[Translation]

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To whom it may concern

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Notice Regarding Revision to Earnings Forecasts

J. FRONT RETAILING Co., Ltd. (the “Company”) hereby announces that it has revised its consolidated earnings forecasts for the fiscal year ended February 28, 2021 from those announced on December 28, 2020. The details are provided below. The Company does not plan to change the forecast for annual dividend of ¥27 per share (year-end dividend of ¥18 per share) as a result of the aforementioned revision to earnings forecasts.

Revision to earnings forecasts

Revision to the consolidated earnings forecasts for the fiscal year ended February 28, 2021 (from March 1, 2020 to February 28, 2021)

	Gross sales	Sales revenue	Business profit	Operating profit
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Previous forecasts (A)	810,400	337,500	1,200	(20,600)
Revised forecasts (B)	766,000	319,000	2,300	(24,200)
Change (B-A)	(44,400)	(18,500)	1,100	(3,600)
Percentage of change (%)	(5.5)	(5.5)	91.7	–
(Reference) Actual earnings results of the previous fiscal year (The fiscal year ended February 29, 2020)	1,133,654	480,621	45,363	40,286

	Profit before tax	Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	Millions of yen	Yen
Previous forecasts (A)	(25,600)	(18,600)	(71.03)
Revised forecasts (B)	(28,600)	(26,000)	(99.30)
Change (B-A)	(3,000)	(7,400)	
Percentage of change (%)	–	–	
(Reference) Actual earnings results of the previous fiscal year (The fiscal year ended February 29, 2020)	37,161	21,251	81.19

*1. Of sales revenue, sales from purchase recorded at the time of sale (*shoka shiire*) of the "Department Store Business" and "Other (Daimaru Kogyo)" have been converted into gross amount and the net amount of sales of the "PARCO Business" into tenant transaction volume (gross amount basis) to calculate gross sales.
2. Business profit is obtained by subtracting cost of sales and selling, general and administrative expenses from sales revenue. Operating profit is obtained by adding other operating income to and subtracting other operating expense from business profit.

Reason for the revision

Compared with the previous consolidated earnings forecasts for the fiscal year ended February 28, 2021 (announced on December 28, 2020), each profit excluding business profit is expected to decrease.

The main reasons are;

1) Decreases in gross sales and sales revenue

・Regarding the outlook for the second half of the fiscal year, although the number of customers visiting stores, sales and lease revenue from shops have gradually recovered since September 2020, the number of customers visiting stores, sales and lease revenue from shops in the fourth quarter have decreased significantly due to a resurgence in the number of infections in areas where the Company's stores are located, a declaration of another state of emergency since the beginning of the year and other factors.
・As a result, gross sales is expected to decrease by approximately ¥44,400 million and sales revenue is expected to decrease by approximately ¥18,500 million, compared with the previously announced forecasts.

2) Improvement in business profit

・As a result of efforts for additional reductions in personnel and advertising expenses during the period in addition to the curtailed investments and reduced expenses compared to the original plan, which were continued from the six months ended August 31, 2020, business profit improved by approximately ¥1,100 million from the previously announced forecasts, and the Company expects to secure profitability in the second half of the fiscal year and throughout the fiscal year.

3) Increase in other operating expense

・In addition to the costs relating to the store closures (approximately ¥4,400 million) associated with the decision to close Tsudanuma PARCO and Shin-Tokorozawa PARCO (announced on February 24, 2021), the Company expects to record impairment loss, etc. by some businesses and stores.

4) Increase in income taxes - deferred

・The Company and its consolidated subsidiaries determine the recoverability of deferred tax assets based on the plan for future taxable profit.
・For PARCO Co., Ltd., as a result of factoring in the negative impact of the spread of COVID-19 on the business environment, the Company expects to record tax expenses of approximately ¥6,000 million due to a reversal of deferred tax assets in the current fiscal year.

Based on the above, operating profit is expected to decrease by approximately ¥3,600 million and profit attributable to owners of parent is expected to decrease by approximately ¥7,400 million, compared with the previously announced forecasts.

The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the Company as of the date of this release and on certain assumptions deemed to be reasonable by the Company. Actual business and other results may differ due to various factors.

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