
Financial Results for Third Quarter of Fiscal Year Ending February 28, 2023

< Reference data >

December 27, 2022

Create and Bring to Life “New Happiness.”



J. FRONT RETAILING

< Summary of Q3 (Sep - Nov) consolidated financial results >

- ◆ The degree of recovery varies by business, but progress was made in line with the business plan for the fiscal year
- ◆ Revenue increased mainly due to steady recovery of sales of Department Store Business
- ◆ Profit increased due to an increase in revenue despite an increase in costs such as variable costs and investment costs

Q3 FY2022 Consolidated Results (IFRS)

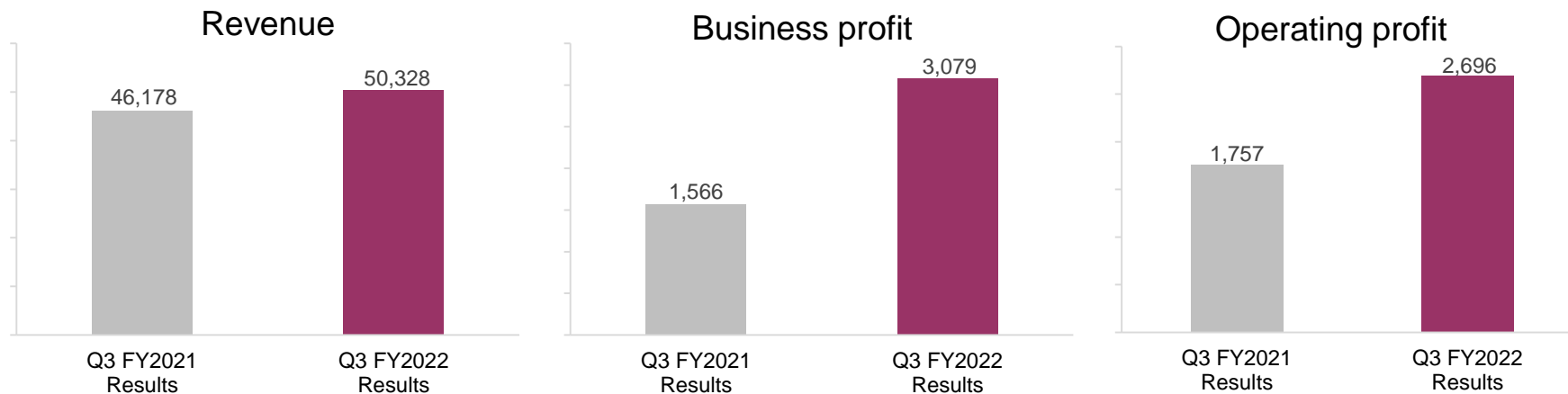
- ▶ Revenue increased mainly due to recovery of domestic sales and duty-free sales in Department Store Business
- ▶ Profit increased despite an increase in costs including variable costs such as commissions and utilities expenses and investment costs
- ▶ Profit decreased in reaction to a decrease in tax expenses last year (¥2.1 bn)

(Millions of yen, unless otherwise stated)

Fiscal year ending February 28, 2023	Q3 (September - November)			Cumulative Q3 (March - November)		
	Results	YoY		Results	YoY	
		Amount	%		Amount	%
Gross sales	245,337	26,512	12.1	709,468	93,298	15.1
Revenue	87,811	7,665	9.6	256,941	19,462	8.2
Gross profit	42,384	4,160	10.9	125,245	17,327	16.1
SGA	35,354	2,359	7.1	104,586	5,552	5.6
Business profit	7,029	1,801	34.5	20,659	11,776	132.6
Other operating income	438	(892)	(67.0)	2,758	(229)	(7.7)
Other operating expenses	605	(157)	(20.6)	3,317	(4,146)	(55.6)
Operating profit	6,862	1,066	18.4	20,100	15,693	356.1
Profit attributable to owners of parent	4,606	(1,059)	(18.7)	14,762	11,093	302.3

Segment Performance (1) Department Store Business (IFRS) J. FRONT RETAILING

- ▶ Sales increased steadily partly due to renovations in luxury, etc. and recovery of customer traffic
- ▶ Business profit increased despite an increase in costs such as commissions, advertising expenses, and investment-related costs
- ▶ Operating profit also increased despite the absence of the subsidy for following business suspension requests last year (¥0.3 bn)



(Millions of yen, unless otherwise stated)

Q3 of fiscal year ending February 28, 2023	Q3 (Sep - Nov)			Cumulative Q3 (Mar - Nov)		
	Results	YoY		Results	YoY	
		Amount	%		Amount	%
Gross sales	158,993	17,636	12.5	464,233	75,125	19.3
Revenue	50,328	4,150	9.0	151,938	19,276	14.5
SGA	29,795	1,595	5.7	88,205	5,936	7.2
Business profit	3,079	1,513	96.7	8,810	8,752	—
Operating profit	2,696	939	53.4	6,509	9,318	—

Daimaru Matsuzakaya Department Stores Major Store Sales J. FRONT RETAILING

- ▶ Steady sales compared to Oct forecast, mainly in Kobe and Shinsaibashi, where sales of luxury goods are strong
- ▶ The speed of recovery of terminal stores improved mainly due to an increase in foot traffic, though slowly
- ▶ Domestic sales and duty-free sales recovered to a decrease of 2.3% and a decrease of 60.5%, respectively, compared to FY2019

Q3 (Sep - Nov) of fiscal year ending February 28, 2023	YoY		Comparison to FY2019 (%)	
	Results	Forecast	Results	Forecast
Shinsaibashi	26.2	17.5	(13.6)	(19.6)
Umeda	10.0	7.7	(21.8)	(23.4)
Tokyo	25.5	16.3	(16.2)	(22.4)
Kyoto	14.4	10.6	(7.0)	(10.1)
Kobe	9.3	5.6	9.8	6.0
Sapporo	15.9	13.2	(1.8)	(4.1)
Nagoya	11.1	9.5	(1.9)	(3.3)
Total directly managed stores (comparable stores)	13.5	9.7	(7.7)	(10.7)
Excluding duty-free sales	9.9	7.1	(2.3)	(5.0)
Duty-free sales	518.6	386.8	(60.5)	(68.9)

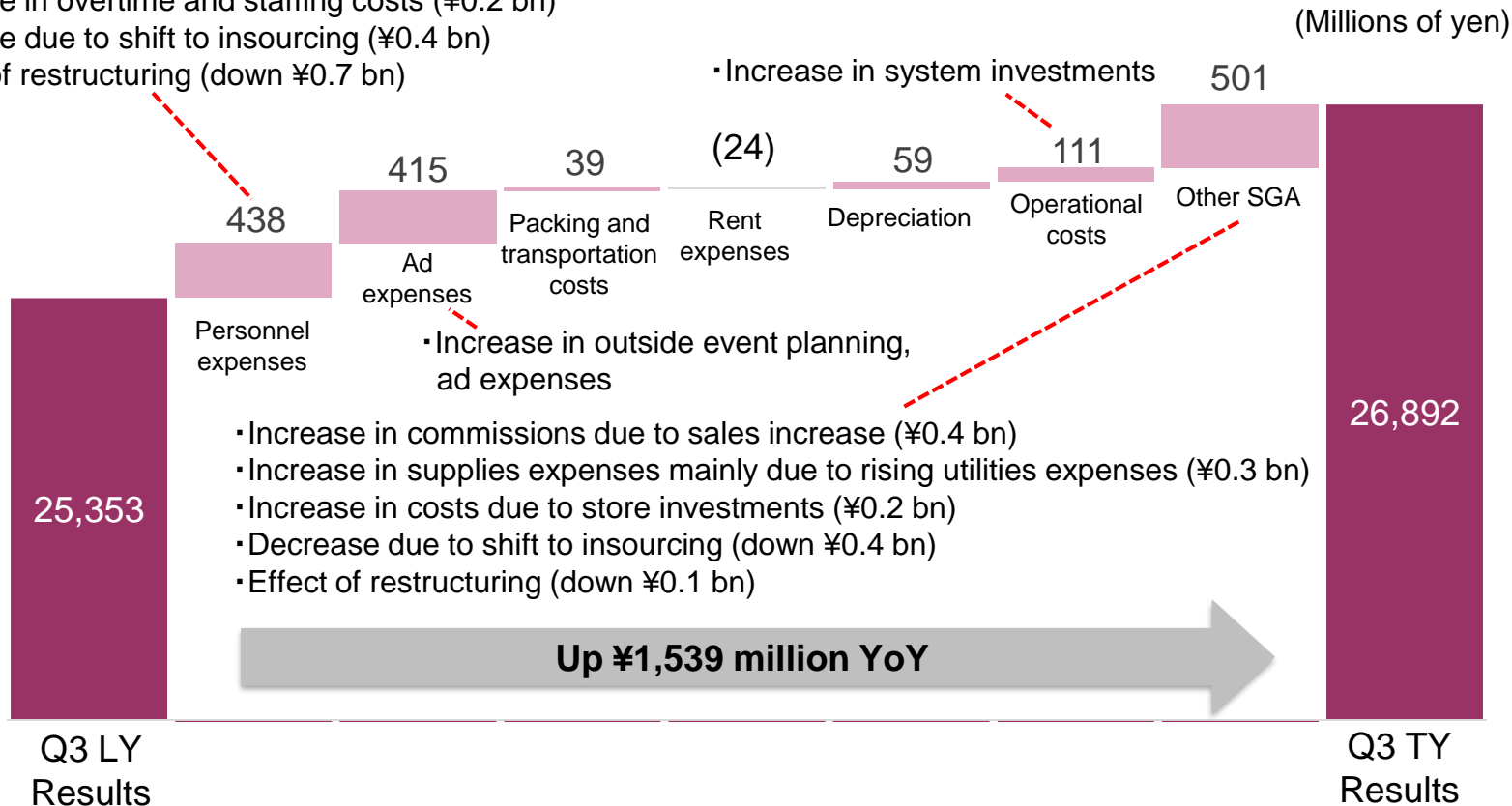
*Total directly managed stores excludes corporations and head office.

YoY excludes the results of Toyota store and comparison to FY2019 excludes the results of Yamashina, Shimonoseki, and Toyota stores.



- ▶ Increased ¥2.6 bn mainly due to soaring utilities expenses and an increase in investment-related and other costs as well as an increase in personnel expenses, commissions, and advertising expenses for outside event planning, etc. resulting from business recovery
- ▶ Restructuring such as review of personnel expenses and outsourcing and return of leased properties resulted in a decrease of ¥0.9 bn

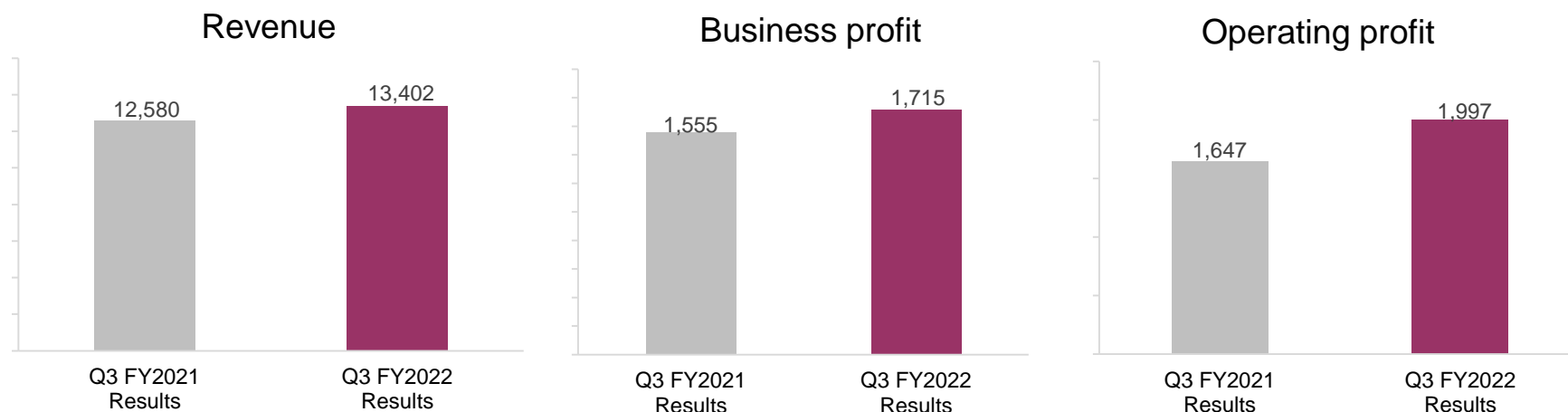
- Increase in bonuses (¥0.5 bn)
- Increase in overtime and staffing costs (¥0.2 bn)
- Increase due to shift to insourcing (¥0.4 bn)
- Effect of restructuring (down ¥0.7 bn)



- Increase in outside event planning, ad expenses
- Increase in commissions due to sales increase (¥0.4 bn)
- Increase in supplies expenses mainly due to rising utilities expenses (¥0.3 bn)
- Increase in costs due to store investments (¥0.2 bn)
- Decrease due to shift to insourcing (down ¥0.4 bn)
- Effect of restructuring (down ¥0.1 bn)

Segment Performance (2) SC Business (IFRS)

- Revenue increased, though slowly, mainly due to renovations and strengthening of promotions in stores
- Business profit and operating profit increased despite an increase in utilities expenses, etc.
- ¥1.5 bn of easing of conditions was eliminated in cumulative Q3, and ¥1.8 bn is expected to be eliminated in the current fiscal year



(Millions of yen, unless otherwise stated)

Q3 of fiscal year ending February 28, 2023	Q3 (Sep - Nov)			Cumulative Q3 (Mar - Nov)		
	Results	YoY		Results	YoY	
		Amount	%		Amount	%
Gross sales	62,908	7,380	13.3	182,751	24,243	15.3
Revenue	13,402	822	6.5	40,057	712	1.8
SGA	2,031	174	9.3	5,893	(1,283)	(17.9)
Business profit	1,715	160	10.3	5,721	1,444	33.8
Operating profit	1,997	350	21.2	6,858	4,754	226.0

PARCO Major Store Tenant Transaction Volume

- Shibuya and Shinsaibashi PARCO continued to perform well, and recently duty-free transaction volume is also increasing
- Ikebukuro and Nagoya PARCO recovered to the same level as the plan in Q3 partly due to renovations
- The pace of recovery in provincial stores such as Sendai and Hiroshima PARCO remains slow

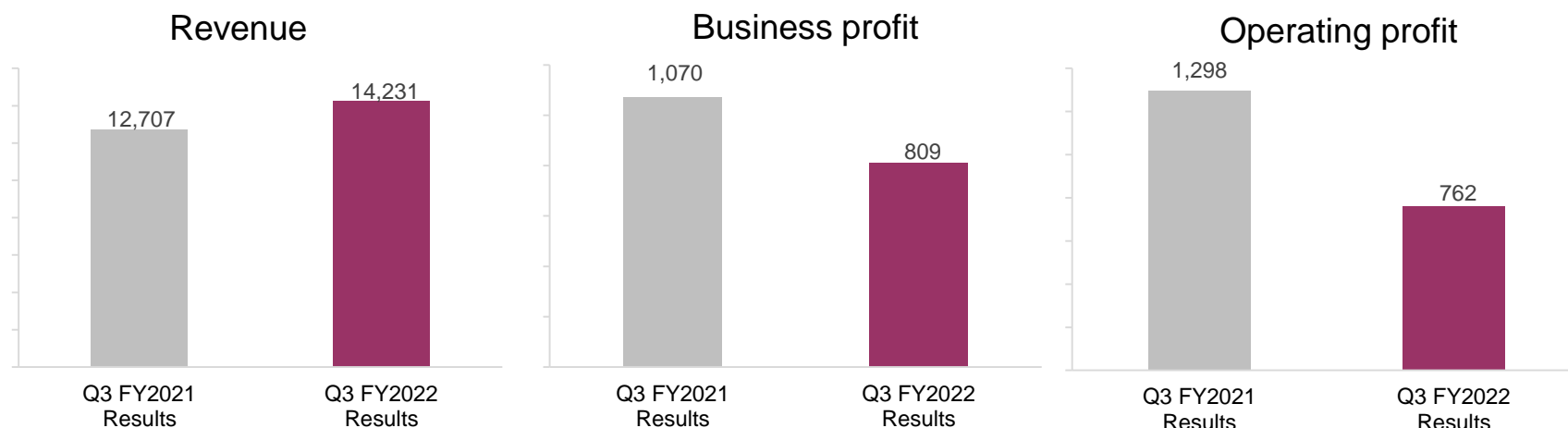
(Millions of yen, unless otherwise stated)

Fiscal year ending February 28, 2023	YoY			Comparison to FY2019		
	Q1	Q2	Q3	Q1	Q2	Q3
Sendai PARCO	25.7	17.0	13.6	(19.7)	(16.0)	(9.1)
Urawa PARCO	4.9	12.3	10.4	(9.6)	(6.6)	(5.3)
Ikebukuro PARCO	47.0	24.2	26.2	(28.4)	(25.5)	(16.5)
Shibuya PARCO	62.6	21.2	25.3	—	—	—
Chofu PARCO	25.5	15.2	9.3	(11.6)	(5.1)	(5.3)
Nagoya PARCO	18.0	13.1	18.1	(26.5)	(22.4)	(18.9)
Shinsaibashi PARCO	56.7	13.0	22.1	—	—	—
Hiroshima PARCO	13.8	16.2	3.2	(26.2)	(19.9)	(18.9)
Fukuoka PARCO	11.5	13.4	13.5	(21.1)	(19.8)	(3.9)
Total all stores	21.3	14.4	13.4	(11.1)	(5.3)	(0.6)
Total comparable stores	21.3	14.4	13.4	(21.7)	(18.1)	(13.1)

*Comparable stores: Comparison to FY2019 excludes the results of Shibuya PARCO, Shinsaibashi PARCO, Utsunomiya PARCO, and Kumamoto PARCO.

Segment Performance (3) Developer Business (IFRS) J. FRONT RETAILING

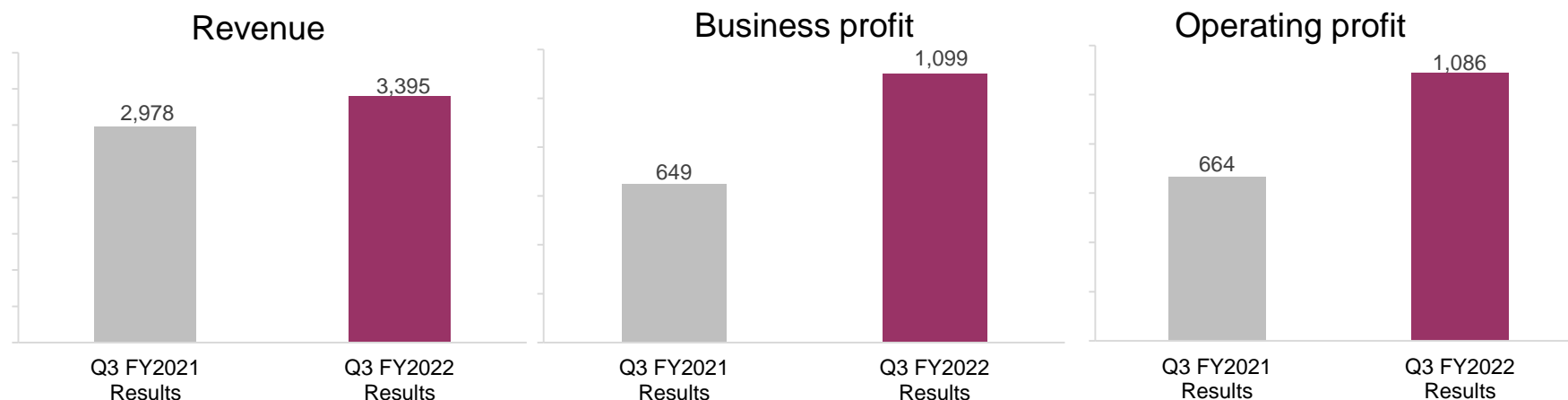
- Revenue increased due to an increase in construction orders received by J. Front Design & Construction for renovation works at department stores
- Profit decreased mainly due to the closure of Dotonbori ZG and the absence of gain on sale of fixed assets last year, but progress was made as planned
- Project in Fukuoka Tenjin area will be considered, in addition to development in Nagoya and Shinsaibashi



(Millions of yen, unless otherwise stated)

Q3 of fiscal year ending February 28, 2023	Q3 (Sep - Nov)			Cumulative Q3 (Mar - Nov)		
	Results	YoY		Results	YoY	
		Amount	%		Amount	%
Gross sales	14,231	1,533	12.1	40,053	(1,552)	(3.7)
Revenue	14,231	1,524	12.0	40,053	1,608	4.2
SGA	1,686	123	7.9	4,869	4	0.1
Business profit	809	(261)	(24.4)	2,361	(436)	(15.6)
Operating profit	762	(536)	(41.3)	2,549	(557)	(17.9)

- ▶ Revenue increased mainly due to an increase in annual fees, recovery of transaction volume at department stores and outside merchants
- ▶ Both business profit and operating profit increased despite cost increase resulting from acquiring and system investments

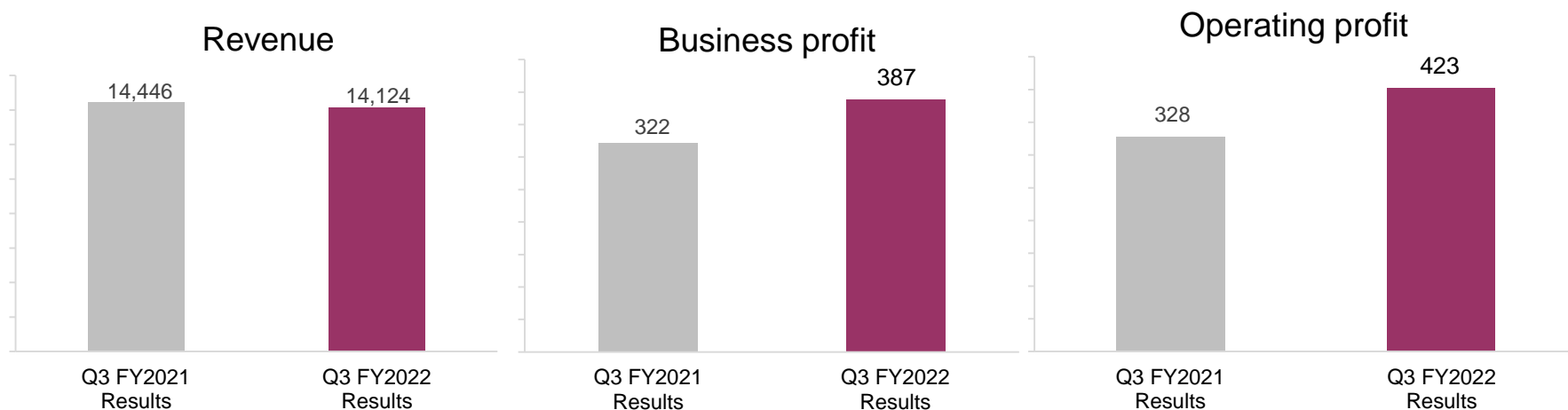


(Millions of yen, unless otherwise stated)

Q3 of fiscal year ending February 28, 2023	Q3 (Sep - Nov)			Cumulative Q3 (Mar - Nov)		
	Results	YoY		Results	YoY	
		Amount	%		Amount	%
Gross sales	3,395	417	14.0	9,709	1,778	22.4
Revenue	3,395	417	14.0	9,709	1,778	22.4
SGA	2,295	(34)	(1.4)	6,778	(28)	(0.4)
Business profit	1,099	450	69.3	2,931	1,806	160.4
Operating profit	1,086	422	63.4	2,940	1,769	150.9

Segment Performance (5) Other (IFRS)

- ▶ Revenue decreased due to the exclusion of Dimples' from consolidation, wholesale business (Daimaru Kogyo) performed well in its automotive department
- ▶ SGA decreased ¥0.4 bn due to the impact of Dimples', other companies also curbed costs
- ▶ Profit continued to increase due to an increase in revenue of wholesale business



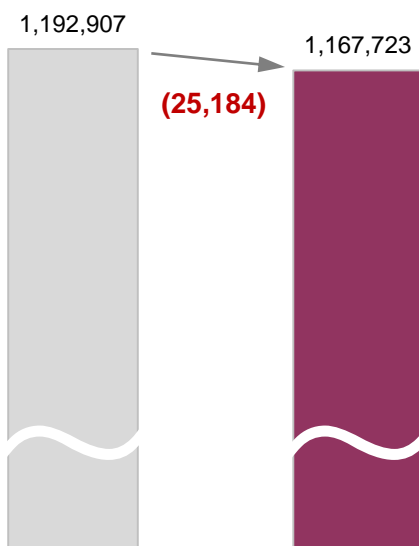
(Millions of yen, unless otherwise stated)

Q3 of fiscal year ending February 28, 2023	Q3 (Sep - Nov)			Cumulative Q3 (Mar - Nov)		
	Results	YoY		Results	YoY	
		Amount	%		Amount	%
Gross sales	14,464	(1,502)	(9.4)	41,856	(6,779)	(13.9)
Revenue	14,124	(322)	(2.2)	40,802	(5,102)	(11.1)
SGA	4,559	(480)	(9.5)	14,846	(1,109)	(7.0)
Business profit	387	65	20.4	1,037	223	27.3
Operating profit	423	95	29.1	1,193	426	55.4

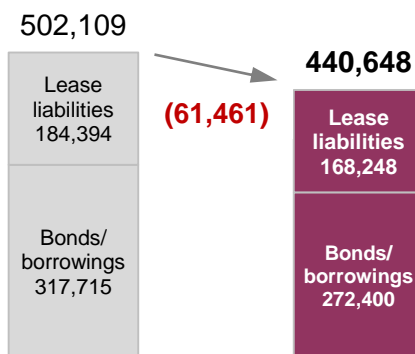
Consolidated BS (IFRS)

- ▶ Total assets decreased ¥25.1 bn from the end of the previous fiscal year mainly due to a decrease in the balance of cash and deposits
- ▶ Interest-bearing liabilities decreased ¥61.4 bn from the end of the previous fiscal year mainly due to repayments of bonds and borrowings
- ▶ Ratio of equity attributable to owners of parent increased ¥7.4 bn from the end of the previous fiscal year

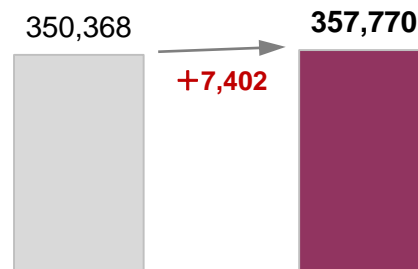
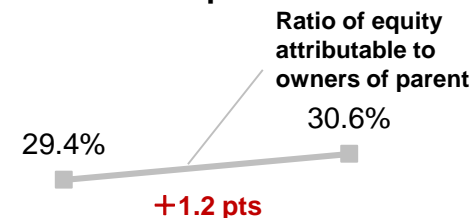
Total assets



Interest-bearing liabilities



Equity attributable to owners of parent



Feb 28, 2022

Nov 30, 2022

Feb 28, 2022

Nov 30, 2022

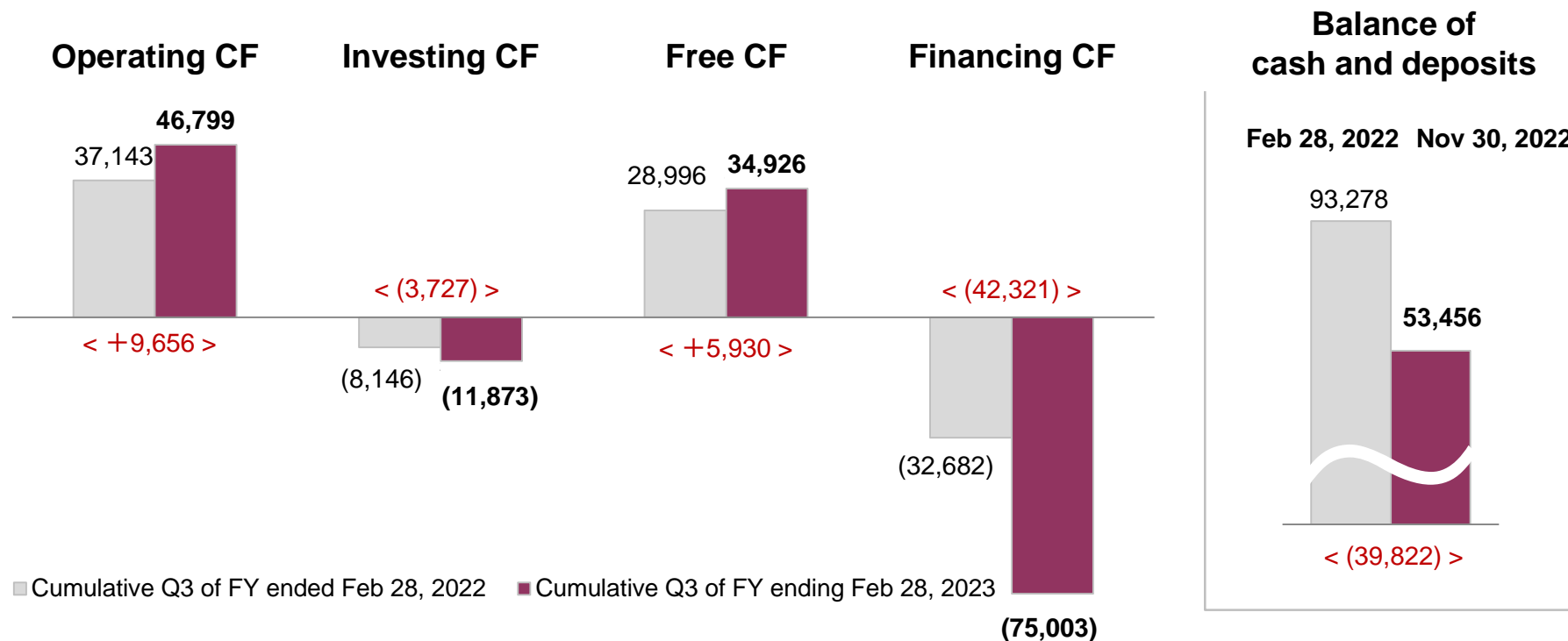
Feb 28, 2022

Nov 30, 2022

(Millions of yen)

Consolidated CF (IFRS, Mar – Nov)

- ▶ Net cash provided by operating activities was ¥46.7 bn due to profit recovery
- ▶ Net cash used in investing activities was ¥11.8 bn mainly due to store renovations and digital investments
- ▶ Net cash used in financing activities was ¥75.0 bn due to repayments of interest-bearing liabilities made to reduce cash and deposits



Figures in angle brackets represent YoY changes.

(Millions of yen)

Website

<https://www.j-front-retailing.com>

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Bring to Life
“New Happiness.”



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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.