[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 first six months ending August 31, 2021 and for the fiscal year ending February 28, 2022 from those announced on April 13, 2021. The details are provided below. The Company does not plan to change the forecast for the annual dividend of ¥29 per share as a result of the aforementioned revision to earnings forecasts.

Revision to earnings forecasts

Revision to the consolidated earnings forecasts for the six months ending August 31, 2021 (from March 1, 2021 to August 31, 2021)

	Gross sales	Sales revenue	Business profit	Operating profit
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Previous forecasts (A)	470,000	180,000	6,500	4,000
Revised forecasts (B)	415,000	165,000	3,500	(2,500)
Change (B–A)	(55,000)	(15,000)	(3,000)	(6,500)
Percentage of change (%)	(11.7)	(8.3)	(46.2)	–
(Reference) Actual earnings results of the second quarter of the previous fiscal year (The six months ended August 31, 2020)	319,589	147,471	250	(20,637)

	Profit before tax	Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	Millions of yen	Yen
Previous forecasts (A)	1,800	1,000	3.82
Revised forecasts (B)	(4,300)	(3,000)	(11.46)
Change (B–A)	(6,100)	(4,000)	
Percentage of change (%)	–	–	
(Reference) Actual earnings results of the second quarter of the previous fiscal year (The six months ended August 31, 2020)	(22,760)	(16,311)	(62.30)

Revision to the consolidated earnings forecasts for the fiscal year ending February 28, 2022 (from March 1, 2021 to February 28, 2022)

	Gross sales	Sales revenue	Business profit	Operating profit
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Previous forecasts (A)	1,005,000	394,000	18,500	11,000
Revised forecasts (B)	935,000	365,000	12,000	5,500
Change (B-A)	(70,000)	(29,000)	(6,500)	(5,500)
Percentage of change (%)	(7.0)	(7.4)	(35.1)	(50.0)
(Reference) Actual earnings results of the previous fiscal year (The fiscal year ended February 28, 2021)	766,297	319,079	2,366	(24,265)

	Profit before tax	Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	Millions of yen	Yen
Previous forecasts (A)	6,600	4,000	15.28
Revised forecasts (B)	2,000	1,000	3.82
Change (B-A)	(4,600)	(3,000)	
Percentage of change (%)	(69.7)	(75.0)	
(Reference) Actual earnings results of the previous fiscal year (The fiscal year ended February 28, 2021)	(28,672)	(26,193)	(100.03)

*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 "SC 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.

Reasons for the revision

Based on 1) Consolidated financial results for the three months ended May 31, 2021 and 2) Future consolidated business outlook, the Company has revised the earnings forecast downward from the previous forecasts (announced on April 13, 2021) mainly because sales revenue for the first six months ending August 31, 2021, and for the fiscal year ending February 28, 2022, are expected to fall below initial forecasts.

1) Consolidated financial results for the three months ended May 31, 2021

For the consolidated financial results for the three months ended May 31, 2021, in the mainstay Department Store and SC (PARCO) Businesses after the previous earnings forecasts (announced on April 13, 2021) were calculated, the Company downsized operations and shortened operating hours at shops from the end of April due to requests from the national and local governments to refrain from going outside and temporarily close shops based on the declaration of a state of emergency to prevent the novel coronavirus disease (COVID-19) spreading again. Although sales revenue increased 16.8% year on year, it was down 34.1%

compared to fiscal 2019 before the spread of COVID-19 and significantly lower compared to the original plan due to these impacts, etc.

Under these circumstances, despite efforts to curtail investments and reduce expenses during the period, they were not able to fully offset the decrease in sales revenue. In addition, although the Company was able to secure a profit in business profit as a result of reclassification of fixed costs primarily due to suspending store operations and other measures, operating profit and profit attributable to owners of parent became losses.

(For details regarding the financial results for the three months ended May 31, 2021, please refer to the consolidated financial results and the supplementary materials on financial results disclosed today.)

2) Future consolidated business outlook

In the business environment surrounding the Company, expectations for a resumption to normalcy of social and economic activities have been rising due to the widespread administration of vaccines. Nevertheless, there remains a high level of uncertainty due to concerns of a possible fifth and sixth wave in COVID-19 infections, among other factors. These conditions make it difficult at this time to predict when the spread of COVID-19 will be brought under control and when consumption will recover. However, after reviewing the future business outlook based on the following assumptions and in consideration of the financial results for the three months ended May 31, 2021 and consumer trends, the Company expects consolidated sales revenue and all of the profit items to decrease compared to the previously announced forecast figures as sales, mainly in the Department Store and SC Businesses, are expected to be lower than originally anticipated.

For the business outlook in this revision to earnings forecasts, the Company has established assumptions, based on the statuses of vaccination in developed countries, such as the status of vaccination and the restrictions on activities in Japan, consumer trends, and so forth, and formulated an earnings scenario.

In accordance with the above, the Company is expecting social and economic activities to normalize in stages, and in the third quarter and later in particular, the Company expects that as more people get vaccinated in Japan, it will lead to an easing of restrictions on movement and activities in Japan, and that consumption in Japan will gradually recover through to the end of the fiscal year.

Specifically, in the mainstay Department Store and SC Businesses, all stores resumed normal operations from June 21, 2021, with the exception of shortened operating hours, etc. at restaurants. Based on this, the outlook was calculated under the assumption that although the number of customers visiting stores (excluding foreign tourists visiting Japan), sales and lease revenue from shops will change to a recovery trend in the second quarter and thereafter, sales from the Department Store Business are expected to recover to fiscal 2019 levels (excluding duty-free sales) by the end of the fiscal year.

Under these conditions, as a result of implementing measures to secure sales revenue in each business, particularly in the Department Store and SC Businesses, the Company expects consolidated sales revenue in the second quarter (June to August) to be approximately 80% of the sales revenue in fiscal 2019 and in the second half to be about 90% of the sales revenue in the corresponding period of fiscal 2019 (excluding the impact of sales of reserve floor space in the SC Businesses in fiscal 2019). The Company expects to recover profitability and report profit attributable to owners of parent in the fiscal year ending February 28, 2022, by promoting and strengthening the Group’s management structure reforms through such activities as reviewing personnel and outsourced posts and applying greater scrutiny to assets owned, in addition to curtailing investments and reducing controllable expenses compared to the original plan.

Depending on the actual impact of COVID-19, trends in consumption and other factors, these forecasts may change significantly. The Company will consider the future trends of operating results, and if it is decided that the forecasts must be revised again, this information will be promptly disclosed.

(Caution regarding forward-looking statements)
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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