

[Translation]

January 7, 2021

To whom it may concern

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(Securities code: 3086, First Section of the Tokyo  
Stock Exchange and Nagoya Stock Exchange)  
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### Notice Regarding Transfer of Shares Resulting in Changes in Consolidated Subsidiary

J. FRONT RETAILING Co., Ltd. (the “Company”) hereby announces that it intends to transfer all of the shares of J. Front Foods Co., Ltd. (“J. Front Foods”), a consolidated subsidiary of the Company, to Dancin’ Diner co., ltd. (“Dancin’ Diner”) on February 26, 2021 (planned; the “Share Transfer”), and has concluded a share transfer agreement today with Dancin’ Diner concerning the Share Transfer.

J. Front Foods will cease to be a consolidated subsidiary of the Company as a result of the Share Transfer.

#### 1. Reason for the transfer of shares

J. Front Foods was established as an associate of the Group’s Daimaru and Matsuzakaya department stores. As a restaurant company providing “deliciousness and hospitality,” J. Front Foods has opened and operated restaurants throughout Japan in Daimaru and Matsuzakaya stores as well as in shopping centers, etc.

However, due to changes in the environment in which the restaurant industry operates, intensifying competition and other factors, the business environment has become challenging. Although J. Front Foods opened restaurants in new formats in recent years and worked to improve profitability by closing unprofitable restaurants, given the additional impact of temporary restaurant closures due to the novel coronavirus disease (COVID-19) pandemic in this fiscal year, the business results have been sluggish. In addition, customer needs related to the restaurant floors in department stores have also changed, which has reduced the synergies with the Department Store Business.

Given the above points, the Company has determined that the best option for J. Front Foods to grow in the future is for it to operate under the corporate umbrella of another company with broad-ranging expertise in the restaurant business, and by enhancing product competitiveness, procurement capabilities, etc., further improve customer service and build a stable business foundation. Furthermore, the Company believes that this action will allow the Company to promote business portfolio reforms and focus its management resources on our main businesses and growth businesses. Therefore, of the transfer counterparty candidates that the Company considered for J. Front Foods, the Company has reached an agreement with Dancin’ Diner on the terms and conditions of the transfer and has decided to transfer all of its shares of J. Front Foods to Dancin’ Diner.

2. Overview of changing subsidiary (J. Front Foods Co., Ltd.)

(As of November 30, 2020)

(1) Name	J. Front Foods Co., Ltd.		
(2) Headquarters	1-7-1 Shinsaibashisuji, Chuo-ku, Osaka		
(3) Representative	Yoshinori Yamazaki, Representative Director		
(4) Businesses	Restaurant, and food manufacturing and sales		
(5) Share capital	¥100 million		
(6) Established	October 1, 1971		
(7) Major shareholder and shareholding ratio	J. FRONT RETAILING Co., Ltd. 100%		
(8) Relationships with the Company	Capital relationship	Wholly owned subsidiary of the Company	
	Personnel relationships	The Company has dispatched to J. Front Foods two Directors and three Audit & Supervisory Board Members. In addition, five employees have been dispatched from the Company's wholly owned subsidiary Daimaru Matsuzakaya Department Stores Co. Ltd. (Note 1)	
	Transactional relationship	The Company has intra-Group transactional relationships with J. Front Foods concerning the trademark usage, and managerial guidance and administration. Some of the Company's consolidated subsidiaries also have intra-Group transactional relationships with J. Front Foods relating to purchase and sale of products; leasing of buildings; leases; system maintenance and administration, and provision of other services; mutual lending and borrowing of funds; and other relationships. Furthermore, J. Front Foods operates 17 restaurants at Daimaru and Matsuzakaya stores operated by the Company's wholly owned subsidiary Daimaru Matsuzakaya Department Stores Co. Ltd.	
	Status as a related party	J. Front Foods is a consolidated subsidiary of the Company and falls under a related party of the Company.	
(9) Operating results and financial position for the most recent three fiscal years (Note 2)	(Millions of yen, unless otherwise noted)		
Fiscal year-end	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020
Net assets	731	763	583
Total assets	1,290	1,298	1,096
Net assets per share (yen)	3,655.46	3,819.02	2,915.02
Net sales	2,684	2,577	2,377
Operating profit	36	51	(13)
Ordinary profit	32	50	(14)
Profit	(82)	32	(180)
Basic earnings per share (yen)	(410.76)	163.55	(904.00)
Annual dividends per share (yen)	0.00	0.00	0.00

Notes: 1. Directors, Audit & Supervisory Board Members and employees that have been dispatched to J. Front Foods will have retired from that company as of February 26, 2021, which is the date on which the Share Transfer is slated to go into effect, and will be transferred back to the Company or the

Company's wholly owned subsidiary Daimaru Matsuzakaya Department Stores Co. Ltd.

2. J. Front Foods plans to conduct an issuance of shares for subscription (estimated total issuance amount: ¥500 million) by means of third-party allocation up to the date on which the Share Transfer is executed, and the Company plans to subscribe to the total number of shares issued. Due to this increase in capital, the net assets, etc. of J. Front Foods are expected to change.

### 3. Overview of transfer counterparty (Dancin' Diner co., ltd.)

(As of January 7, 2021)

(1) Name	Dancin' Diner co., ltd.	
(2) Headquarters	7-10-3 Nishinakajima, Yodogawa-ku, Osaka	
(3) Representative	Hisato Tabana, Representative Director	
(4) Businesses	Restaurant operations	
(5) Share capital	¥50 million	
(6) Established	August 11, 1998	
(7) Major shareholder and shareholding ratio	Manzo Corporation	100%
(8) Relationships with the Company	Capital relationship	No material relationship; no material relationships among related parties or companies.
	Personnel relationships	No material relationship; no material relationships among related parties or companies.
	Transactional relationship	No material relationship; no material relationships among related parties or companies.
	Status as a related party	Dancin' Diner does not fall under the category of related party of the Company; related parties or companies of Dancin' Diner do not fall under the category of related party of the Company.

### 4. Number of shares to be transferred, transfer price and share ownership before and after the transfer

(1) Number of shares held before the transfer	200,000 shares (Equity ownership: 100.0%) (Note 1)
(2) Number of shares to be transferred	200,000 shares (Equity ownership: 100.0%) (Note 1)
(3) Transfer price	¥170 million (Note 2)
(4) Number of shares to be held after the transfer	0 shares (Equity ownership: 0.0%)

Notes: 1. The number of shares as indicated in (1) and (2) above is the number of shares as of the date of this notice. As described in Note 2 in "2. Overview of changing subsidiary (J. Front Foods Co., Ltd.)" above, J. Front Foods plans to conduct an issuance of shares for subscription (estimated total issuance amount: ¥500 million) by means of third-party allocation up to the date on which the Share Transfer is executed, and the Company plans to subscribe to the total number of shares issued. In this case, the number of shares for (1) and (2) above will be the number that includes the additional number of shares to be issued to the Company in relation to the increase in capital.

2. The Company plans to apply price adjustments to best reflect the financial situation of J. Front Foods as of February 28, 2021.

### 5. Schedule

Conclusion of share transfer agreement	January 7, 2021
Share Transfer	February 26, 2021

### 6. Future prospects

The effect of the Share Transfer has been deemed immaterial with respect to the Company's consolidated earnings for the fiscal year ending February 28, 2021.

END

(Reference)

Consolidated earnings forecasts of the current period (announced on October 13, 2020) and actual consolidated earnings results of the previous fiscal year

(Millions of yen)

	Gross sales	Sales revenue	Business profit	Operating profit	Profit before tax
Consolidated earnings forecasts (Fiscal year ending February 28, 2021)	810,400	337,500	1,200	(20,600)	(25,600)
Actual consolidated earnings results (Fiscal year ended February 29, 2020)	1,133,654	480,621	45,363	40,286	37,161

	Profit attributable to owners of parent
Consolidated earnings forecasts (Fiscal year ending February 28, 2021)	(18,600)
Actual consolidated earnings results (Fiscal year ended February 29, 2020)	21,251