FY2019	Change from April 14 forecast	Full-year forecast	YoY Change	Change from FY2019	Change from April 14 forecast
Total operating revenue	377.0	+6.5%	(1.3%)	—	795.0	+5.4%	+2.6%	—
Total sales	370.8	+7.0%	(1.0%)	—	779.6	+5.5%	+2.5%	—
Gross margin ratio (% of total sales)	22.46%	+0.13	(1.29)	—	22.23%	(0.06)	(1.40)	—
SG&A	83.3	+1.3	(10.3)	(2.0)	175.7	+5.5	(14.6)	(2.0)
SG&A to total operating revenue ratio	22.1%	(1.1)	(2.4)	(0.5)	22.1%	(0.5)	(2.4)	(0.3)
Operating profit	6.5	+3.0	+3.7	+2.0	13.5	+2.5	+9.3	+2.0

\* We apply the Accounting Standard for Revenue Recognition from FY2022. As such, operating revenue based on recording methods applied through FY2021 are indicated as total operating revenue.

### 3. Forecast for Key Subsidiaries (Domestic/Overseas)

- ✓ Revised operating profit upward by JPY 0.5 billion compared to April 14 Forecast
- ✓ Revised Toshin Development (domestic) upward by JPY 0.3 billion and Singapore (overseas) upward by JPY 0.2 billion
- ✓ Forecast revisions reflect improved SG&A at both companies thanks to favorable progress in cost reductions

(billion JPY)		H1 forecast	YoY Change	Change from FY2019	Change from April 14 forecast	Full-year forecast	YoY Change	Change from FY2019	Change from April 14 forecast
Toshin Development Co., Ltd.	Operating revenue	24.9	+11.6%	+12.1%	—	51.1	+10.8%	+13.8%	—
	Operating profit	3.5	+0.6	+0.2	0.3	6.4	+0.4	(0.4)	0.3
Takashimaya Singapore Ltd.	Operating revenue	H1 forecast (Jan. to June) 9.5	+35%	+16.0%	—	Full-year forecast (Jan. to Dec.) 22.9	+7.3%	+35.0%	—
	Operating profit	2.9	+0.5	+0.7	0.2	6.4	+0.1	+1.7	0.2

\*Toshin Development Co., Ltd. change from FY2019 indicates combined total with T&T Co., Ltd..