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

<Reference data>

June 29, 2020

Create and Bring to Life "New Happiness."



J. FRONT RETAILING

FY2020 Consolidated Q1 Results and Q2 Forecast (IFRS)



J. FRONT RETAILING

- Q1 gross sales decreased approx. 60% affected by closure of department stores and Parco stores due to COVID-19, etc.
- Q1 operating loss of ¥27.1 bn caused by huge drop in gross profit and impairment losses of ¥11.5 bn
- Revised down forecasts for H1 sales, business profit, operating profit, profit from Apr forecast

(Millions of yen, %)

Fiscal year ending Feb 28, 2021	Q1			Q2			H1			
	Results	YoY		Forecast	YoY		Forecast	YoY		Vs. Apr forecast
		Change	% change		Change	% change		Change	% change	Change
Gross sales	113,438	(160,564)	(58.6)	198,561	(73,278)	(27.0)	312,000	(233,841)	(42.8)	(125,500)
Revenue	63,459	(49,023)	(43.6)	76,540	(36,641)	(32.4)	140,000	(85,664)	(38.0)	(42,000)
Gross profit	21,272	(30,895)	(59.2)	34,027	(18,464)	(35.2)	55,300	(49,359)	(47.2)	(27,500)
SGA	25,152	(14,539)	(36.6)	38,147	(3,077)	(7.5)	63,300	(17,615)	(21.8)	(17,000)
Business profit	(3,879)	(16,355)	-	(4,120)	(15,387)	-	(8,000)	(31,743)	-	(10,500)
Other operating income	800	(27)	(3.2)	2,499	(771)	(23.6)	3,300	(797)	(19.5)	2,800
Other operating expenses	24,024	23,515	-	1,275	(881)	(40.9)	25,300	22,634	849.9	22,300
Operating profit	(27,103)	(39,897)	-	(2,896)	(15,276)	-	(30,000)	(55,175)	-	(30,000)
Profit attributable to owners of parent	(20,334)	(27,781)	-	(3,365)	(10,285)	-	(23,700)	(38,067)	-	(22,700)

FY2020 Q1 Results and Q2 Forecast (IFRS)



- ▶ Department Store: Expect gradual sales recovery to 30% decrease in Q2 from approx. 60% decrease in Q1 but continued loss
- ▶ Parco: Expect sales recovery to around 20% decrease in Q2 from approx. 60% decrease in Q1 but continued loss
- ▶ Expect to post profit in Real Estate, Credit and Finance, etc., but on a consolidated basis, post loss in both Q1 and Q2

(Millions of yen, %)

Fiscal year ending February 28, 2021		Q1			Q2			H1			
		Results	YoY		Forecast	YoY		Forecast	YoY		Vs. Apr forecast Change
			Change	% change		Change	% change		Change	% change	
Business profit	Department Store	(4,870)	(11,274)	-	(3,829)	(9,391)	-	(8,700)	(20,666)	-	(5,200)
	Parco	443	(2,374)	(84.3)	(1,043)	(3,606)	-	(600)	(5,981)	-	(3,300)
	Real Estate	752	(958)	(56.0)	647	(1,014)	(61.0)	1,400	(1,971)	(58.5)	(1,000)
	Credit and Finance	132	(649)	(83.1)	(40)	(319)	-	92	(968)	(91.3)	(138)
	Other	779	(69)	(8.2)	138	(1,107)	(88.9)	917	(1,176)	(56.2)	0
	Total	(3,879)	(16,355)	-	(4,120)	(15,387)	-	(8,000)	(31,743)	-	(10,500)
Operating profit	Department Store	(23,156)	(29,286)	-	(2,643)	(7,092)	-	(25,800)	(36,380)	-	(21,100)
	Parco	(4,127)	(7,535)	-	(1,172)	(3,629)	-	(5,300)	(11,165)	-	(7,700)
	Real Estate	380	(1,306)	(77.4)	619	(3,424)	(84.7)	1,000	(4,729)	(82.5)	(1,200)
	Credit and Finance	72	(723)	(90.9)	7	(287)	(97.5)	80	(1,009)	(92.7)	(150)
	Other	(174)	(1,003)	-	603	(575)	(49.6)	429	(1,579)	(78.6)	(471)
	Total	(27,103)	(39,897)	-	(2,896)	(15,276)	-	(30,000)	(55,175)	-	(30,000)

Assumptions for Revision of Full Year Earnings Forecast (Differences from Apr Forecast)

Gross sales (Δ ¥205 bn vs. Apr forecast) / Revenue (Δ ¥79 bn vs. Apr forecast)

- Factor in longer than expected store closure and delay in sales recovery mainly in Department Store and Parco
- Expect Department Store sales to decrease 47% in H1, 14% in H2, inbound sales to be zero in full year
- Factor in a certain degree of easing of conditions of real estate rental income from tenants of Parco in both H1 and H2

Cost of sales (Δ ¥32.2 bn vs. Apr forecast) / SGA (Δ ¥22.8 bn vs. Apr forecast)

- Department Store will significantly reduce investment, further reduce SGA more than ¥10 bn by reducing controllable costs
- Transferred fixed costs incurred during closure (cost of sales of ¥3.9 bn, SGA of ¥7.3 bn) to other expenses

Other operating income (+¥3 bn vs. Apr forecast)

- Employment Adjustment Subsidy is expected to be approx. ¥2 bn in the entire Group and planned to be recorded in Q2

Other operating expenses (+¥21 bn vs. Apr forecast)

- Fixed costs of ¥11.2 bn incurred during closure (cost of sales, SGA) are recorded under other expenses
- Impairment losses of ¥11.5 bn are recorded in Department Store, Parco, Neuve A, etc. due to decline in earnings

Interest-bearing liabilities (+¥131.5 bn vs. Apr forecast)

- Already collected funds via commercial papers and borrowings to increase cash on hand

FY2020 Consolidated Full Year Forecast (IFRS) J. FRONT RETAILING

- ▶ A certain degree of impact of COVID-19 is expected to remain on gross sales of mainly Department Store and Parco in H2
- ▶ Expect to prevent consolidated operating loss in H2 via thorough cost reduction mainly in Department Store
- ▶ Decreased interim dividend compared to last year in light of earnings but plan to keep year-end dividend at last year's level
(Interim dividend and year-end dividend are respectively ¥9 and ¥18 per share) (Millions of yen, %)

Fiscal year ending Feb 28, 2021	H1				H2				Full year			
	Forecast	YoY		Vs. Apr forecast Change	Forecast	YoY		Vs. Apr forecast Change	Forecast	YoY		Vs. Apr forecast Change
		Change	% change			Change	% change			Change	% change	
Gross sales	312,000	(233,841)	(42.8)	(125,500)	493,000	(94,812)	(16.1)	(79,500)	805,000	(328,654)	(29.0)	(205,000)
Revenue	140,000	(85,664)	(38.0)	(42,000)	192,000	(62,956)	(24.7)	(37,000)	332,000	(148,621)	(30.9)	(79,000)
Gross profit	55,300	(49,359)	(47.2)	(27,500)	81,500	(20,794)	(20.3)	(19,300)	136,800	(70,153)	(33.9)	(46,800)
SGA	63,300	(17,615)	(21.8)	(17,000)	80,500	(175)	(0.2)	(5,800)	143,800	(17,790)	(11.0)	(22,800)
Business profit	(8,000)	(31,743)	-	(10,500)	1,000	(20,619)	(95.4)	(13,500)	(7,000)	(52,363)	-	(24,000)
Other operating income	3,300	(797)	(19.5)	2,800	500	(4,066)	(89.0)	200	3,800	(4,863)	(56.1)	3,000
Other operating expenses	25,300	22,634	849.0	22,300	1,500	(9,574)	(86.5)	(1,300)	26,800	13,060	95.1	21,000
Operating profit	(30,000)	(55,175)	-	(30,000)	0	(15,111)	-	(12,000)	(30,000)	(70,286)	-	(42,000)
Profit attributable to owners of parent	(23,700)	(38,067)	-	(22,700)	(2,300)	(9,184)	-	(8,300)	(26,000)	(47,251)	-	(31,000)

FY2020 Full Year Forecast (IFRS)

- ▶ **Department Store:** Expect to generate both business profit and operating profit through additional cost reduction measures in H2
- ▶ **Parco:** Expect to continue to post loss, though smaller, due to easing of conditions of real estate rent and sluggish performance of entertainment business
- ▶ **Other:** Expect to post profit in Daimaru Kogyo, J. Front Design & Construction, etc.

(Millions of yen, %)

Fiscal year ending February 28, 2021		H1				H2				Full year			
		Forecast	YoY		Vs. Apr forecast Change	Forecast	YoY		Vs. Apr forecast Change	Forecast	YoY		Vs. Apr forecast Change
			Change	% change			Change	% change			Change	% change	
Business profit	Department Store	(8,700)	(20,666)	-	(5,200)	1,700	(12,794)	(88.3)	(6,300)	(7,000)	(33,461)	-	(11,500)
	Parco	(600)	(5,981)	-	(3,300)	(700)	(3,900)	-	(4,600)	(1,300)	(9,882)	-	(7,900)
	Real Estate	1,400	(1,971)	(58.5)	(1,000)	(100)	(1,092)	-	(600)	1,300	(3,064)	(70.2)	(1,600)
	Credit and Finance	92	(968)	(91.3)	(138)	65	(775)	(92.3)	(1,405)	157	(1,744)	(91.7)	(1,543)
	Other	900	(1,193)	(57.0)	0	550	(2,282)	(80.6)	(1,200)	1,450	(3,476)	(70.6)	(1,200)
	Total	(8,000)	(31,743)	-	(10,500)	1,000	(20,619)	(95.4)	(13,500)	(7,000)	(52,363)	-	(24,000)
Operating profit	Department Store	(25,800)	(36,380)	-	(21,100)	1,400	(5,645)	(80.1)	(5,600)	(24,400)	(42,025)	-	(26,700)
	Parco	(5,300)	(11,165)	-	(7,700)	(800)	(5,757)	-	(4,400)	(6,100)	(16,923)	-	(12,100)
	Real Estate	1,000	(4,729)	(82.5)	(1,200)	(300)	(1,296)	-	(600)	700	(6,025)	(89.6)	(1,800)
	Credit and Finance	80	(1,009)	(92.7)	(150)	70	(749)	(91.5)	(1,400)	150	(1,758)	(92.1)	(1,550)
	Other	420	(1,588)	(79.1)	(480)	540	(2,151)	(79.9)	(1,140)	960	(3,740)	(79.6)	(1,620)
	Total	(30,000)	(55,175)	-	(30,000)	0	(15,111)	-	(12,000)	(30,000)	(70,286)	-	(42,000)

► Transferred fixed costs incurred by closure of Department Store, Parco, etc. to other operating expenses in Q1

(Millions of yen, %)

Fiscal year ending February 28, 2021	Q1			Q2			H1			
	Results	YoY		Forecast	YoY		Forecast	YoY		Vs. Apr forecast Change
		Change	% change		Change	% change		Change	% change	
Personnel expenses	10,832	(4,355)	(28.7)	14,667	(610)	(4.0)	25,500	(4,964)	(16.3)	(4,100)
Advertising expenses	1,609	(1,447)	(47.4)	2,290	(263)	(10.3)	3,900	(1,710)	(30.5)	(1,300)
Packing and transportation costs	326	(198)	(37.6)	1,073	(132)	(11.0)	1,400	(329)	(19.1)	0
Rent expenses	252	(335)	(57.0)	547	(101)	(15.6)	800	(436)	(35.3)	(200)
Depreciation	4,333	(2,905)	(40.1)	6,866	(1,456)	(17.5)	11,200	(4,361)	(28.0)	(4,600)
Operational costs	1,282	(933)	(42.1)	2,017	(97)	(4.6)	3,300	(1,029)	(23.8)	(1,400)
Other	6,514	(4,367)	(40.1)	10,685	(416)	(3.8)	17,200	(4,783)	(21.8)	(5,400)
Total	25,152	(14,539)	(36.6)	38,147	(3,077)	(7.5)	63,300	(17,615)	(21.8)	(17,000)

<Components of fixed costs transferred to other operating expenses>

	Q1 results	
SGA	Personnel expenses	(2,073)
	Depreciation	(3,085)
	Rent expenses	(31)
	Other	(2,130)
		(7,319)

	Q1 results	
Cost	Personnel expenses	(1,124)
	Depreciation	(2,017)
	Rent expenses	(16)
	Other	(814)
		(3,972)

FY2020 Consolidated SGA Full Year Forecast (IFRS)

- ▶ Expect SGA to decrease over ¥15 bn from April forecast excluding technical factors of transfer of fixed costs
- ▶ YoY increase in personnel expenses in H2 includes reaction to one-time decrease of ¥4.1 bn in retirement benefit expenses
- ▶ Expect depreciation to decrease due to transfer of fixed costs incurred by store closure, investment reduction, etc.

(Millions of yen, %)

Fiscal year ending February 28, 2021	H1			H2			Full year		
	Forecast	Change		Forecast	Change		Forecast	Change	
		YoY	Vs. Apr forecast		YoY	Vs. Apr forecast		YoY	Vs. Apr forecast
Personnel expenses	25,500	(4,964)	(4,100)	28,600	2,185	(1,600)	54,100	(2,780)	(5,700)
Advertising expenses	3,900	(1,710)	(1,300)	5,600	(519)	(300)	9,500	(2,229)	(1,600)
Packing and transportation expenses	1,400	(329)	0	1,700	(234)	(200)	3,100	(564)	(200)
Rent expenses	800	(436)	(200)	1,000	(153)	(30)	1,800	(589)	(230)
Depreciation	11,200	(4,361)	(4,600)	13,600	(1,440)	(2,100)	24,800	(5,801)	(6,700)
Operational costs	3,300	(1,029)	(1,400)	5,100	134	(400)	8,400	(896)	(1,800)
Other	17,200	(4,783)	(5,400)	24,900	(145)	(1,170)	42,100	(4,929)	(6,570)
Total	63,300	(17,615)	(17,000)	80,500	(175)	(5,800)	143,800	(17,790)	(22,800)

FY2020 Q1 Results and Q2 Forecast (IFRS)

- ▶ Sales decreased 60% in Q1 affected by temporary closure and reduced business hours due to COVID-19, etc.
- ▶ Transferred fixed costs of ¥7.5 bn (of which SGA was ¥6.6 bn) incurred during closure to other expenses in Q1
- ▶ Record Umeda and Toyota stores' impairment losses of ¥9.7 bn in Q1 and Employment Adjustment Subsidy of ¥1.2 bn in Q2

(Millions of yen, %)

Fiscal year ending February 28, 2021	Q1			Q2			H1				
	Results	YoY		Forecast	YoY		Forecast	YoY		Vs. Apr forecast	
		Change	% change		Change	% change		Change	% change	Change	% change
Gross sales	59,596	(103,279)	(63.4)	116,303	(46,191)	(28.4)	175,900	(149,469)	(45.9)	(77,300)	(30.5)
[Of which: Department Store]	56,913	(101,566)	(64.1)	112,586	(45,556)	(28.8)	169,500	(147,122)	(46.5)	(75,200)	(30.7)
Revenue	25,143	(38,423)	(60.4)	45,156	(18,037)	(28.5)	70,300	(56,459)	(44.5)	(28,800)	(29.1)
Gross profit	13,069	(23,658)	(64.4)	25,530	(11,565)	(31.2)	38,600	(35,223)	(47.7)	(18,500)	(32.4)
SGA	16,873	(12,306)	(42.2)	28,026	(2,087)	(6.9)	44,900	(14,392)	(24.3)	(12,800)	(22.2)
Business profit	(3,804)	(11,352)	-	(2,495)	(9,477)	-	(6,300)	(20,830)	-	(5,700)	-
Other operating income	667	573	610.0	1,332	(1,217)	(47.7)	2,000	(643)	(24.3)	1,700	566.7
Other operating expenses	18,164	17,815	-	435	197	82.7	18,600	18,013	-	17,000	-
Operating profit	(21,302)	(28,594)	-	(1,597)	(10,890)	-	(22,900)	(39,485)	-	(21,000)	-
Profit	(15,099)	(19,968)	-	(1,600)	(7,697)	-	(16,700)	(27,667)	-	(14,800)	-

FY2020 Full Year Forecast (IFRS)

- ▶ Revised department store sales forecast to recover to only 70-plus % of last year's level in Q2 and 80-plus % in H2
- ▶ Expect SGA to decrease ¥4.7 bn from Apr forecast in H2 in spite of reaction to decrease in retirement benefit expenses last year
- ▶ Expect to ensure both business profit and operating profit in H2 but not enough to cover loss in H1

(Millions of yen, %)

Fiscal year ending Feb 28, 2021	H1				H2				Full year			
	Forecast	YoY		Vs. Apr forecast	Forecast	YoY		Vs. Apr forecast	Forecast	YoY		Vs. Apr forecast
		Change	% change			Change	% change			Change	% change	
Gross sales	175,900	(149,469)	(45.9)	(77,300)	289,200	(41,582)	(12.6)	(41,400)	465,100	(191,052)	(29.1)	(118,700)
[Of which: Department Store]	169,500	(147,122)	(46.5)	(75,200)	279,900	(42,047)	(13.1)	(39,400)	449,400	(189,169)	(29.6)	(114,600)
Revenue	70,300	(56,459)	(44.5)	(28,800)	111,300	(15,826)	(12.4)	(16,600)	181,600	(72,286)	(28.5)	(45,400)
Gross profit	38,600	(35,223)	(47.7)	(18,500)	59,500	(12,587)	(17.5)	(11,000)	98,100	(47,810)	(32.8)	(29,500)
SGA	44,900	(14,392)	(24.3)	(12,800)	58,100	850	1.5	(4,700)	103,000	(13,543)	(11.6)	(17,500)
Business profit	(6,300)	(20,830)	-	(5,700)	1,400	(13,436)	(90.6)	(6,300)	(4,900)	(34,267)	-	(12,000)
Other operating income	2,000	(643)	(24.3)	1,700	200	(1,286)	(86.5)	0	2,200	(1,930)	(46.7)	1,700
Other operating expenses	18,600	18,013	-	17,000	700	(7,653)	(91.6)	(600)	19,300	10,359	115.8	16,400
Operating profit	(22,900)	(39,485)	-	(21,000)	900	(7,069)	(88.7)	(5,700)	(22,000)	(46,555)	-	(26,700)
Profit	(16,700)	(27,667)	-	(14,800)	(200)	(4,811)	-	(3,900)	(16,900)	(32,478)	-	(18,700)

Website

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Forward-looking statements in this document represent our assumptions based on information currently available to us and inherently involve potential risks, uncertainties and other factors. Therefore, actual results may differ materially from the results anticipated herein due to changes in various factors.