Translation

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Summary of Consolidated Financial Results for the Three Months Ended May 31, 2024 (Based on Japanese GAAP)

June 28, 2024

Company name:	Takashimaya Company, Limited			
Stock exchange listing:	Tokyo			
Stock code:	8233 URL https://www.takashimaya.co.jp			
Representative:	President	Yoshio Murata		
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Scheduled date to file Quarterly Securities Report:	July 12, 2024
Scheduled date to commence dividend payments:	-
Preparation of supplementary material on quarterly financial results:	No
Holding of quarterly financial results meeting:	Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended May 31, 2024 (from March 1, 2024 to May 31, 2024)

(1) Consolidated operating results

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, 2024	120,125	13.8	17,295	56.7	17,835	53.5	12,821	50.1
Three months ended May 31, 2023	105,557	4.2	11,038	66.4	11,621	59.2	8,540	59.8

Note: Comprehensive income For the three months ended May 31, 2024 17,007 million yen [62.4 %]
For the three months ended May 31, 2023 10,469 million yen [9.6 %]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended May 31, 2024	81.28	69.10
Three months ended May 31, 2023	54.14	46.06

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2024	1,295,760	492,454	36.0
As of February 29, 2024	1,270,475	478,802	35.7

Reference:Equity As of May 31, 2024 466,766 million yen
As of February 29, 2024 454,079 million yen

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 29, 2024	—	17.00	—	20.00	37.00
Year ending February 28, 2025	—				
Year ending February 28, 2025 (Forecast)		20.00	—	10.00	–

Note 1: Revisions to the forecast of cash dividends most recently announced: No

Note 2: Regarding the year-end dividend per share for the fiscal year ending February 28, 2025 (forecast)
The Company plans to conduct a 2-for-1 stock split of shares of common stock, effective September 1, 2024. Therefore, the year-end dividend per share for the fiscal year ending February 28, 2025 (forecast) takes into account the effect of this stock split, and the total amount of annual dividends per share is displayed as "-." Without considering the stock split, the year-end dividend per share forecast for the fiscal year ending February 28, 2025 is 20 yen, resulting in an annual dividend per share of 40 yen. For details, please refer to "Proper use of earnings forecasts, and other special matters."

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

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending August 31, 2024	254,900	15.2	27,700	33.1	27,700	24.9	17,800	19.0	112.85
Full year	511,400	9.7	55,000	19.7	58,000	17.9	38,000	20.2	164.83

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

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

4. Notes

(1) Changes in significant subsidiaries during the three months ended May 31, 2024 (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, 2024	163,827,608 shares	As of February 29, 2024	177,759,481 shares

Number of treasury shares at the end of the period

As of May 31, 2024	6,096,788 shares	As of February 29, 2024	20,028,578 shares

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

Three months ended May 31, 2024	157,730,841 shares	Three months ended May 31, 2023	157,731,822 shares

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

* Proper use of earnings forecasts, and other special matters

(Cautionary statement regarding forward-looking statements, etc.)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Group and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Group. Actual business and other results may differ substantially due to various factors. Please refer to 1. Qualitative Information about Consolidated Operating Results, (3) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Statements on page 6 of the attached materials for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

(Dividend and Earnings Forecast after Stock Split)

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

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

Dividends per share	2nd quarter-end 20 yen (Note 1)	fiscal year-end 20 yen (Note 2)

Annual dividends per share for the fiscal year ending February 28, 2025 (before consideration of stock split) will be 40 yen.

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

Earnings per share fiscal year-end 240.91 yen (Note 3)

(Note 1) Dividends at 2nd quarter-end are paid on the number of shares before the stock split.

(Note 2) The dividend amount is calculated before the stock split.

(Note 3) The Earnings per share is calculated before the stock split.

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1. Qualitative Information about Consolidated Operating Results

(1) Explanation of Operating Results

During the first three months under review (March 1, 2024 to May 31, 2024), the Japanese economy has gradually shifted away from a long period of deflation towards a favorable cycle of uptrend in prices and wages, as seen in the Bank of Japan's lifting of the negative interest rate policy in March 2024, raising interest rates for the first time in 17 years.

We (Takashimaya Group) will use this opportunity to steadily conduct forward-looking growth investments towards making qualitative improvements in our sales capability not susceptible to external environment factors such as yen depreciation, high stock prices, or inbound traffic, while also building a solid management base.

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

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

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

- Promoting ESG management

With ESG management, which is the basis of our value provision, we believe it is our corporate responsibility as a member of society to help resolve social issues through our business activities. We also believe a sustainable business cannot be conducted unless we develop a framework that allows all stakeholders to share benefits and profits.

For TSUNAGU ACTION, a cornerstone of Takashimaya Group's ESG management, we have strengthened our efforts on a Group-wide level to further improve recognition of our activities and to resolve social issues and achieve business growth at the same time. We outlined three core themes for TSUNAGU ACTION: 1) PLANET - Global environment - Protecting our beautiful Earth and vast nature, and leaving it for the future, 2) SOCIAL - Local communities - Inheriting and developing Japanese national and local traditions and culture, and 3) PEOPLE- For all people - Protecting and embracing freedom, equality, and happiness for all. The Takashimaya Group will expand the number of projects related to these themes and implement them throughout the year. We will also ensure that the efforts directly lead to increases in our corporate value and profits by setting numerical targets and applying the PDCA cycle. As specific initiatives, we have stepped up information dissemination since March 2024 by introducing representative TSUNAGU ACTION projects on our TSUNAGU ACTION website, featuring rich content such as photos and interviews to highlight project backgrounds and the stories behind product creation. Since April 2024, we have changed our collection policy for clothing products and cosmetics from a limited-period to a year-round collection. Moving forward, the Takashimaya Group will continue to strengthen initiatives that lead to recycling and reuse and the reduction of environmental impact.

From the perspective of diversity, equity, and inclusion, the Takashimaya Group will reinforce compliance and strive to respect the human rights and values of all people, working towards a society where no one will be left behind, which is the objective of the United Nations Sustainable Development Goals (SDGs). The Group will work proactively towards creating a system that provides opportunities for all, regardless of race, age, sexual orientation/gender identity, or physical disability. As a corporation close to consumers, the Takashimaya Group will also work actively to improve and develop facility environments, products, and services that allow all customers to enjoy their time and shopping experience. Against this backdrop, in response to the revised Act for Eliminating Discrimination against Persons with Disabilities, which went into force in April 2024, we have been working since before the enforcement of this law to build an organizational structure that allows for the now mandatory provision of reasonable accommodations (*1)." Going forward, we will continue to engage in constructive dialogues with people with disabilities and work consistently to resolve issues. The Takashimaya Group participated in an event hosted by the non-profit organization Tokyo Rainbow Pride in April 2024, as part of the Group's activities as an Ally to promote understanding and support for LGBTQ+ and other sexual minorities. We will continue to promote correct understanding and foster a supportive culture in the workplace.

From the standpoint of preserving the global environment, we will contribute to the promotion of decarbonization and the realization of a recycling-oriented society by expanding the adoption of renewable energy, among other measures, as our business activities, comprising the operation of large commercial facilities, have a significant impact on the environment. Specifically, we entered into an agreement to procure renewables-derived electricity directly from the provider, and the Yokohama Store began receiving part of its power supply under this scheme in April 2023. The scheme was also put into effect at the Takasaki Store in May 2024, and we plan to newly introduce it to multiple stores moving forward.

In response to the 2024 Problem in Logistics (*2), since last year, we have reevaluated late-night product inspections and switched delivery times from prior to the store opening to during business hours so that we can mitigate driver fatigue. Furthermore, from May 2024, we began sending delivery schedule e-mails to pre-registered customers, a service previously unavailable for deliveries from department stores, ahead of industry peers. By allowing customers to specify the delivery time and location, we plan to reduce redeliveries while improving customer convenience.

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

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

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

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

The Takashimaya Group has adopted a new policy concerning the New Year’s business hours for the Group’s commercial facilities. In principle, in addition to January 1, January 2 will also be set as a business holiday from next year. To increase our brand value, we believe it is important to create an environment where employees can enjoy long-term employment while maintaining their pride and sense of fulfillment. We will continue to improve engagement by sharing our ideal vision for the future and by fostering a positive workplace culture.

- Advancing Machi-dukuri Strategy

The Takashimaya Group upholds Machi-dukuri as its overarching Group-wide strategy and positions “value provision through Machi-dukuri, in which every Group member plays a leading role” as the core concept behind its business strategy for realizing the Group’s ideal position.

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

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

Our earnings for the first three months under review were consolidated operating revenue of 120,125 million yen (increase of 13.8% YoY), consolidated operating profit of 17,295 million yen (increase of 56.7% YoY), consolidated ordinary profit of 17,835 million yen (increase of 53.5% YoY), and profit attributable to owners of parent of 12,821 million yen (increase of 50.1% YoY).

Segment-specific earnings for each business were as follows.

Starting from the first three months under review, the Takashimaya Group changed its reporting segment classifications in line with the move towards further promoting ROIC management, which enables business portfolio optimization and clarifies business-specific investment efficiency and profitability. Please refer to “2. Quarterly Consolidated Financial Statements and Major Notes (4) Notes to Quarterly Consolidated Financial Statements [Segment Information]” for details.

<Department Stores in Japan>

The Department Stores in Japan segment recorded operating revenue of 75,407 million yen (increase of 13.2% YoY) and operating profit of 9,275 million yen (increase of 108.9% YoY).

Operating revenue and operating profit grew YoY in this segment .

In addition to the expansion of inbound net sales on the back of a weak yen, domestic net sales, which account for roughly 80% of overall net sales, were firm. We worked to strengthen our sales capabilities, which would allow us to make proposals aligned with consumer trends and changes in customer needs. At the same time, we sought to bolster our merchandise lineups, balancing trends that promptly address customer needs with quality. As a result, sales of luxury brands and other high-ticket items, along with fashion-related products such as women’s clothing, men’s clothing, and cosmetics, rose YoY. Events planned to coincide with the seasons also attracted many customers. We will continue to leverage the strengths of brick-and-mortar stores to offer a one-stop shopping experience to all customers by expanding the lineups of high-quality products and services that meet diverse needs and by promoting cultural dissemination to satisfy intellectual needs.

For e-commerce, since last year, we have been working to enhance our online store’s appeal through measures such as expanding the cosmetics lineup and reducing the delivery lead time by centralizing the warehouse for shipping, which was previously handled by each store.

We will continue to expand the range of brand offerings based on customer needs and also promote initiatives to make our website and app more distinctive and convenient. We will make full use of our strength of having brick-and-mortar stores to bolster points of contact with customers through mutual customer referrals between our offline and online stores. In such a way, we intend to acquire new customers and expand net sales.

The gross margin ratio was down YoY due to a change in the sales mix as net sales from low-margin high-ticket items increased substantially in comparison to net sales from high-margin fashion-related products. That being said, the gross profit amount itself rose YoY, benefiting from the impact of net sales growth. We will continue to seek further increase in gross profit amount by simultaneously working to improve the gross margin ratio through efforts such as strengthening retail-priced products in collaboration with key business partners.

In terms of SG&A expenses, we managed to keep the YoY increase to a minimum. We spent appropriately on base salary increases and other human capital investments, as well as on the introduction of new brands and other means to strengthen sales capabilities. Simultaneously, we implemented cost reduction measures, including further optimization of our store management structure. As a result, the ratio of SG&A expenses to total operating revenue decreased YoY.

Moving forward, we will seek further profit growth through a series of initiatives, from strengthening our merchandise lineups and sales capabilities to increase net sales, and improving the gross margin ratio and gross profit amount, to reducing costs.

<Overseas Department Stores>

The Overseas Department Stores segment recorded operating revenue of 8,260 million yen (increase of 8.2% YoY) and operating profit of 2,060 million yen (increase of 5.7% YoY).

Operating revenue and operating profit grew YoY in this segment.

Takashimaya Singapore propelled the overall segment performance by recording increases in net sales and operating profit. Among the contributing factors were firm net sales from domestic customers, the return of tourists, and the foreign exchange impact, which more than offset the effect of the forward-looking renovations implemented for major brands. In Vietnam, domestic demand particularly slowed due to deteriorating business sentiment. However, operating revenue and operating profit grew YoY at Takashimaya Ho Chi Minh City, thanks to its efforts to remodel and strengthen the lineups of merchandise such as children’s products, which is a growth area, as well as cosmetics and food items, which are in high customer demand. Siam Takashimaya (Thailand) also recorded an increase in operating revenue despite economic uncertainties, thanks to the positive effects of expanding the lineup of Japanese brand items and holding regional product events, along with the foreign exchange impact. Losses have also narrowed as the store sought to improve the gross margin ratio and reduce costs at the same time. In addition, a specialty store carrying Japanese furniture and home décor items, which opened at the end of March 2024, has been performing strongly.

Moving forward, we intend to achieve profitability promptly by advancing initiatives aimed at profitability improvements. Shanghai Takashimaya has been working to strengthen its earnings base through efforts such as new tenant acquisition that is aligned with market changes. However, the store recorded a YoY decrease in operating revenue and operating profit, affected substantially by the prolonged economic slump in China. Based on the economic and consumer trends of each country and our risk analyses, we will continue to invest in management resources appropriately with a view to achieving sustainable growth in this segment.

<Commercial Property Development in Japan>

Operating revenue from the Commercial Property Development in Japan segment was 10,230 million yen (increase of 9.0% YoY) and operating profit was 2,511 million yen (increase of 6.9% YoY).

Toshin Development Co., Ltd. recorded YoY increases in operating revenue and operating profit, despite the impact of renovations at the Tamagawa Takashimaya Shopping Center. The performance was attributable to the launch of Kyoto Takashimaya Shopping Center in October 2023 and the reopening of the newly renovated Tachikawa Takashimaya Shopping Center in November 2023, which fueled an increase in rent income from tenants. The cost reduction efforts at other facilities also contributed to the results. The Kashiwa Takashimaya Station Mall is currently being renovated in stages, incorporating in-demand tenants and community functions. By developing attractive shopping centers that are rooted in the local communities, we will continue to enhance experience-oriented values that are unique to brick-and-mortar venues and to further cultivate new customers.

<Overseas Commercial Property Development>

Operating revenue from the Overseas Commercial Property Development segment was 3,845 million yen (increase of 20.6% YoY) and operating profit was 1,598 million yen (increase of 38.2% YoY).

Operating revenue and operating profit grew YoY in this segment.

Toshin Development Singapore Pte. Ltd. posted YoY growth in operating revenue and operating profit, thanks to increased rent income and reduced expenses. The Vietnam business, which we view as a growth driver, also recorded a YoY increase in operating revenue and operating profit, demonstrating steady growth. We are currently advancing development projects in Hanoi in stages, using our track record in Singapore and successes in Ho Chi Minh City, Vietnam, as a springboard. We expect large returns from projects such as the development of a mixed-use complex, comprising residences, offices, and commercial facilities. We will continue to invest intensively in our development operations in Vietnam, fostering a second earnings pillar after Singapore to achieve sustainable growth.

<Finance>

Operating revenue from the Finance segment was 4,520 million yen (increase of 2.9% YoY) and operating profit was 1,198 million yen (decrease of 4.0% YoY).

Takashimaya Financial Partners Co., Ltd. recorded a YoY increase in operating revenue owing to growth in net card transactions in the Card business, which is its earnings pillar. However, operating profit fell on the back of human capital investments made to strengthen the business moving forward, as well as an increase in expenses associated with the net card transaction growth.

In the Card business, the number of newly issued card accounts recovered to 2019 (pre-COVID-19) levels, thanks to bolstered efforts to increase member enrollment at department stores and specialty stores. In addition, net card transactions grew at both department stores and external partner stores, with card usage trending favorably at department stores in particular. Commissions from member stores and installment payment commissions grew as a result. Since its launch in August 2023, the Takashimaya Card (Business Platinum) American Express®, a credit card targeting business owners and sole proprietors, has steadily expanded member enrollment and usage amounts.

In the Life Partner business, we sought to promote uptake of Takashimaya's Card Tsumitate service by raising its upward limit for monthly investment from 50 thousand yen to 100 thousand yen in response to the new NISA scheme (*3) introduced this year. We also introduced a consultation desk that covers both NISA and insurance products and enhanced our seminar content, among other activities. Consultations and applications have been increasing steadily as a result.

In the Social Lending business, following the formation of the first fund this January and the second fund this February, we formed a third fund in April. The Takashimaya Group will continue to expand its dealings under the name, Takashimaya Funding, to widen customer contact points for the Group.

Furthermore, we will consider M&A and alliances as options as we plan to expand our businesses and cultivate new fields. In March 2024, we entered into a new partnership with Fanta, Inc., which conducts real estate investment and asset management. The two companies will seek to jointly establish an investment corporation targeting healthcare facilities with the aim of expanding earnings while contributing to solving social issues in this era of aging society.

<Construction & Design>

Operating revenue from the Construction & Design segment was 8,526 million yen (increase of 79.8% YoY) and operating profit was 578 million yen (operating loss of 344 million yen in the same period of the previous fiscal year).

Takashimaya Space Create Co., Ltd. saw an increase in orders received for commercial facilities, particularly hotels and other large properties as well as luxury-brand projects. As a result, it recorded operating revenue growth and also made a turnaround to profitability. We will seek to build a stable earnings base by continuing to train and increase specialist talent, through which we will further strengthen approach-based proposal sales, making full use of our marketing and design capabilities.

<Others>

Operating revenue from other businesses was 9,334 million yen (decrease of 2.8% YoY) and operating profit was 307 million yen (increase of 16.9% YoY).

Takashimaya Transcosmos International Commerce PTE. LTD., which operates a wholesale business, saw a YoY decline in operating revenue, while operating profit rose in the Cross Media mail-order business due to cost reduction efforts. As a result, operating revenue from other businesses fell YoY but operating profit grew overall. Moving forward, we will continue to pursue sustainable growth in each of the businesses by building our competitive advantage.

(*1) Provision of reasonable accommodations

The act of providing a necessary response to remove social barriers to the extent it is not unduly burdensome, in the event a person with a disability expresses the need for some manner of accommodation.

(*2) 2024 Problem in Logistics

Problems associated with the June 2018 revisions to the Act to Promote Work Style Reform. As of April 2024, an upper limit of 960 hours per year (not including holiday work hours) was applied to overtime for vehicle driver operations. Furthermore, with the Notice on Improvement Standards defining on-duty time for truck drivers (subject to administrative punishment in accordance with the Motor Truck Transportation Business Act), the regulation of on-duty hours was further strengthened.

(*3) New NISA scheme

Normally, when one invests in a financial product such as stock or an investment trust, a tax rate of roughly 20% is assessed against gains earned from the sale of the product or dividends received through the product. NISA is a scheme through which profits earned from these financial products are untaxed, provided they are purchased through a NISA account (untaxed account) up to a certain amount during a given year. To further promote stable asset formation for households, in January 2024, this scheme was switched to a new framework with various new characteristics, including an unlimited tax-free retention period, establishment of permanent accounts, and an expanded annual investment limit.

(2) Explanation of Financial Position

(i) Status of Assets, Liabilities and Net Assets

Total assets as of May 31, 2024 amounted to 1,295,760 million yen, up 25,284 million yen from the end of the previous fiscal year. This was mainly due to an increase of 19,977 million yen in notes and accounts receivable – trade, and contract assets relating to increased sales, an increase of 3,207 million yen in right-of-use assets due to the impact of foreign currency exchange relating to the weak yen at overseas subsidiaries, and an increase of 2,512 million yen in investment securities relating to rises in share prices, growth in financial performance of entities accounted for using equity method, etc.

Liabilities amounted to 803,305 million yen, up 11,632 million yen from the end of the previous fiscal year. This was mainly due to an increase of 9,213 million yen in notes and accounts payable – trade relating to increased sales, and an increase of 4,108 million yen in lease liabilities due to the impact of foreign currency exchange relating to the weak yen at overseas subsidiaries, despite a decrease of 1,542 million yen in interest-bearing debt.

Net assets amounted to 492,454 million yen, up 13,652 million yen from the end of the previous fiscal year. This was mainly due to an increase of 12,821 million yen in retained earnings due to profit attributable to owners of parent, a decrease of 3,154 million yen in retained earnings due to dividends paid, and an increase of 2,974 million yen in foreign currency translation adjustment relating to the weak yen.

As a result, the equity ratio was 36.0% (up 0.3 points from the end of the previous fiscal year).

(ii) Status of Cash Flows

Net cash provided by operating activities was 13,323 million yen, a decrease of 2,391 million yen from 15,715 million yen provided in the same period of the previous fiscal year. This was mainly due to an increase of 19,018 million yen in trade receivables, despite an increase of 6,084 million yen in profit before income taxes.

Net cash used in investing activities was 11,270 million yen, an increase of 4,387 million yen from 6,882 million yen used in the same period of the previous fiscal year. This was mainly due to an increase of 3,923 million yen in purchase of property, plant and equipment and intangible assets.

Net cash used in financing activities was 7,325 million yen, an increase of 1,513 million yen from 5,812 million yen used in the same period of the previous fiscal year. This was mainly due to an increase of 946 million yen in dividends paid.

When exchange differences are added to the above cash flows, cash and cash equivalents as of May 31, 2024 amounted to 89,760 million yen, down 3,138 million yen from the end of the previous fiscal year.

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

After releasing consolidated earnings projections for the fiscal year under review at the April 12, 2024 results briefing, due to greater-than-expected inbound sales in Department Stores in Japan, among other factors, we revised the forecast for operating revenue, operating profit, ordinary profit, and profit attributable to owners of parent as below.

(i) Consolidated earnings forecasts for the second quarter of the fiscal year ending February 28, 2025 (cumulative)
(from March 1, 2024 to August 31, 2024)

	Operating revenue	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Forecasts announced on April 12	243,600	23,600	23,700	14,600	92.56
Forecasts revised on June 28	254,900	27,700	27,700	17,800	112.85
Change (amount)	11,300	4,100	4,000	3,200	20.29
Change (%)	4.6	17.4	16.9	21.9	—
Results for the second quarter of the year ended February 29, 2024	221,175	20,810	22,181	14,962	94.85

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

	Operating revenue	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Forecasts announced on April 12	497,000	50,000	53,000	34,000	147.48
Forecasts revised on June 28	511,400	55,000	58,000	38,000	164.83
Change (amount)	14,400	5,000	5,000	4,000	17.35
Change (%)	2.9	10.0	9.4	11.8	—
Results for the year ended February 29, 2024	466,134	45,937	49,199	31,620	200.47

*Earnings per share in the forecast for the fiscal year ending February 28, 2025 takes into account the effect of the stock split.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of February 29, 2024	As of May 31, 2024
Assets		
Current assets		
Cash and deposits	94,752	93,618
Notes and accounts receivable - trade, and contract assets	156,981	176,958
Merchandise and finished goods	35,904	37,233
Work in process	243	397
Raw materials and supplies	987	751
Other	39,709	39,110
Allowance for doubtful accounts	(733)	(701)
Total current assets	327,845	347,367
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	191,580	191,052
Land	419,852	419,854
Leased assets, net	829	713
Right-of-use assets, net	123,628	126,465
Other, net	21,349	22,130
Total property, plant and equipment	757,240	760,216
Intangible assets		
Goodwill	2,467	2,540
Leasehold interests in land	11,269	11,643
Right-of-use assets	6,566	6,936
Other	15,269	15,511
Total intangible assets	35,574	36,633
Investments and other assets		
Investment securities	101,495	104,008
Guarantee deposits	25,948	26,009
Other	24,533	23,887
Allowance for doubtful accounts	(2,162)	(2,362)
Total investments and other assets	149,815	151,542
Total non-current assets	942,629	948,392
Total assets	1,270,475	1,295,760

(Millions of yen)

	As of February 29, 2024	As of May 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	124,137	133,350
Short-term borrowings	43,580	39,243
Lease liabilities	8,346	8,886
Income taxes payable	4,574	3,478
Contract liabilities	98,646	98,323
Gift certificates	41,868	40,996
Provision for point card certificates	2,190	2,220
Other	93,971	94,490
Total current liabilities	417,315	420,988
Non-current liabilities		
Bonds payable	80,143	80,135
Long-term borrowings	85,228	88,029
Lease liabilities	128,515	132,084
Asset retirement obligations	6,635	6,683
Retirement benefit liability	39,103	39,743
Provision for retirement benefits for directors (and other officers)	264	224
Other	34,468	35,416
Total non-current liabilities	374,357	382,316
Total liabilities	791,673	803,305
Net assets		
Shareholders' equity		
Share capital	66,025	66,025
Capital surplus	54,790	37,507
Retained earnings	320,867	325,076
Treasury shares	(32,692)	(9,951)
Total shareholders' equity	408,991	418,658
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,944	12,074
Deferred gains or losses on hedges	3	0
Revaluation reserve for land	3,972	3,972
Foreign currency translation adjustment	25,050	28,024
Remeasurements of defined benefit plans	4,116	4,036
Total accumulated other comprehensive income	45,087	48,108
Non-controlling interests	24,722	25,688
Total net assets	478,802	492,454
Total liabilities and net assets	1,270,475	1,295,760

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

(Quarterly Consolidated Statements of Income)

(Three months ended May 31, 2024)

(Millions of yen)

	Three months ended May 31, 2023	Three months ended May 31, 2024
Operating revenue	105,557	120,125
Net sales	85,875	98,745
Cost of sales	40,836	46,102
Gross profit	45,039	52,642
Other operating revenue	19,681	21,379
Operating gross profit	64,720	74,022
Selling, general and administrative expenses		
Advertising expenses	2,586	2,885
Provision for point card certificates	586	577
Provision of allowance for doubtful accounts	205	237
Remuneration, salaries and allowances for directors (and other officers)	14,752	15,578
Retirement benefit expenses	217	199
Rent expenses on real estate	5,653	5,784
Other	29,680	31,465
Total selling, general and administrative expenses	53,682	56,727
Operating profit	11,038	17,295
Non-operating income		
Interest income	543	493
Dividend income	42	157
Gain on adjustment of unused certificates	349	321
Foreign exchange gains	168	493
Share of profit of entities accounted for using equity method	685	1,026
Other	235	154
Total non-operating income	2,026	2,646
Non-operating expenses		
Interest expenses	1,282	1,960
Other	160	146
Total non-operating expenses	1,443	2,107
Ordinary profit	11,621	17,835
Extraordinary income		
Gain on sale of non-current assets	–	76
Gain on forgiveness of lease liabilities	32	11
Total extraordinary income	32	87
Extraordinary losses		
Loss on retirement of non-current assets	341	354
Loss on store closings	–	174
Other	3	–
Total extraordinary losses	344	528
Profit before income taxes	11,309	17,394
Income taxes - current	1,201	1,266
Income taxes - deferred	1,207	2,879
Total income taxes	2,408	4,145
Profit	8,900	13,248
Profit attributable to non-controlling interests	360	427
Profit attributable to owners of parent	8,540	12,821

(Quarterly Consolidated Statements of Comprehensive Income)

(Three months ended May 31, 2024)

(Millions of yen)

	Three months ended May 31, 2023	Three months ended May 31, 2024
Profit	8,900	13,248
Other comprehensive income		
Valuation difference on available-for-sale securities	666	118
Deferred gains or losses on hedges	2	(2)
Foreign currency translation adjustment	481	2,248
Remeasurements of defined benefit plans, net of tax	(86)	(67)
Share of other comprehensive income of entities accounted for using equity method	505	1,462
Total other comprehensive income	1,569	3,759
Comprehensive income	10,469	17,007
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,066	15,842
Comprehensive income attributable to non-controlling interests	403	1,165

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended May 31, 2023	Three months ended May 31, 2024
Cash flows from operating activities		
Profit before income taxes	11,309	17,394
Depreciation	8,465	8,415
Amortization of goodwill	70	84
Increase (decrease) in allowance for doubtful accounts	94	167
Increase (decrease) in retirement benefit asset and liability, net	(1,033)	(1,188)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(31)	(39)
Increase (decrease) in provision for point card certificates	36	29
Interest and dividend income	(586)	(650)
Interest expenses	1,282	1,960
Share of loss (profit) of entities accounted for using equity method	(685)	(1,026)
Loss (gain) on sale of non-current assets	(2)	(76)
Loss on retirement of non-current assets	341	354
Decrease (increase) in trade receivables	(893)	(19,911)
Decrease (increase) in inventories	(1,510)	(1,134)
Increase (decrease) in trade payables	4,874	9,268
Increase (decrease) in deposits received	(202)	(911)
Increase (decrease) in accounts payable - other	(1,766)	762
Increase (decrease) in contract liabilities	238	(657)
Other, net	(4,150)	1,038
Subtotal	15,850	13,880
Interest and dividends received	2,215	2,559
Interest paid	(1,232)	(1,914)
Income taxes paid	(1,118)	(1,201)
Net cash provided by (used in) operating activities	15,715	13,323
Cash flows from investing activities		
Payments into time deposits	(1,149)	(3,388)
Proceeds from withdrawal of time deposits	84	1,493
Purchase of short-term and long-term investment securities	(2)	(2)
Purchase of property, plant and equipment and intangible assets	(5,642)	(9,566)
Proceeds from sale of property, plant and equipment and intangible assets	3	86
Purchase of shares of subsidiaries and associates	(258)	–
Net decrease (increase) in short-term loans receivable	(43)	(22)
Other, net	127	129
Net cash provided by (used in) investing activities	(6,882)	(11,270)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	13,000
Repayments of long-term borrowings	(540)	(14,540)
Repayments of lease liabilities	(2,643)	(2,076)
Dividends paid	(2,208)	(3,154)
Other, net	(420)	(554)
Net cash provided by (used in) financing activities	(5,812)	(7,325)
Effect of exchange rate change on cash and cash equivalents	809	2,134
Net increase (decrease) in cash and cash equivalents	3,829	(3,138)
Cash and cash equivalents at beginning of period	88,631	92,898
Cash and cash equivalents at end of period	92,460	89,760

(4) Notes to Quarterly Consolidated Financial Statements

[Notes on Premise of Going Concern]

Not applicable.

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

The Company canceled 13,931,873 treasury shares with a value of 22,851 million yen on April 26, 2024 based on a resolution at a Board of Directors' meeting held on April 12, 2024. Accordingly, in the first quarter of the current year, capital surplus decreased by 17,393 million yen and retained earnings decreased by 5,457 million yen.
As a result, looking at the balances as of May 31, 2024, capital surplus was 37,507 million yen, retained earnings were 325,076 million yen and treasury shares were 9,951 million yen.

[Changes in Significant Subsidiaries During the Three months Ended May 31, 2024]

(i) Significant changes in the scope of consolidation

Not applicable.

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

Not applicable.

[Segment Information]

(i). Three months ended May 31, 2023 (from March 1, 2023 to May 31, 2023)

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

(Millions of yen)

	Department Stores in Japan	Overseas Department Stores	Commercial Property Development In Japan	Overseas Commercial Property Development	Finance	Construction & Design	Total of Reportable Segments	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Operating revenue:											
Outside Customers	66,604	7,636	9,386	3,188	4,392	4,741	95,950	9,606	105,557	–	105,557
Intersegment	4,049	228	2,717	62	970	391	8,420	3,025	11,445	(11,445)	–
Total	70,654	7,864	12,103	3,251	5,362	5,133	104,370	12,632	117,002	(11,445)	105,557
Segment profit (loss)	4,439	1,949	2,349	1,157	1,248	(344)	10,799	262	11,061	(23)	11,038

Notes: 1. The “Others” segment refers to business segments not included in reportable segments, such as the home shopping business, the wholesale business, the advertising and promotion business and restaurants business.

2. Adjustments to segment profit (loss) of (23) million yen consist of 240 million yen in eliminations of intersegment transactions and (264) million yen in depreciation of company-wide assets not allocated to each reportable segment.

3. Segment profit (loss) is adjusted with operating profit in the consolidated statements of income.

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

Not applicable.

(ii). Three months ended May 31, 2024 (from March 1, 2024 to May 31, 2024)

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

(Millions of yen)

	Department Stores in Japan	Overseas Department Stores	Commercial Property Development In Japan	Overseas Commercial Property Development	Finance	Construction & Design	Total of Reportable Segments	Others (Note 1)	Total	Adjustments (Note 2)	Consolidated (Note 3)
Operating revenue:											
Outside Customers	75,407	8,260	10,230	3,845	4,520	8,526	110,790	9,334	120,125	―	120,125
Intersegment	4,296	238	2,521	86	1,021	961	9,124	3,682	12,806	(12,806)	―
Total	79,703	8,498	12,752	3,931	5,542	9,487	119,915	13,016	132,932	(12,806)	120,125
Segment Profit	9,275	2,060	2,511	1,598	1,198	578	17,223	307	17,530	(235)	17,295

Notes: 1. The "Others" segment refers to business segments not included in reportable segments, such as the home shopping business, the wholesale business, the advertising and promotion business and restaurants business.

2. Adjustments to segment profit of (235) million yen consist of 44 million yen in eliminations of intersegment transactions and (279) million yen in depreciation of company-wide assets not allocated to each reportable segment.

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

b). Changes in Reportable Segments

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

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

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

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

Not applicable.

[Significant Subsequent Events]

Not applicable.

3. Supplemental Information

(1) Overview of Non-consolidated Financial Results

Non-consolidated financial results for the three months ended May 31, 2024

(i). Results

(millions of yen, %)

	Three months ended May 31, 2023	Three months ended May 31, 2024	Year on year (amount)	Year on year (%)
Operating revenue	70,790	79,201	8,410	11.9
Total operating revenue	172,874	204,548	31,674	18.3
Net sales	64,553	72,635	8,081	12.5
Total sales	169,258	200,668	31,410	18.6
Gross profit ratio	53.03	55.29	2.26	―
Total gross profit ratio	22.23	21.77	(0.46)	―
Selling, general and administrative expenses	36,454	37,921	1,466	4.0
Operating profit	4,014	8,802	4,788	119.3
Ordinary profit	9,298	14,863	5,565	59.9
Profit	8,268	12,480	4,211	50.9

Notes: Total operating revenue, total sales and total gross profit ratio were calculated using the previous standard before the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations.

(ii). Sales by store

(millions of yen, %)

	Three months ended May 31, 2023		Three months ended May 31, 2024		Year on year (amount)	Year on year (%)
	Amount	Ratio of sales (%)	Amount	Ratio of sales (%)		
Osaka store	34,207	20.2	47,122	23.5	12,914	37.8
Sakai store	2,370	1.4	2,341	1.2	(29)	(1.2)
Kyoto store	22,076	13.0	28,252	14.1	6,176	28.0
Semboku store	3,460	2.0	3,431	1.7	(29)	(0.8)
Nihombashi store	33,808	20.0	36,444	18.2	2,635	7.8
Yokohama store	31,984	18.9	35,257	17.6	3,273	10.2
Shinjuku store	20,633	12.2	24,906	12.4	4,272	20.7
Tamagawa store	10,751	6.4	11,870	5.9	1,118	10.4
Omiya store	1,550	0.9	1,618	0.8	67	4.4
Kashiwa store	8,414	5.0	8,097	4.0	(317)	(3.8)
EC Division	―	―	1,326	0.6	―	―
Takashimaya Co., Ltd. Total	169,258	100.0	200,668	100.0	31,410	18.6
Okayama Takashimaya Co., Ltd.	4,473		4,045		(428)	(9.6)
Gifu Takashimaya Co., Ltd.	3,005		3,382		376	12.5
Takasaki Takashimaya Co., Ltd.	3,776		4,019		243	6.4
Total (including domestic subsidiaries)	180,514		212,116		31,602	17.5

Notes: 1. The Kyoto Store includes the Rakusai Store.
2. Beginning from the first quarter of the current fiscal year, the presentation of net sales of the EC Division was changed to individual listing.
3. The net sales of 1,175 million yen of the EC Division for the three months ended May 31, 2023 are included in the net sales for the Osaka, Kyoto and Nihombashi stores.
4. The online store net sales of the total (including domestic subsidiaries) are included in the net sales of the EC Division and each store.
5. The corporate business and cross-media business sales are included in the stores in the regions where each business is located.
6. The net sales before the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations are presented.

(iii). Selling, general and administrative expenses

(millions of yen, %)

	Three months ended May 31, 2023	Three months ended May 31, 2024	Year on year (amount)	Year on year (%)
Personnel expenses	11,153	11,451	298	2.7
Advertising expenses	2,662	2,872	210	7.9
Administrative expenses and General affairs expenses	16,265	17,406	1,141	7.0
Accounting related expenses	6,373	6,190	(182)	(2.9)
Total	36,454	37,921	1,466	4.0

(vi). Non-operating income and expenses

(millions of yen, %)

	Three months ended May 31, 2023	Three months ended May 31, 2024	Year on year (amount)	Year on year (%)
Non-operating income	6,004	7,306	1,302	21.7
Interest income and Dividend income	5,603	6,957	1,354	24.2
Miscellaneous income	401	349	(52)	(13.0)
Non-operating expenses	720	1,245	524	72.8
Interest expenses	455	460	5	1.1
Miscellaneous losses	265	785	519	195.8

(v). Extraordinary income and losses

(millions of yen)

	Three months ended May 31, 2023		Three months ended May 31, 2024	
Extraordinary income	—	—	Gain on sale of non-current assets	76
	Total	—	Total	76
Extraordinary losses	Loss on retirement of non-current assets	298	Loss on retirement of non-current assets	193
	Total	298	Total	193

(2) Overview of Major Subsidiaries

Financial results of the major consolidated subsidiaries for the three months ended May 31, 2024

(millions of yen)

	Three months ended May 31, 2023		Three months ended May 31, 2024	
	Operating revenue	Operating profit (loss)	Operating revenue	Operating profit (loss)
Takashimaya Singapore Ltd.	5,725	1,802	6,395	1,915
Shanghai Takashimaya Co., Ltd.	789	81	611	(29)
Takashimaya Vietnam Ltd.	742	190	876	248
Toshin Development Co., Ltd.	12,104	2,355	12,752	2,511
Toshin Development Singapore Pte. Ltd.	2,593	878	3,000	1,148
Takashimaya Financial Partners Co., Ltd.	5,362	1,248	5,542	1,198
Takashimaya Space Create Co., Ltd.	5,133	(344)	9,487	578

Note: For Takashimaya Singapore Ltd., Shanghai Takashimaya Co., Ltd., Takashimaya Vietnam Ltd. and Toshin Development Singapore Pte. Ltd., the three months of each fiscal year is the period from January 1 to March 31.