Financial Results for Third Quarter of Fiscal Year Ending February 28, 2021

<Reference data>

December 28, 2020

Create and Bring to Life “New Happiness.”

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Q3 FY2020 Consolidated Results (IFRS)

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- Department Store was gradually recovering but came to a standstill partly due to 3rd wave of COVID-19
- Parco, Real Estate, etc. covered the deficit of Department Store, thereby achieving profit in Q3 alone
- Department Store sales remain uncertain but full year forecast in Oct is left unchanged because thorough cost reduction and improvement of performance of the Group including Parco are expected

(Millions of yen, %)

Fiscal year ending February 28, 2021	Three months ended November 30, 2020			Nine months ended November 30, 2020		
	Results	YoY		Results	YoY	
		Change	% change		Change	% change
Gross sales	212,760	(81,798)	(27.8)	532,350	(308,050)	(36.7)
Revenue	83,228	(52,874)	(38.8)	230,699	(131,068)	(36.2)
Gross profit	37,398	(13,056)	(25.9)	96,849	(58,264)	(37.6)
SGA	35,758	(830)	(2.3)	94,959	(22,544)	(19.2)
Business profit	1,640	(12,226)	(88.2)	1,890	(35,720)	(95.0)
Other operating income	1,179	(2,416)	(67.2)	4,871	(2,821)	(36.7)
Other operating expenses	666	(4,927)	(88.1)	25,246	16,987	205.7
Operating profit	2,153	(9,714)	(81.9)	(18,483)	(55,525)	—
Profit attributable to owners of parent	679	(5,950)	(89.8)	(15,632)	(36,629)	—

Q3 FY2020 (Sep - Nov) Segment Information (IFRS)

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- Department Store: Sales of big ticket items mainly to affluent people in Japan recovered significantly but sales of volume zone items remained sluggish
- Parco: Achieved profit despite cost increase due to acceptance of Shinsaibashi north wing asset and opening of Shinsaibashi PARCO
- Real Estate: Achieved profit despite percentage decrease due to sales decrease
- Credit and Finance: Posted operating loss due to a change in accounting method for annual membership fee and an increase in upfront costs for new cards
- Other: Greatly affected by a decrease in reaction to special demand for J. Front Design & Construction to renovate Shinsaibashi store last year

(Millions of yen, %)

Three months ended November 30, 2020	Business profit			Operating profit		
	Results	YoY		Results	YoY	
		Change	% change		Change	% change
Department Store	(942)	(9,135)	—	(729)	(4,181)	—
Parco	917	(1,165)	(55.9)	1,025	(3,239)	(76.0)
Real Estate	1,121	(451)	(28.7)	962	(498)	(34.0)
Credit and Finance	(17)	(826)	—	(0)	(816)	—
Other	761	(998)	(56.7)	1,003	(1,206)	(54.6)
Adjustments	(200)	351	—	(108)	227	—
Total	1,640	(12,226)	(88.2)	2,153	(9,714)	(81.9)

Q3 FY2020 (Sep - Nov) Daimaru Matsuzakaya Department Stores (IFRS)

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- Department Store sales decreased in the latter half of the quarter due to high temperature in November and effect of 3rd wave of COVID-19
- Real Estate was affected by transfer of 32 properties including Ueno FT and BINO to Parco
- In total, Daimaru Matsuzakaya Department Stores achieved both business profit and operating profit in Q3 alone

(Millions of yen, %)

Three months ended November 30, 2020	Department Store			Real Estate			Total Daimaru Matsuzakaya Department Stores		
	Results	YoY		Results	YoY		Results	YoY	
		Change	% change		Change	% change		Change	% change
Gross sales	117,556	(35,598)	(23.2)	2,724	(1,717)	(38.7)	120,239	(37,295)	(23.7)
Revenue	38,253	(16,895)	(30.6)	2,724	(1,722)	(38.7)	40,935	(18,598)	(31.2)
Gross profit	24,680	(8,540)	(25.7)	1,096	(1,053)	(49.0)	25,736	(9,572)	(27.1)
SGA	25,330	96	0.4	291	(285)	(49.4)	25,581	(169)	(0.7)
Business profit	(650)	(8,635)	—	805	(767)	(48.8)	154	(9,404)	(98.4)
Other operating income	202	(17)	(8.0)	117	(758)	(86.6)	319	(776)	(70.8)
Other operating expenses	115	(4,763)	(97.6)	111	(877)	(88.8)	226	(5,640)	(96.1)
Operating profit	(563)	(3,890)	—	811	(649)	(44.4)	247	(4,540)	(94.8)

Department Store Sales Trend (Directly Managed Stores)

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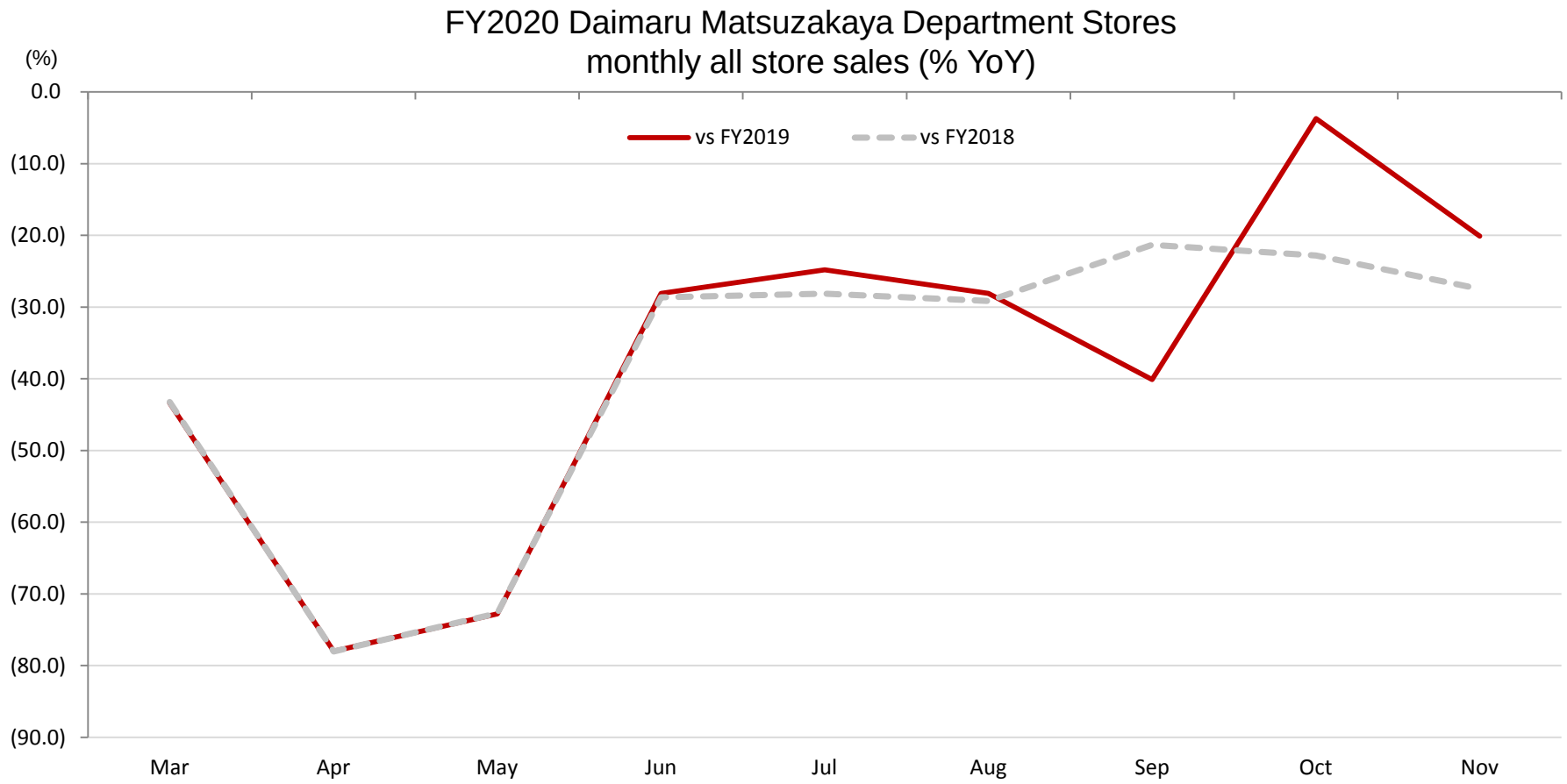
- Down 23.2% vs FY2019, down 24.1% vs FY2018 in Q3 alone (Sep to Nov), coming to a somewhat standstill
- Sales to affluent customers in Japan (*gaisho*) are steady, mainly for big ticket items, up 6.5% for luxury, up 9.3% for art in Q3 alone
- However, inbound sales were down 96.6% in Q3 alone, remaining almost disappeared



Sales of Each Major Department Store

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- Sales of stores with a high rate of loyal customers such as Kyoto, Kobe and Nagoya stores are relatively improving
- Tokyo and Umeda stores continue to be affected by a decrease in the number of people who use trains and work in offices
- Sales of stores with a high rate of inbound sales such as Shinsaibashi and Sapporo stores remain sluggish but Shinsaibashi store shows a recovery trend due to opening of luxury boutiques and Shinsaibashi PARCO

(% YoY)

Fiscal year ending February 28, 2021	Q1 results (Mar - May)	Q2 results (Jun – Aug)	Q3 results (Sep - Nov)	Total nine months (Mar - Nov)
Shinsaibashi	(79.9)	(52.2)	(39.7)	(57.9)
Umeda	(72.6)	(28.3)	(31.5)	(44.1)
Tokyo	(76.0)	(48.1)	(39.0)	(54.7)
Kyoto	(58.9)	(24.4)	(19.6)	(34.1)
Kobe	(63.4)	(10.5)	(9.5)	(27.8)
Sapporo	(66.4)	(25.8)	(25.7)	(39.4)
Nagoya	(58.7)	(17.9)	(17.1)	(30.8)
Total directly managed stores	(64.1)	(26.9)	(23.2)	(38.2)

*Gross sales basis

Q3 FY2020 (Sep-Nov)
Daimaru Matsuzakaya Department Stores SGA

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- Increased in reaction to ¥4.1 bn decrease in personnel expenses due to revision of retirement benefit plan last year
- Meanwhile, decreased depreciation by reducing investments and reviewed all expense items including advertising expenses, outsourcing expenses and travel and transportation expenses

(Millions of yen)

Item	Three months ended Nov 30, 2020	YoY change	Main reasons for changes
Personnel expenses	5,426	3,266	Increased in reaction to ¥4.1 bn decrease in personnel expenses due to revision of retirement benefit plan last year
Advertising expenses	2,086	(878)	Cost reduction measures against sales decrease
Rent expenses	26	(32)	Decrease in internal rent expenses due to transfer of Real Estate Business to Parco
Depreciation	5,398	(451)	Decreased due to investment reduction and transfer of Real Estate Business to Parco
Operational costs	2,755	(268)	Decrease in computer system costs
Other	9,538	(1,667)	Decrease in commissions, outsourcing expenses, supplies expenses, travel and transportation expenses, etc.
Total SGA	25,581	(169)	

Shinsaibashi PARCO opened on November 20

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- Though opened in 3rd wave of COVID-19, sales are exceeding targets
- Sales are strong particularly on 1st/2nd floors “Luxury” and “Mode” and 6th floor “Japan Culture”
- Synergy is generated, for example, young people are spending more in adjacent Daimaru Shinsaibashi store







心斎橋PARCO





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