

～ From Full Recovery to Regrowth ～

Presentation of Results for Fiscal Year Ended February 28, 2021
and FY2021 – 2023 Medium-term Business Plan

April 13, 2021
J. Front Retailing Co., Ltd.
YOSHIMOTO Tatsuya
President and Representative Executive Officer

Create and Bring to Life “New Happiness.”



J. FRONT RETAILING

Today's Agenda

I . FY2020 Results

II . FY2021 Forecast

III . FY2021 – 2023 Medium-term Business Plan

FY2020 Results (IFRS)



Consolidated PL (IFRS)

- Mainly Department Store and Parco significantly decreased revenue in spite of gradual recovery from impact of COVID-19
- In spite of business profit for full year, posted operating loss partly due to costs of closing two PARCO stores and impairment
- Year-end dividend is ¥18 per share, same as LY, resulting in annual dividend of ¥27 per share

(Millions of yen, %)

Full fiscal year ended February 28, 2021	Results	YoY		Vs. October forecast	
		Change	% change	Change	% change
Gross sales	766,297	(367,357)	(32.4)	(44,103)	(5.4)
Revenue	319,079	(161,542)	(33.6)	(18,421)	(5.5)
Gross profit	134,368	(72,585)	(35.1)	(4,232)	(3.1)
SGA	132,001	(29,589)	(18.3)	(5,399)	(3.9)
Business profit	2,366	(42,997)	(94.8)	1,166	97.2
Other operating income ^{*1}	5,711	(2,952)	(34.1)	1,211	26.9
Other operating expenses ^{*2}	32,343	18,603	135.4	6,043	23.0
Operating profit	(24,265)	(64,551)	—	(3,665)	—
Profit attributable to owners of parent	(26,193)	(47,444)	—	(7,593)	—
Dividend per share (Yen)	(Annual) 27	(9)	—	—	—

*1 Subsidies for employment adjustment of ¥2,574 million, etc.

*2 Reclassified fixed costs incurred during closure of ¥11,473 million, impairment losses of ¥13,196 million, loss on store closings of ¥4,663 million, etc.

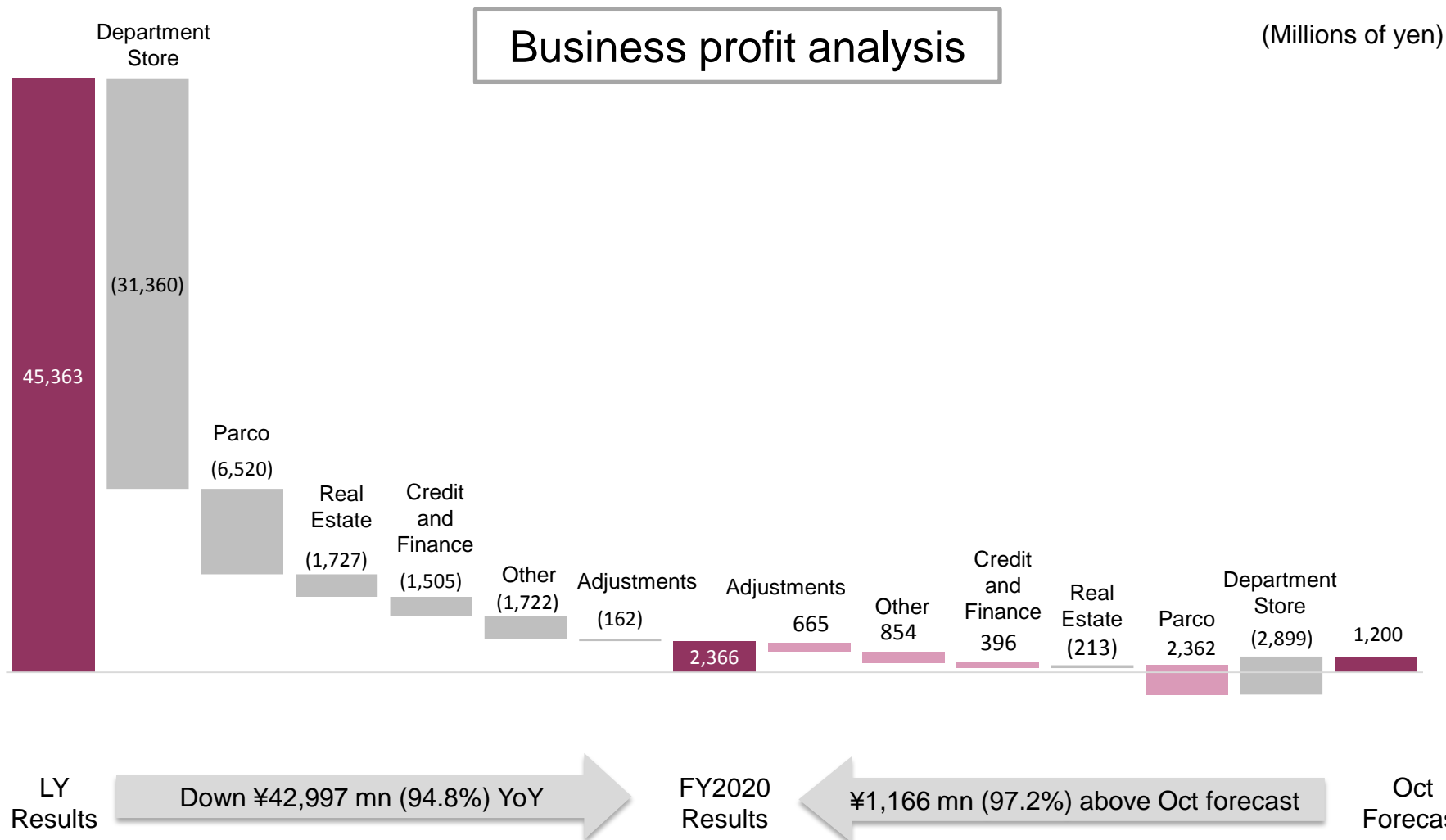
Segment Information (IFRS)

- ▶ Department Store: Gradually recovered but stood still later in the year due to 3rd wave of COVID-19
- ▶ Parco: Rent relief continued in some stores but its impact was smaller than expected, entertainment remained sluggish
- ▶ Real Estate: Percentage rent decreased but performed relatively steadily after reopening of GINZA SIX, etc.
- ▶ Credit and Finance: Affected by card renewal costs and change in annual fee accounting method

(Millions of yen, %)

Full fiscal year ended February 28, 2021	Business profit				Operating profit			
	Results	YoY		Vs. Oct forecast	Results	YoY		Vs. Oct forecast
		Change	% change	Change		Change	% change	Change
Department Store	(4,899)	(31,360)	—	(2,899)	(22,199)	(39,824)	—	(2,999)
Parco	2,062	(6,520)	(76.0)	2,362	(6,895)	(17,718)	—	(2,445)
Real Estate	2,637	(1,727)	(39.6)	(213)	1,986	(4,739)	(70.5)	(414)
Credit and Finance	396	(1,505)	(79.1)	396	421	(1,487)	(77.9)	421
Other	3,204	(1,722)	(34.9)	854	2,852	(1,848)	(39.3)	1,052
Total	2,366	(42,997)	(94.8)	1,166	(24,265)	(64,551)	—	(3,665)

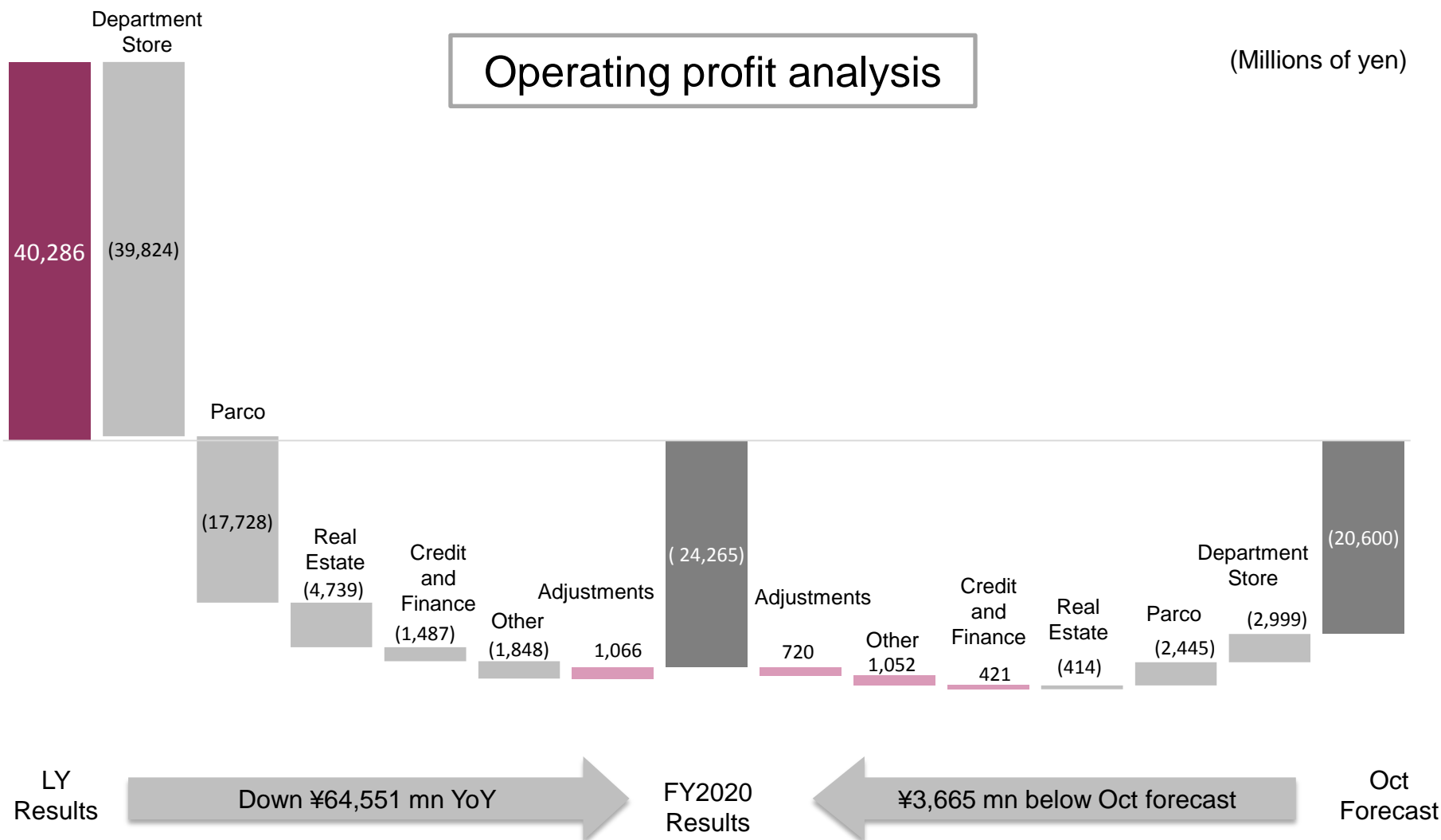
Segment Information <Business Profit> (IFRS)



Segment Information <Operating Profit> (IFRS)



J. FRONT RETAILING



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

- ▶ Gradually recovered from impact of COVID-19 in H2 but struggled due to 3rd wave of COVID-19 and restriction of attracting customers during year end and new year holidays
- ▶ Inbound sales remained almost disappeared, steady sales, mainly of big ticket items, to affluent people in Japan
- ▶ Could not cover October forecast deficit in gross profit due to sales decrease despite SGA reduction

(Millions of yen, %)

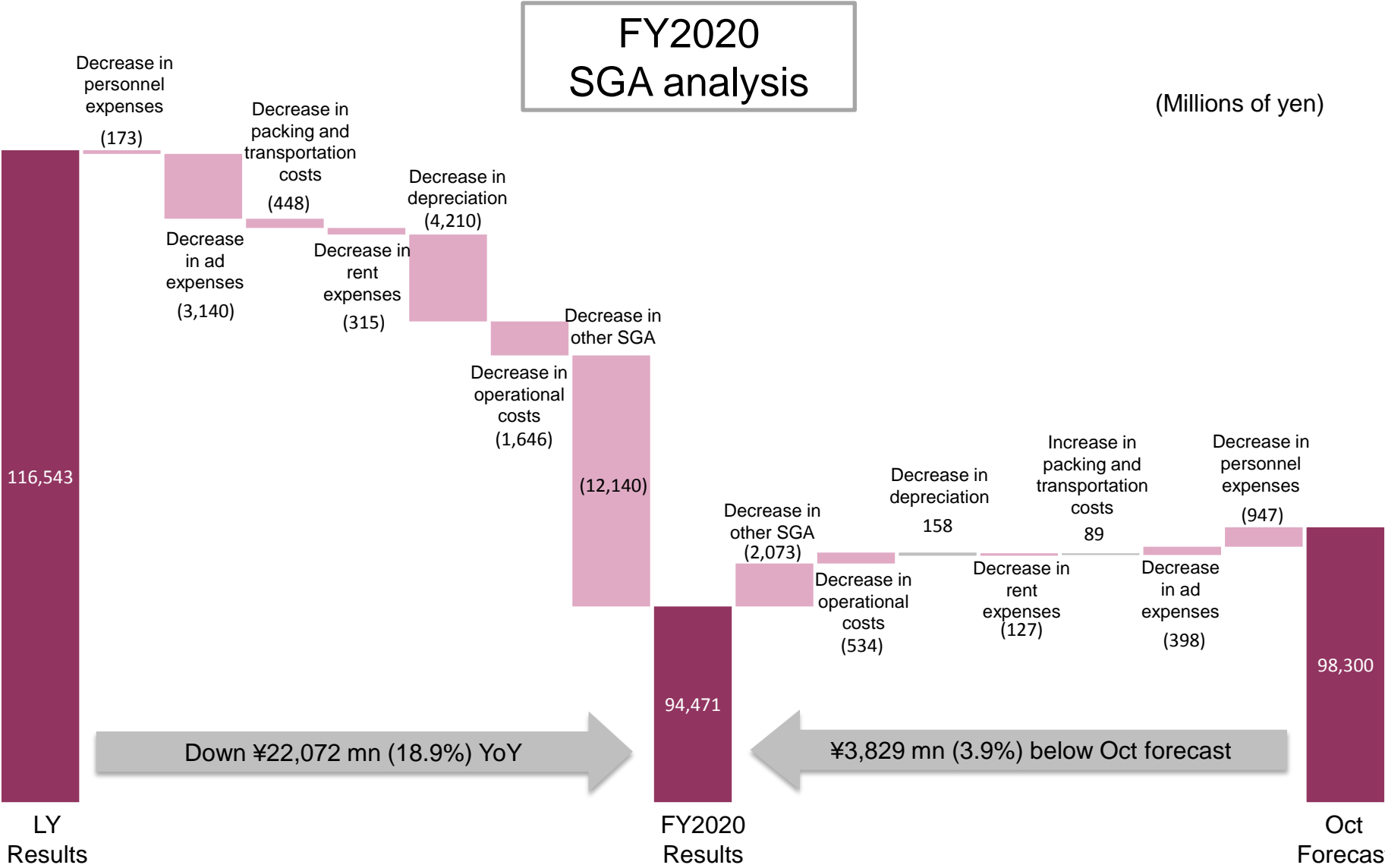
Fiscal year ended February 28, 2021	H1		H2		Full year		
	Results	% change YoY	Results	% change YoY	Results	% change YoY	Change vs. Oct forecast
Gross sales	189,790	(46.5)	277,417	(23.1)	467,208	(34.7)	(26,292)
Revenue	70,102	(46.9)	93,922	(28.7)	164,024	(37.8)	(15,476)
SGA	44,663	(32.0)	58,212	(8.3)	102,876	(20.3)	(3,924)
Business profit	(4,416)	—	(482)	—	(4,899)	—	(2,899)
Operating profit	(21,357)	—	(841)	—	(22,199)	—	(2,999)

Daimaru Matsuzakaya Department Stores PL (IFRS) J. FRONT RETAILING

- ▶ Terminal stores such as Tokyo store remained sluggish but Shinsaibashi store, Nagoya store, etc. recovered steadily
- ▶ Pure EC sales exceeded ¥10 billion, up 40% YoY, also received a good response to live sales, etc.
- ▶ Starting in H2, transferred many of properties held by Department Store such as north wing of Shinsaibashi store and Ueno FT

(Millions of yen, %)

Full fiscal year ended February 28, 2021	Total Daimaru Matsuzakaya Department Stores								
	Department Store			Real Estate					
	Results	% change YoY	Change vs. Oct forecast	Results	% change YoY	Change vs. Oct forecast	Results	% change YoY	Change vs. Oct forecast
Gross sales	424,374	(33.5)	(22,526)	12,284	(31.1)	(716)	436,462	(33.5)	(23,138)
(Of which: real estate lease revenue)	7,589	12.1	—	12,231	(30.9)	—	19,624	(19.0)	—
Revenue	149,720	(36.7)	(13,280)	12,273	(31.0)	(727)	161,818	(36.3)	(13,822)
Gross profit	88,890	(36.0)	(5,910)	4,398	(40.3)	(202)	93,113	(36.2)	(6,087)
SGA	92,574	(18.6)	(3,626)	2,089	(30.5)	(211)	94,471	(18.9)	(3,829)
Business profit	(3,683)	—	(2,283)	2,309	(47.1)	9	(1,358)	—	(2,258)
Operating profit	(19,980)	—	(2,280)	1,885	(72.0)	(215)	(18,096)	—	(2,496)
Profit	-	-	-	-	-	-	(13,067)	—	(767)



Segment Performance (2) Parco Business (IFRS)

- Greatly affected by about 2-month store closure and reduced business hours due to COVID-19
- Business profit was above October forecast due to reduction of tenant rent relief and SGA
- Operating profit was below October forecast mainly due to recognition of loss on store closings (Tsudanuma, Shintokorozawa)

(Millions of yen, %)

Fiscal year ended February 28, 2021	H1		H2		Full year		
	Results	% change YoY	Results	% change YoY	Results	% change YoY	Change vs. Oct forecast
Gross sales	83,472	(40.9)	123,046	(27.5)	206,519	(33.6)	(17,281)
Revenue	30,115	(31.1)	38,746	(43.5)	68,861	(38.6)	(3,139)
SGA	7,683	(19.8)	8,703	(15.1)	16,387	(17.4)	(1,313)
Business profit	1,517	(71.8)	544	(83.0)	2,062	(76.0)	2,362
Operating profit	(2,604)	—	(4,291)	—	(6,895)	—	(2,445)

Also greatly affected by reaction to sale of
reserve floor area of Shibuya redevelopment
(¥21.7 billion) in H2 LY

Shinsaibashi PARCO opened (November 20, 2020 -)

- ▶ Luxury on levels 1 and 2, culture on level 6, etc. performed particularly well as originally expected
- ▶ Widened Parco's customer base, generated synergy with Daimaru Shinsaibashi store adjacent to and integrated with it



- ▶ **Real Estate:** Achieved profitability despite rent relief according to the length of closure and decrease in percentage rent
- ▶ **Credit and Finance:** Affected by card renewal costs and change in annual fee accounting method as well as decrease in transaction volume
- ▶ **Other:** Business profit and operating profit of Daimaru Kogyo, Dimples', etc. were above October forecast

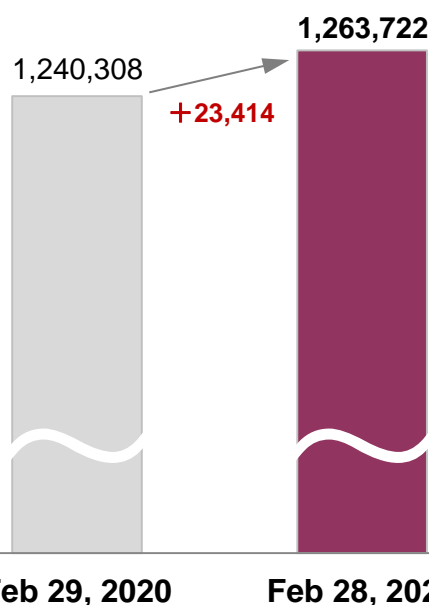
(Millions of yen, %)

Full fiscal year ended February 28, 2021	Real Estate			Credit and Finance			Other		
	Results	% change YoY	Change vs. Oct forecast	Results	% change YoY	Change vs. Oct forecast	Results	% change YoY	Change vs. Oct forecast
Gross sales	15,383	(13.7)	(417)	11,496	(5.7)	(204)	105,601	(20.4)	(999)
Revenue	15,372	(13.6)	(428)	9,035	(15.7)	(565)	95,722	(22.4)	(1,878)
SGA	2,621	(12.7)	21	8,639	(2.0)	(961)	23,658	(9.6)	(142)
Business profit	2,637	(39.6)	(213)	396	(79.1)	396	3,204	(34.9)	854
Operating profit	1,986	(70.5)	(414)	421	(77.9)	421	2,852	(39.3)	1,052

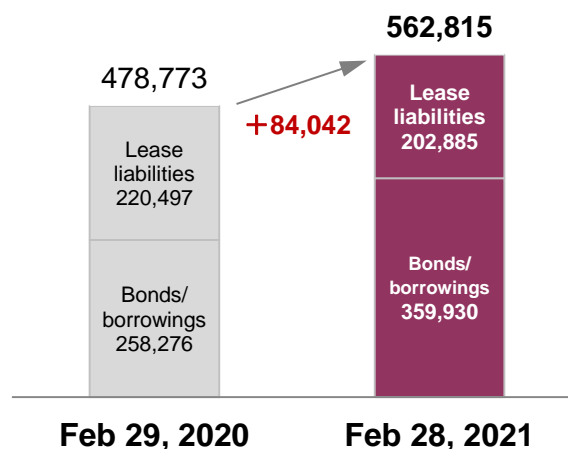
Consolidated BS (IFRS)

- ▶ Total assets increased ¥23.4 bn YoY partly because cash and deposits were secured to cope with COVID-19
- ▶ Interest-bearing liabilities increased ¥84 bn YoY due to procurement of new funds to cope with COVID-19
- ▶ Ratio of equity attributable to owners of parent was 27.9%, down 3.3 points YoY

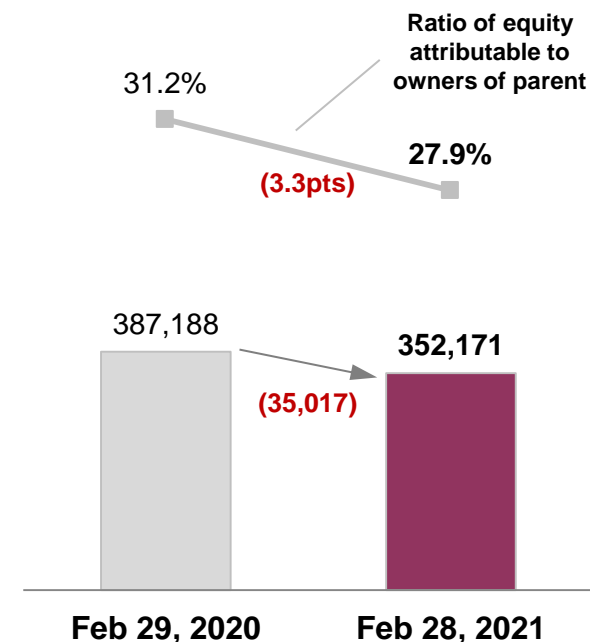
Total assets



Interest-bearing liabilities

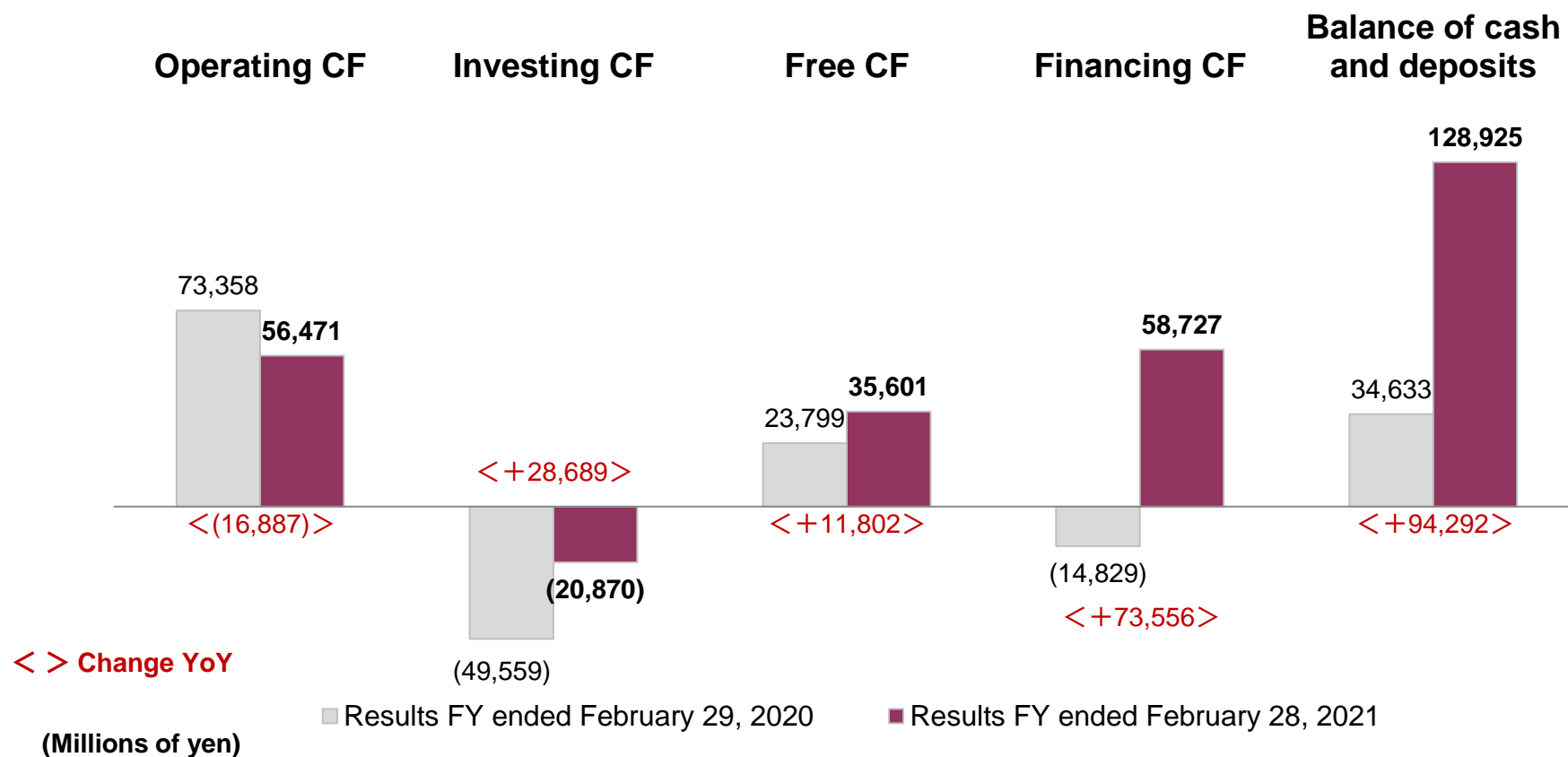


Equity attributable to owners of parent



Consolidated CF (IFRS)

- ▶ Operating CF decreased ¥16.8 bn YoY due to profit decrease
- ▶ Free cash flow was ¥35.6 bn, up ¥11.8 bn YoY due to significant reduction of investment
- ▶ Secured cash reserves enough to cope with COVID-19 by issuing CP and borrowing money from banks



FY2021 Forecast (IFRS)



Consolidated Forecast PL (IFRS)

Gross sales are expected to recover to less than 90% of results FY2019, business profit to be ¥18.5 bn

Factored in costs of ¥6 bn to accelerate structural reform

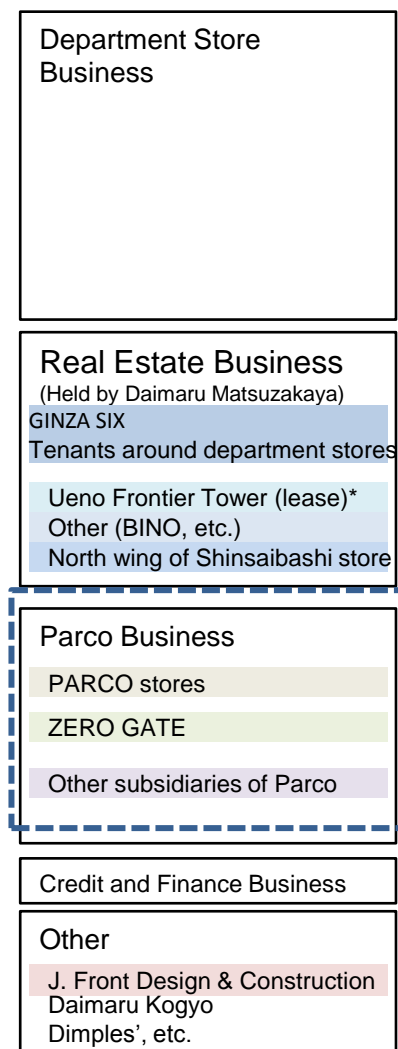
Plan to pay interim dividend of ¥14 per share, annual dividend of ¥29, up ¥2 YoY

(Millions of yen, %)

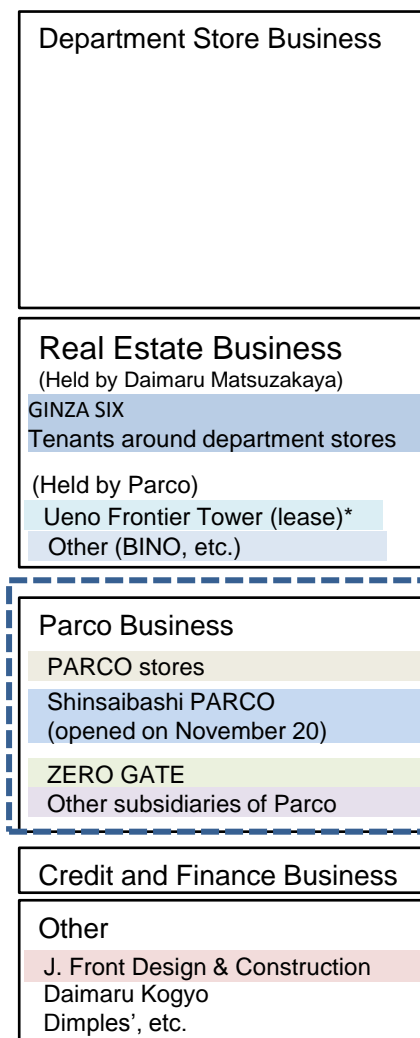
Fiscal year ending February 28, 2022	H1		H2		Full year	
	Forecast	% change YoY	Forecast	% change YoY	Forecast	% change YoY
Gross sales	470,000	46.6	535,000	19.2	1,005,000	30.6
Revenue	180,000	22.1	214,000	24.7	394,000	23.5
Gross profit	81,500	37.1	92,500	23.5	174,000	29.5
SGA	75,000	26.7	80,500	10.6	155,500	17.8
Business profit	6,500	—	12,000	467.0	18,500	681.7
Other operating income	1,000	(72.9)	500	(75.2)	1,500	(73.7)
Other operating expenses	3,500	(85.8)	5,500	(29.2)	9,000	(72.2)
Operating profit	4,000	—	7,000	—	11,000	—
Profit attributable to owners of parent	1,000	—	3,000	—	4,000	—
Dividend per share (Yen)	(Interim) 14	(Change) 5	(Year-end) 15	(Change) (3)	(Annual) 29	(Change) 2

Changes in Reportable Segments

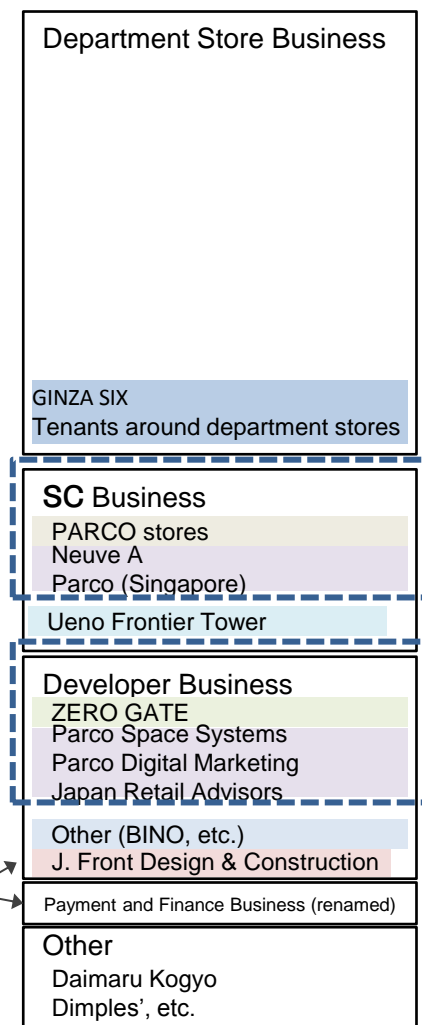
- August 2020




- February 2021



March 2021 -



**“Ueno Frontier Tower (lease)” up to February 2021 includes real estate lease revenue from Parco Co., Ltd. on PARCO_ya Ueno.

*  shows the scope of the former Parco Business.

Segment Performance (IFRS)

(Millions of yen, %)

Fiscal year ending February 28, 2022	Business profit								
	H1 Forecast	YoY		H2 Forecast	YoY		Full year Forecast	YoY	
		Change	% change		Change	% change		Change	% change
Department Store	700	3,682	—	6,800	6,928	—	7,500	10,610	—
SC	4,900	3,950	415.6	2,500	2,371	—	7,400	6,321	585.2
Developer	800	(931)	(53.8)	1,400	291	26.2	2,200	(640)	(22.6)
Payment and Finance	0	(446)	—	800	849	—	800	404	101.6
Other	500	(464)	(48.2)	600	(684)	(53.3)	1,100	(1,149)	(51.1)
Total	6,500	6,250	—	12,000	9,884	467.0	18,500	16,134	681.7

Fiscal year ending February 28, 2022	Operating profit								
	H1 Forecast	YoY		H2 Forecast	YoY		Full year Forecast	YoY	
		Change	% change		Change	% change		Change	% change
Department Store	(700)	19,618	—	6,200	6,820	—	5,500	26,439	—
SC	4,800	7,871	—	2,100	5,925	—	6,900	13,796	—
Developer	1,200	(498)	(29.3)	1,400	1,117	393.1	2,600	619	31.2
Payment and Finance	0	(453)	—	800	832	—	800	379	90.0
Other	480	68	16.3	520	(945)	(64.5)	1,000	(878)	(46.8)
Total	4,000	24,637	—	7,000	10,628	—	11,000	35,265	—

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

- ▶ The entire business is driven by affluent people in Japan and expected to steadily recover month by month
- ▶ Inbound sales are expected to gradually move later in the year
- ▶ SGA is expected to decrease more than ¥5 bn compared to FY2019 despite reaction to previous fiscal year

(Millions of yen, %)

Fiscal year ending February 28, 2022	H1		H2		Full year	
	Forecast	% change YoY	Forecast	% change YoY	Forecast	% change YoY
Gross sales	287,700	48.4	339,100	19.9	626,800	31.5
Revenue	106,400	43.3	119,800	20.7	226,200	30.4
SGA	61,000	35.2	65,200	10.1	126,200	21.0
Business profit	700	—	6,800	—	7,500	—
Operating profit	(700)	—	6,200	—	5,500	—

Daimaru Matsuzakaya Department Store Major Store Sales J.FRONT RETAILING

- ▶ Sales are expected to recover, down 19.2% in H1, 5.8% in H2 compared to FY2019
- ▶ Remain relatively cautious about Tokyo and Umeda stores, which highly depend on railway passengers
- ▶ Shinsaibashi and Sapporo stores, whose share of inbound sales is large, factor in expected slow recovery of inbound sales

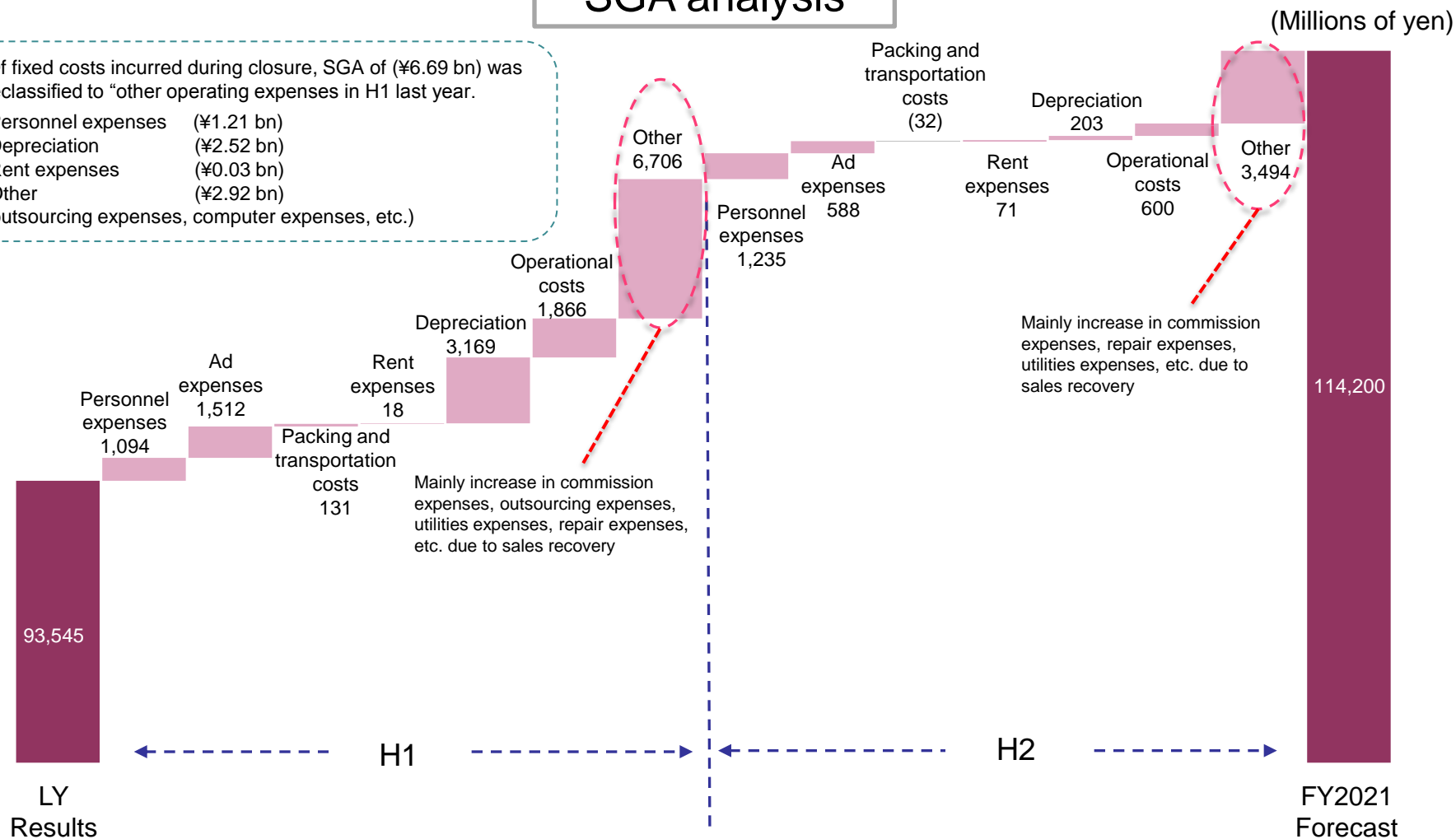
(% change)

	Vs. FY2020			Vs. FY2019		
Fiscal year ending February 28, 2022	H1 Forecast	H2 Forecast	Full year Forecast	H1 Forecast	H2 Forecast	Full year Forecast
Shinsaibashi	82.9	26.1	46.5	(39.7)	(17.3)	(29.1)
Umeda	48.2	25.7	35.1	(26.1)	(14.8)	(20.4)
Tokyo	67.3	31.2	45.3	(36.6)	(21.0)	(28.9)
Kyoto	42.6	20.1	29.3	(16.2)	(2.1)	(9.0)
Kobe	46.9	14.6	27.3	(7.2)	4.4	(1.2)
Sapporo	46.4	26.4	34.5	(21.2)	(7.8)	(14.2)
Nagoya	46.5	17.5	29.2	(9.0)	1.1	(3.8)
Total directly managed stores	47.4	20.1	31.2	(19.2)	(5.8)	(12.5)

FY2021 SGA analysis

* Of fixed costs incurred during closure, SGA of (¥6.69 bn) was reclassified to "other operating expenses in H1 last year."

- Personnel expenses (¥1.21 bn)
- Depreciation (¥2.52 bn)
- Rent expenses (¥0.03 bn)
- Other (¥2.92 bn)
(outsourcing expenses, computer expenses, etc.)



Segment Performance (2) SC Business (Parco) (IFRS) J. FRONT RETAILING

- ▶ Shinsaibashi PARCO including restaurants and cinema complex, which made its grand opening in March, is expected to fully contribute
- ▶ Entertainment is also expected to head for recovery with significant reduction of tenant rent relief

(Millions of yen, %)

Fiscal year ending February 28, 2022	H1		H2		Full year	
	Forecast	% change YoY	Forecast	% change YoY	Forecast	% change YoY
Gross sales	136,600	75.2	132,900	12.7	269,500	37.6
Revenue	34,270	47.9	36,430	13.6	70,700	28.0
SGA	7,400	10.3	7,200	(1.2)	14,600	4.3
Business profit	4,900	415.6	2,500	—	7,400	585.2
Operating profit	4,800	—	2,100	—	6,900	—

- ▶ **Developer:** Expected to be driven by revenue of design and construction business due to upfront investment in properties
- ▶ **Payment and Finance:** Expected to continue to be affected by increase in promotion costs for card renewal and change in annual fee accounting method
- ▶ **Other:** Carefully forecast Daimaru Kogyo, excluded J. Front Foods from consolidation due to business transfer

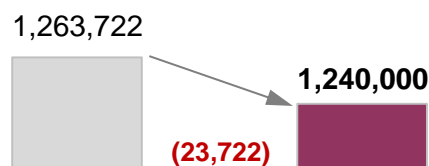
(Millions of yen, %)

	Fiscal year ending February 28, 2022	H1		H2		Full year	
		Forecast	% change YoY	Forecast	% change YoY	Forecast	% change YoY
Developer	Revenue	26,400	(19.7)	32,300	54.3	58,700	9.1
	SGA	3,800	28.8	3,800	30.0	7,600	29.4
	Business profit	800	(53.8)	1,400	26.2	2,200	(22.6)
	Operating profit	1,200	(29.3)	1,400	393.1	2,600	31.2
Payment and Finance	Revenue	5,100	11.0	5,900	32.8	11,000	21.7
	SGA	5,100	23.0	5,100	13.6	10,200	18.1
	Business profit	0	—	800	—	800	101.6
	Operating profit	0	—	800	—	800	90.0
Other	Revenue	36,700	16.2	36,900	(0.1)	73,600	7.4
	SGA	11,740	13.9	11,560	(0.1)	23,300	6.5
	Business profit	500	(48.2)	600	(53.3)	1,100	(51.1)
	Operating profit	480	16.3	520	(64.5)	1,000	(46.8)

Consolidated BS Forecast (IFRS)

- ▶ Total assets are expected to decrease ¥23.7 bn partly due to decrease in fixed assets caused by depreciation
- ▶ Interest-bearing liabilities are expected to decrease ¥28.8 bn YoY partly due to repayment of lease liabilities
- ▶ Ratio of equity attributable to owners of parent is expected to be 28.0%, same as last year's level

Total assets

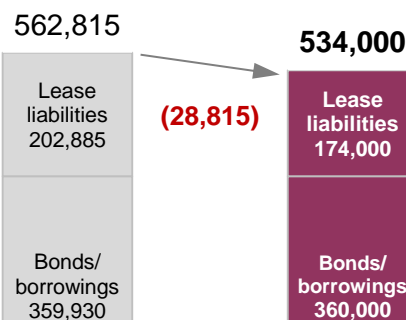


Feb 28, 2021

Feb 28, 2022

(Millions of yen)

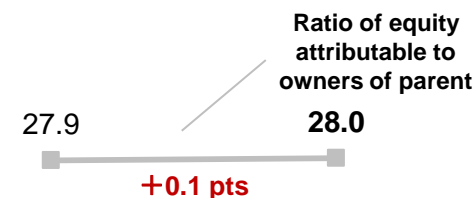
Interest-bearing liabilities



Feb 28, 2021

Feb 28, 2022

Equity attributable to owners of parent

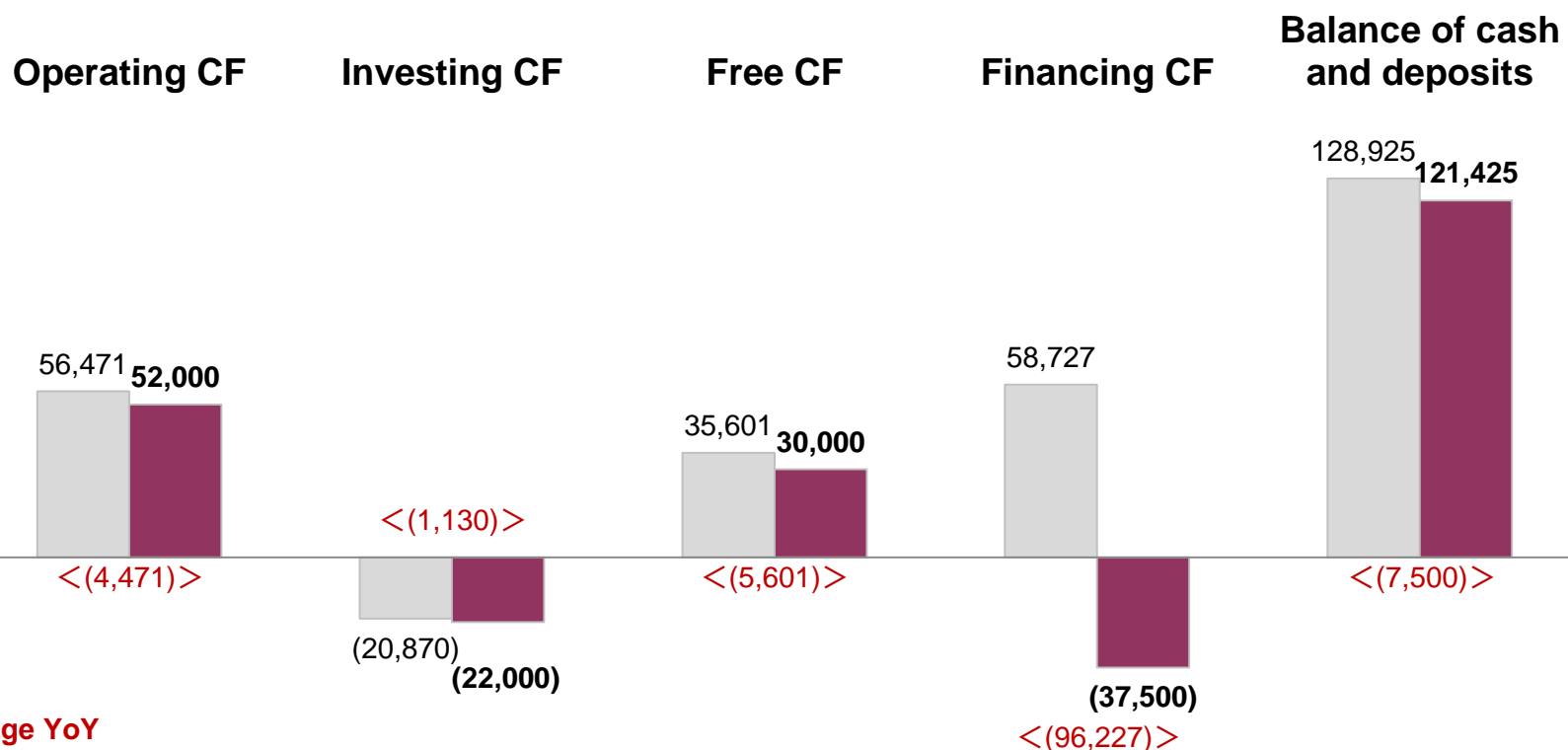


Feb 28, 2021

Feb 28, 2022

Consolidated CF Forecast (IFRS)

- Operating CF is expected to decrease ¥4.4 bn partly due to increase in working capital
- Secure free cash flow of ¥30 bn by keeping investment within the scope of depreciation
- Continue to secure enough cash reserves until COVID-19 comes to an end



< > Change YoY

■ Results FY ended February 28, 2021

■ Forecast FY ending February 28, 2022

(Millions of yen)

FY2021 – 2023 Medium-term Business Plan



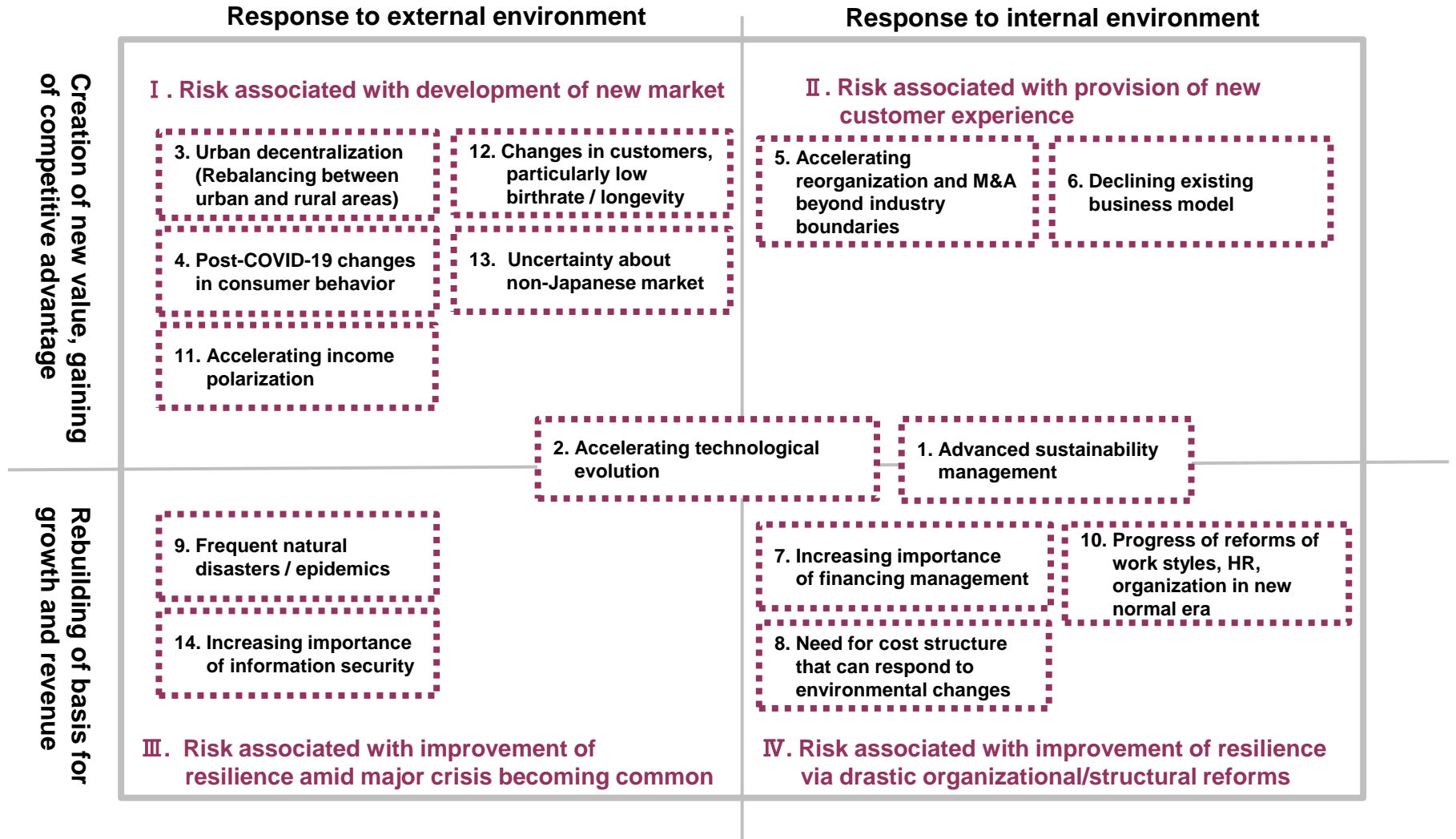
Review of Previous Medium-term Plan

	Major initiatives	Results	Evaluation
Growth strategy	Multi Service Retailer (expansion of business domain)	<ul style="list-style-type: none"> ◆ Entered into childcare business ◆ Invested in only 2 companies to develop new businesses ◆ Could not show path to growth of 3 key businesses (JFR Card, JF Design & Construction, Dimples') 	×
	Urban Dominant (development PJ)	<ul style="list-style-type: none"> ◆ Promoted redevelopment projects • Opened GINZA SIX, Ueno Frontier Tower 	○
	Urban Dominant (Real Estate Business)	<ul style="list-style-type: none"> ◆ Expanded real estate rental business • Gion Machiya, renovated <i>machiya</i> Blue Bottle Kyoto Café, beauty & health BINO (Higashinotoin, Okachimachi, Sakae) 	○
	ICT (defense)	<ul style="list-style-type: none"> ◆ Formulated the Group IT governance • Created IT governance definition, policy, regulations, rules ◆ Developed system to strengthen security 	○
	ICT (offense)	<ul style="list-style-type: none"> ◆ Created the Group integrated customer DB (LTS-Hub) ◆ Developed digital communication base using ICT • Introduced department store smartphone app, <i>gaisho</i> SFA 	△
	Innovation of Department Store Business	<ul style="list-style-type: none"> ◆ Right-sized women's wear space - Decreased 10,240 m² in total for FY2017 - 2020 (down 21% vs. FY2016) ◆ Main building of Daimaru Shinsaibashi opened as hybrid model ◆ Placed Shimonoseki Daimaru under direct management, renewed Daimaru Ashiya/Suma, closed Daimaru Yamashina 	△
	Innovation of Parco Business	<ul style="list-style-type: none"> ◆ Opened Shibuya PARCO, Ueno PARCO_ya, Kinshicho PARCO, Shinsaibashi PARCO ◆ Expanded small commercial business by promoting development • Opened ZERO GATE (Sannomiya, Kyoto, Harajuku), SAN-A Urasoe West Coast PARCO CITY 	△

Portfolio reform and business model reform are only half done



In addition, COVID-19 made apparent vulnerability of earnings structure



Vulnerability of business model

Concern about advantage of urban location

Delay in digitalization

Lack of resilience of business portfolio

Importance of person-to-person communication

Renewed awareness of attention to safety and security

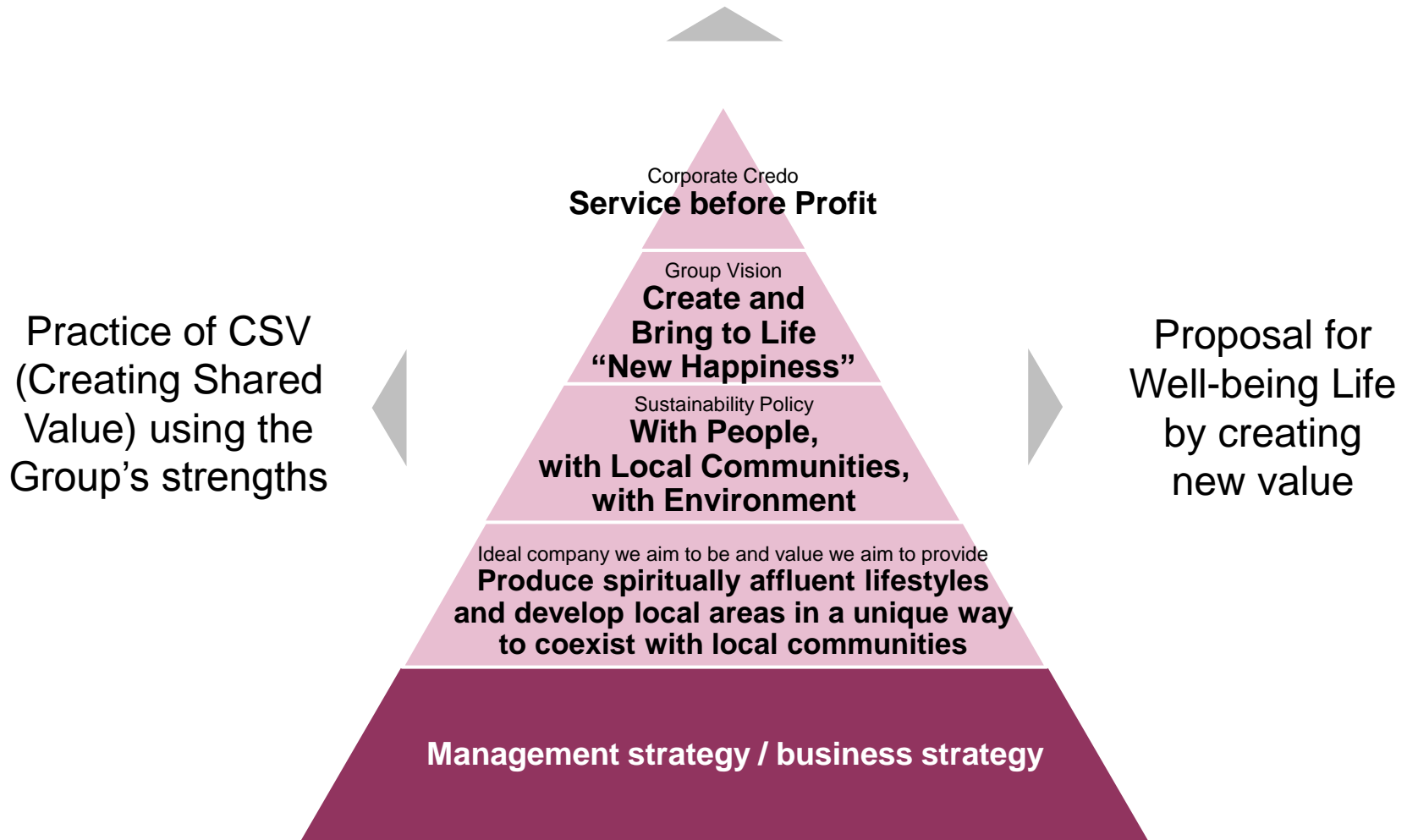
Attention to all stakeholders

Revision of Materiality Issues

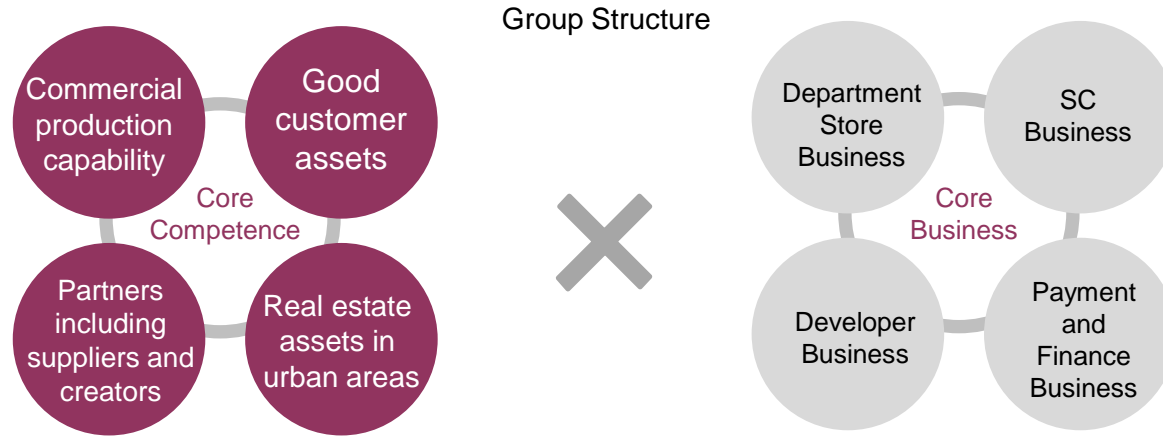
- Newly added 2 items to materiality issues to promote sustainability management



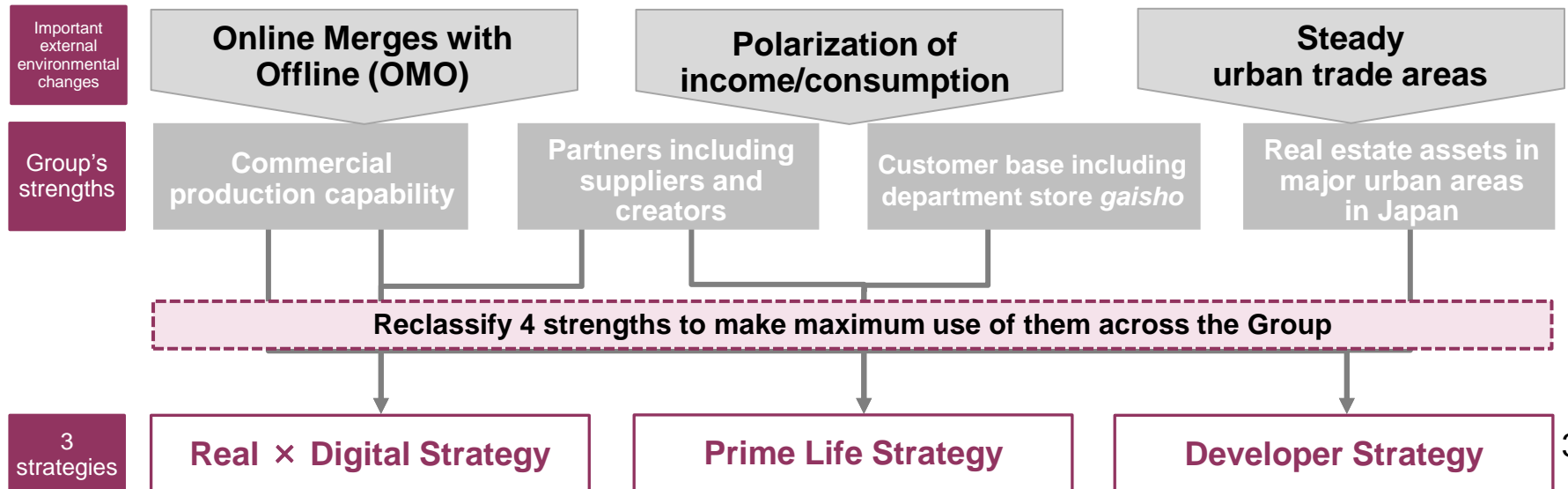
Integrate corporate strategy / business strategy
with sustainability management



3 Key Strategies



Focus on 3 strategies based on medium- to long-term environmental changes and the Group's strengths



3 strategies for revenue recovery and regrowth

(1) Real × Digital Strategy

- Department store: Enhance appeal of stores and use stores for media commerce with focus on genuineness/essence
- Parco: Rebuild store brand value / seek digital SC platform
- Create/develop new content from CSV perspective

(2) Prime Life Strategy

- Develop new solution services to realize high quality customer experience
- Advance online *gaisho* communication
- Advance CRM strategy at the Group level

(3) Developer Strategy

- Mixed use not limited to commercial use
- Start circular investment scheme
- Enter into semi-urban areas

Promote strategies by committees across the Group for regrowth

Digital Strategy Committee

Prime Life Strategy Committee

Developer Strategy Committee

Important measures for full recovery

Management structure reform

- Reduce costs via business model reform
- Narrow business base

Management base function strategy

Finance strategy —Capital policy —Tax policy —Business management renewal

HR strategy —Complete the Group HR structure reform —HR management for regrowth
—Realization of diversity and work-life balance

IT strategy (defensive IT) —Rebuild core systems —Strengthen the Group IT HR structure

No Change, No Full Recovery

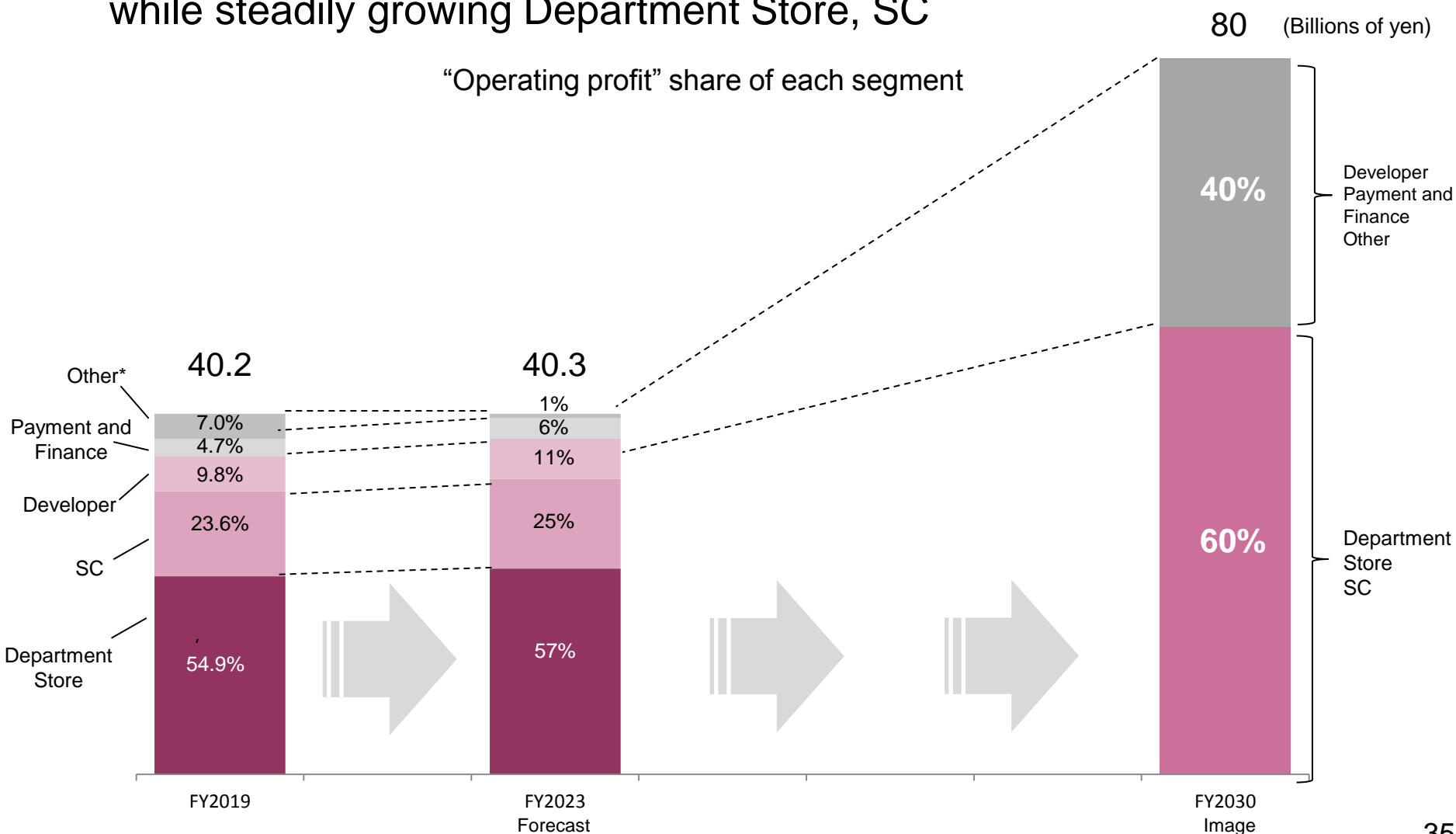
Waiting will not recover anything.
Never miss this opportunity to change.

Image of Portfolio Changes



J. FRONT RETAILING

- Expand share of Developer, Payment and Finance, Other while steadily growing Department Store, SC



*“Other” includes consolidated adjustments.

Management Numerical Targets

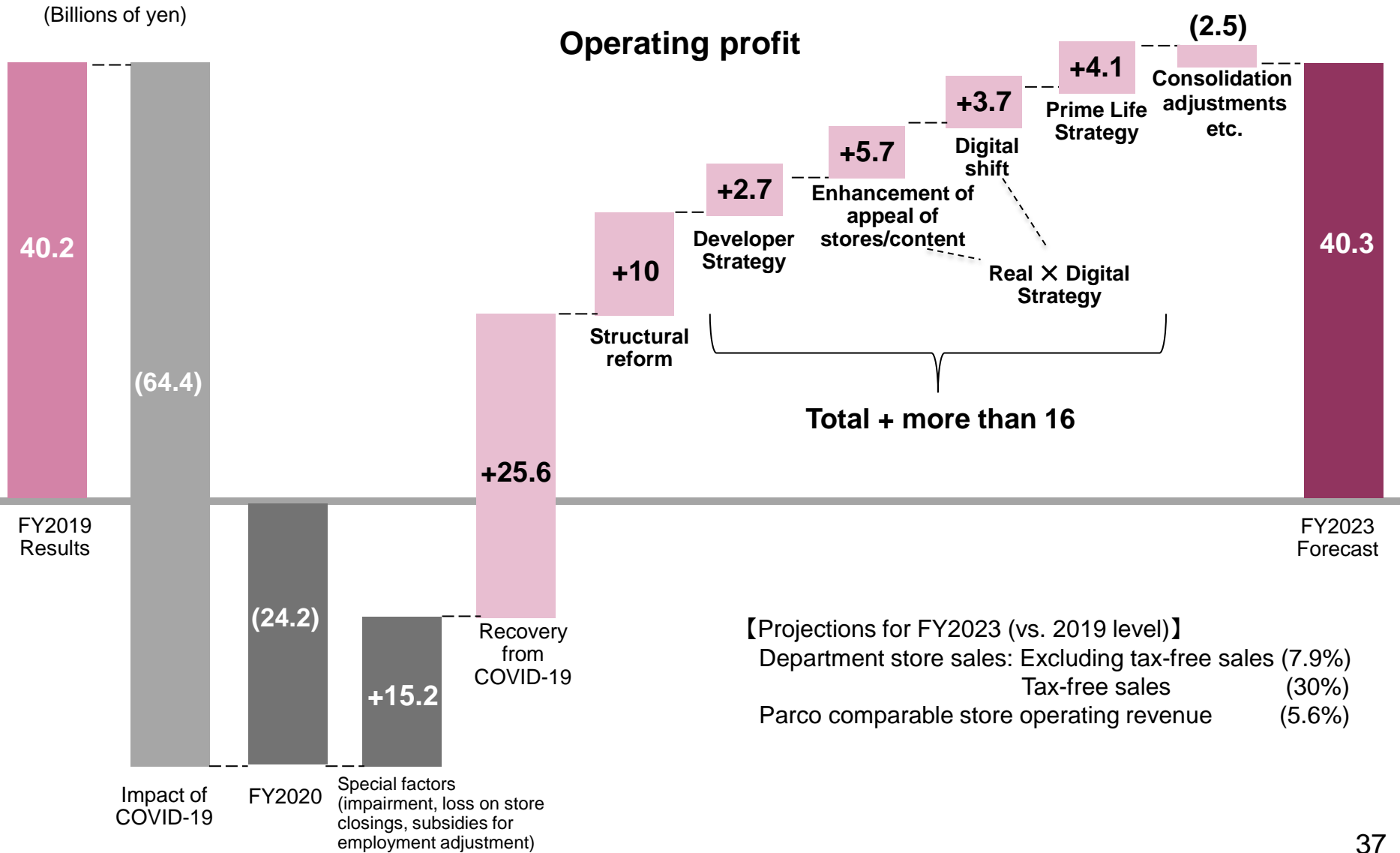
- ▶ Aim for “full recovery” of both PL and BS to FY2019 level in FY2023
- ▶ Add sustainability items to targets of medium-term business plan as officer remuneration evaluation indicators

FY2023		
Capital profitability	ROE 7%	ROIC 5%
Business growth	Operating profit ¥40.3 billion	Business profit ¥44 billion
Financial soundness	Interest-bearing liabilities*1 ¥260 billion	Net D/E 0.6x
Sustainability	GHG emissions*2 Δ40%	Ratio of women in management positions 26%

*1 Excludes lease liabilities

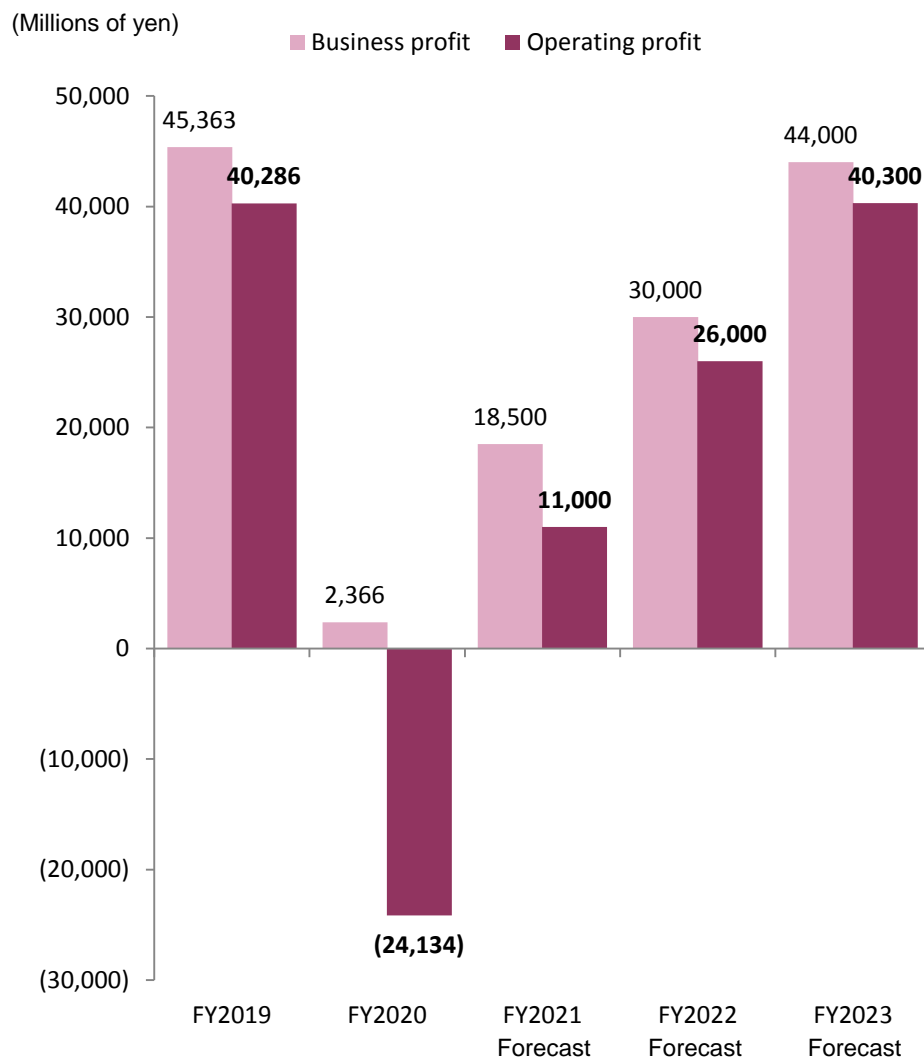
*2 Vs. FY2017, Scope 1 and 2

Path to “Full Recovery” (Contribution of Each Measure) J. FRONT RETAILING

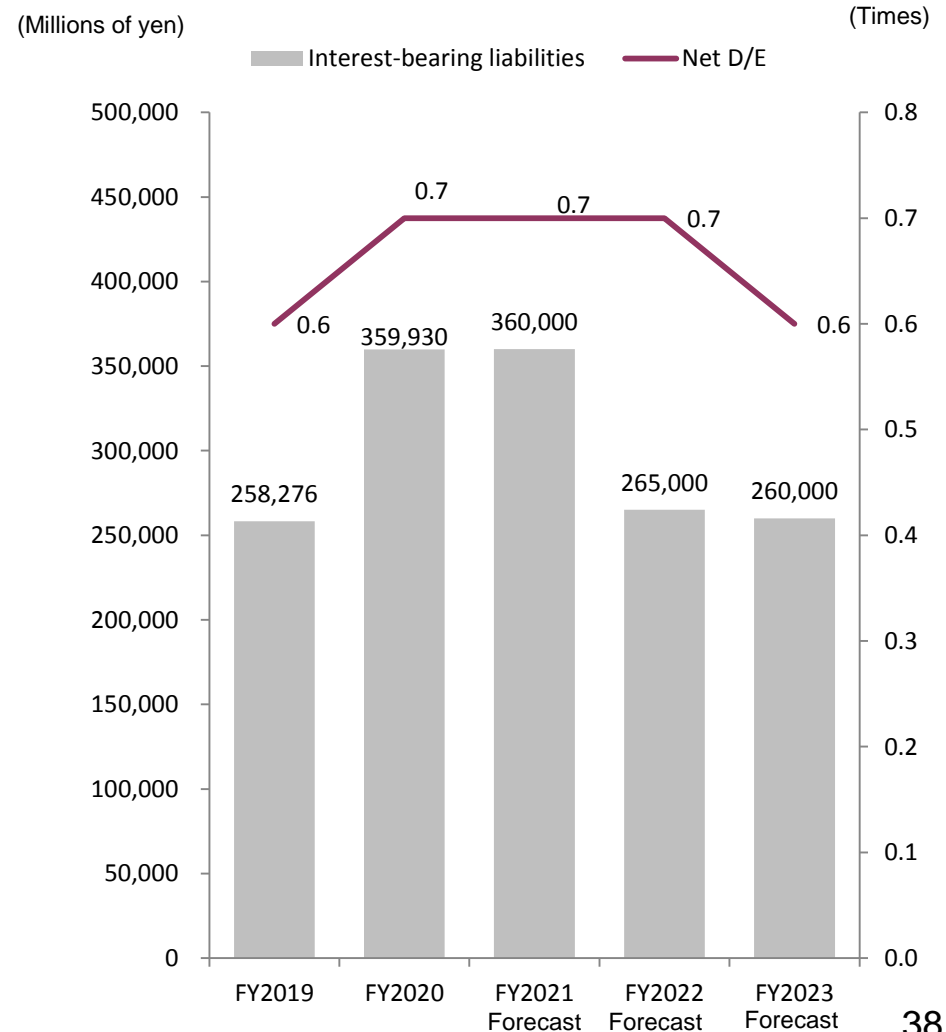


Path to “Full Recovery” (PL, BS)

【PL】



【BS】



Vulnerability of core business base revealed by COVID-19



Current retail business model, which is overly dependent on attracting customers to real stores, has reached a limit



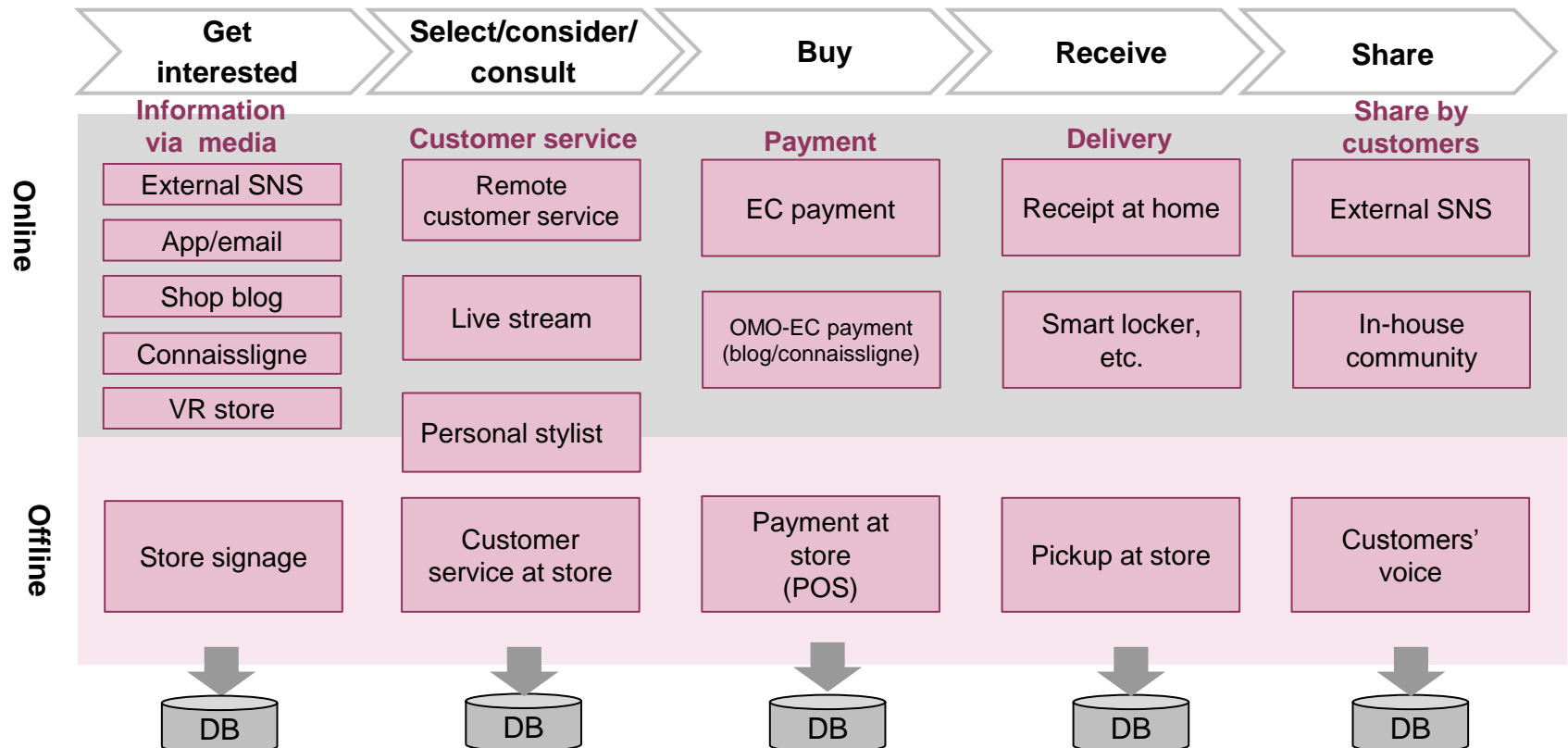
Redefinition of commercial model is
an unavoidable necessity



Important to create new experience value
that merges real and digital

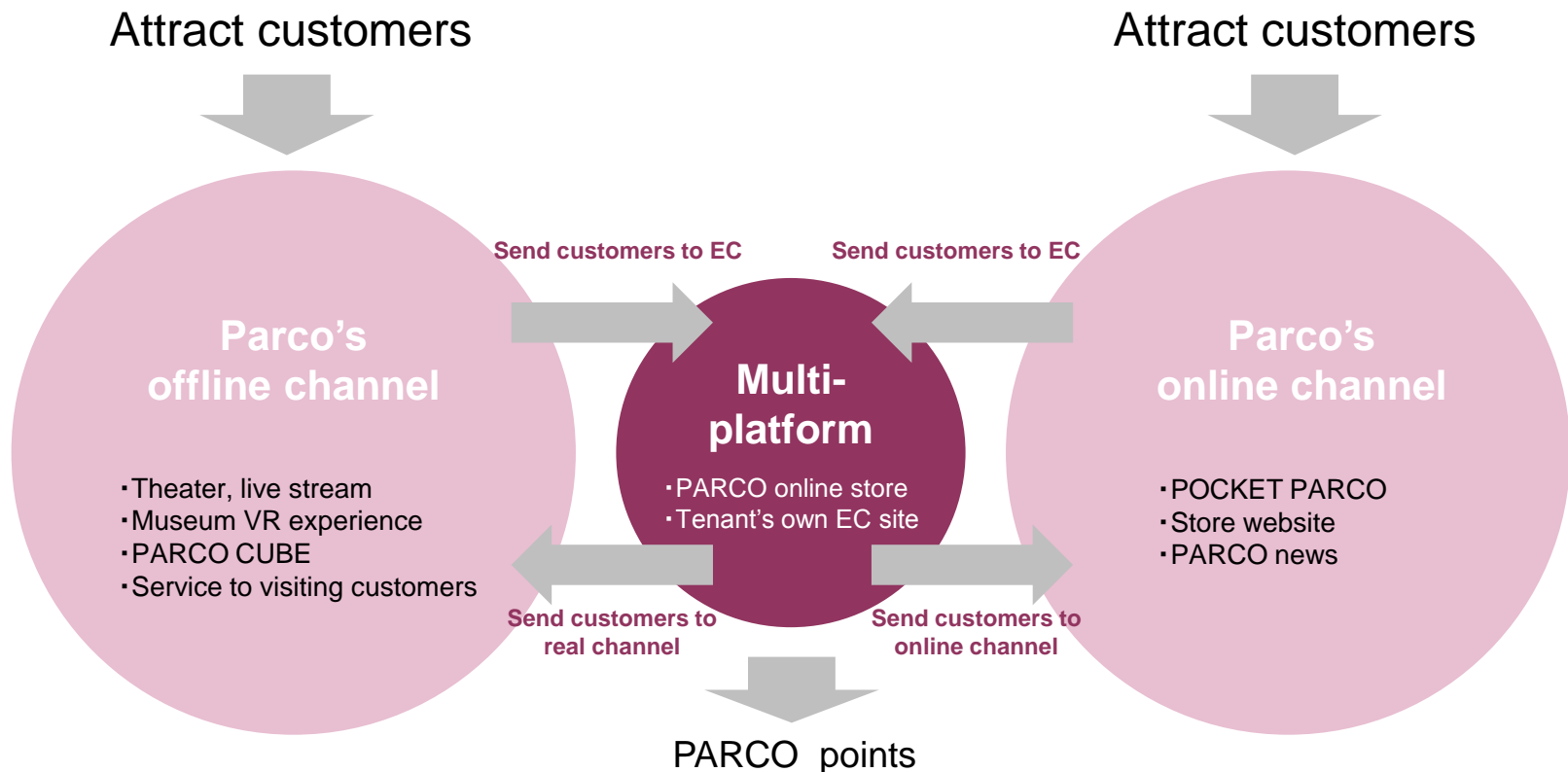
Overcome time and location constraints

- ▶ Provide unique OMO shopping experiences: cosmetics in FY2021, art in FY2022
- ▶ Enhance customer convenience by equipping shop blog and connaissligne sites with payment function

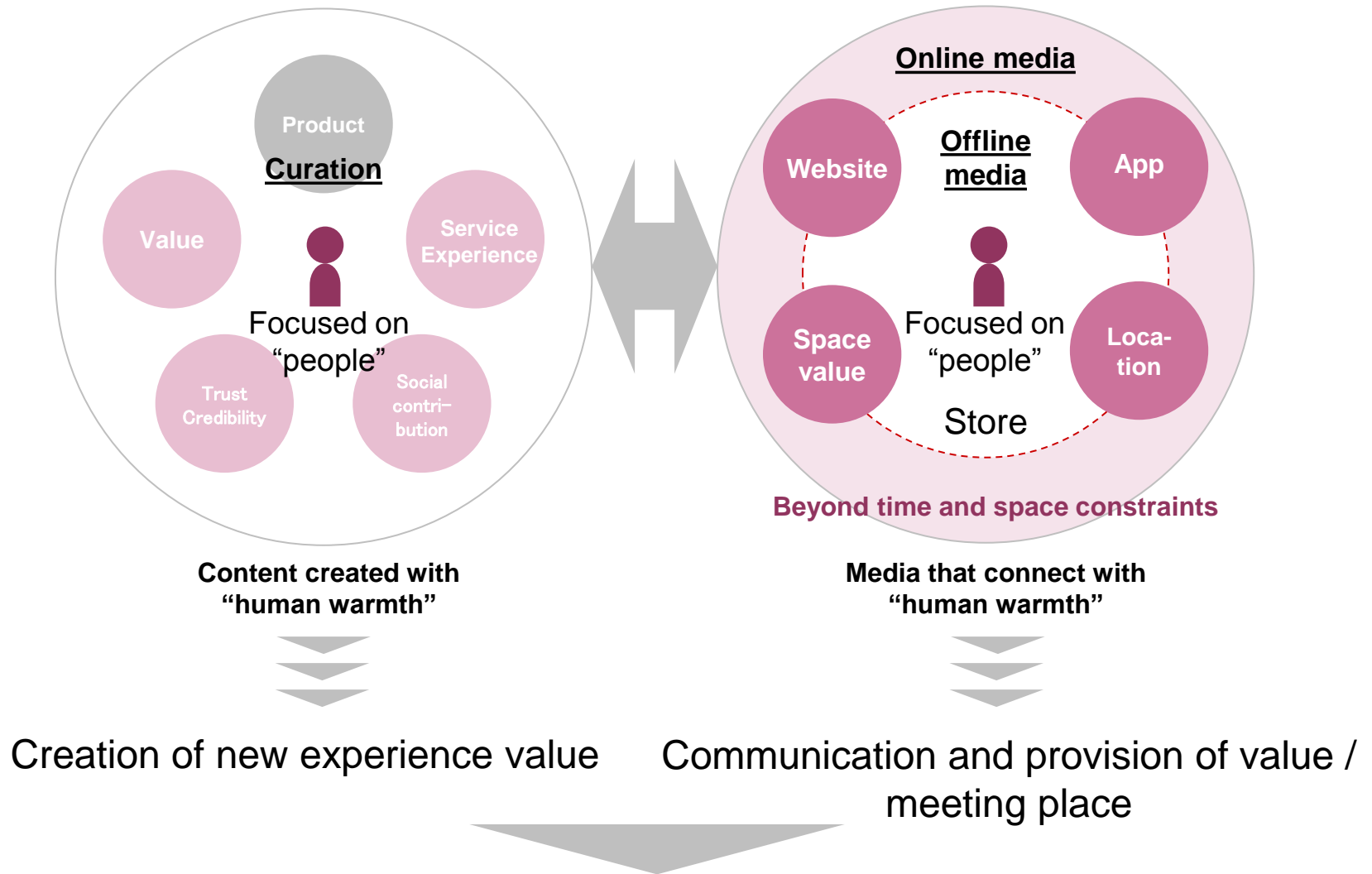


Maximize experience value via Real × Digital

- ▶ Realize OMO via cycle of mutually sending customers between real channels and online channels by building multi-platform
- ▶ Strengthen hybrid entertainment (live + digital) instead of relying on only attracting customers to physical locations



“Media Commerce” Focused on People



Realize improvement of experience value and multiple revenue streams

Increase share of categories/areas to be strengthened

- ▶ Renovation via greater allocation of investment in key stores, mainly expansion of luxury
- ▶ Development/introduction of new services and tenants by maximizing synergy with Parco



Bold overhaul of sales floor configuration

(1) Halve space of our own curation

13,200 m² ⇒ 7,000 m²

(2) Redesign/expand content by shifting focus to lifestyle

e.g. cosmetics ⇒ beauty/wellness

(3) Introduce new content by shifting focus to experience

e.g. education, entertainment, incubation



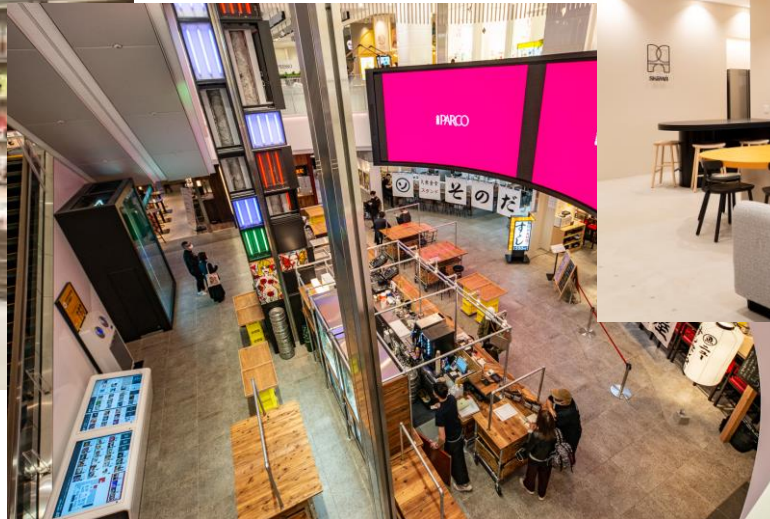
Clarify direction and implement based on market characteristics of stores including advanced hybrid model and real estate model

Development of new content

- ▶ Newly launched wellness service that supports women's inner beauty and health
- ▶ Opened community WS "SkiMa" in Kichijoji PARCO following Shinsaibashi PARCO
- ▶ Created exciting food space Shinsaibashi Neon Shokudo-gai that provides entertainment & culture



NISHIKIYA KITCHEN (Sendai PARCO)



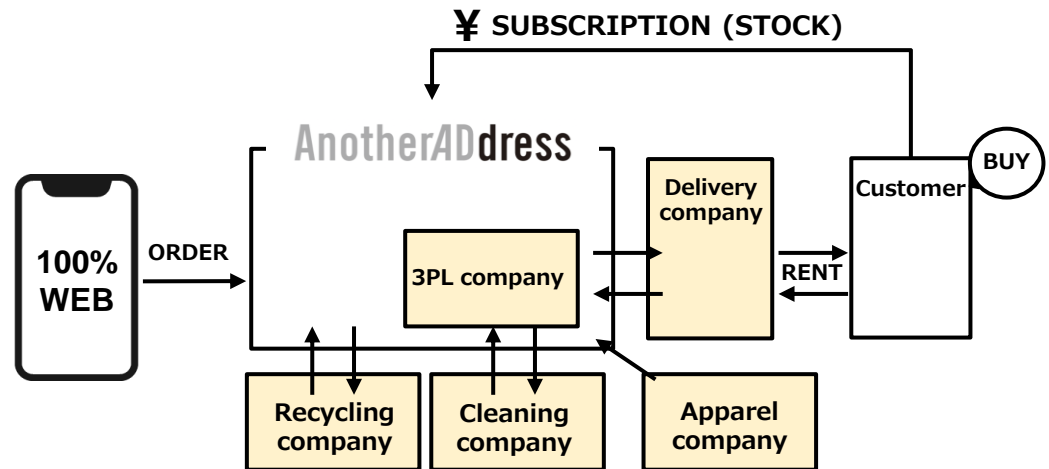
Shinsaibashi Neon Shokudo-gai (Shinsaibashi PARCO)



Community working space SkiMa
(Shinsaibashi PARCO)

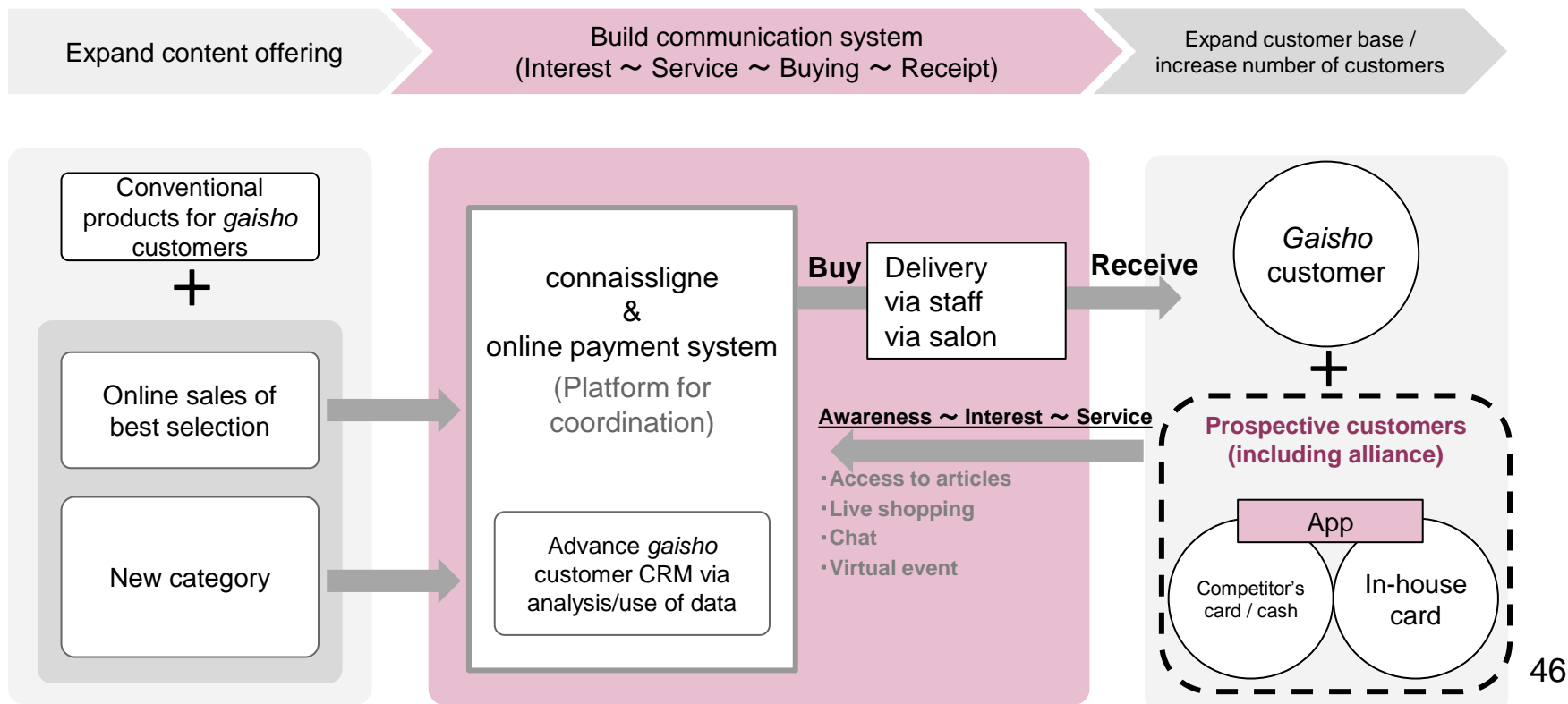
Entry into subscription business

- Introduced subscription model that enhances intrinsic value of fashion and leads to sustainable future



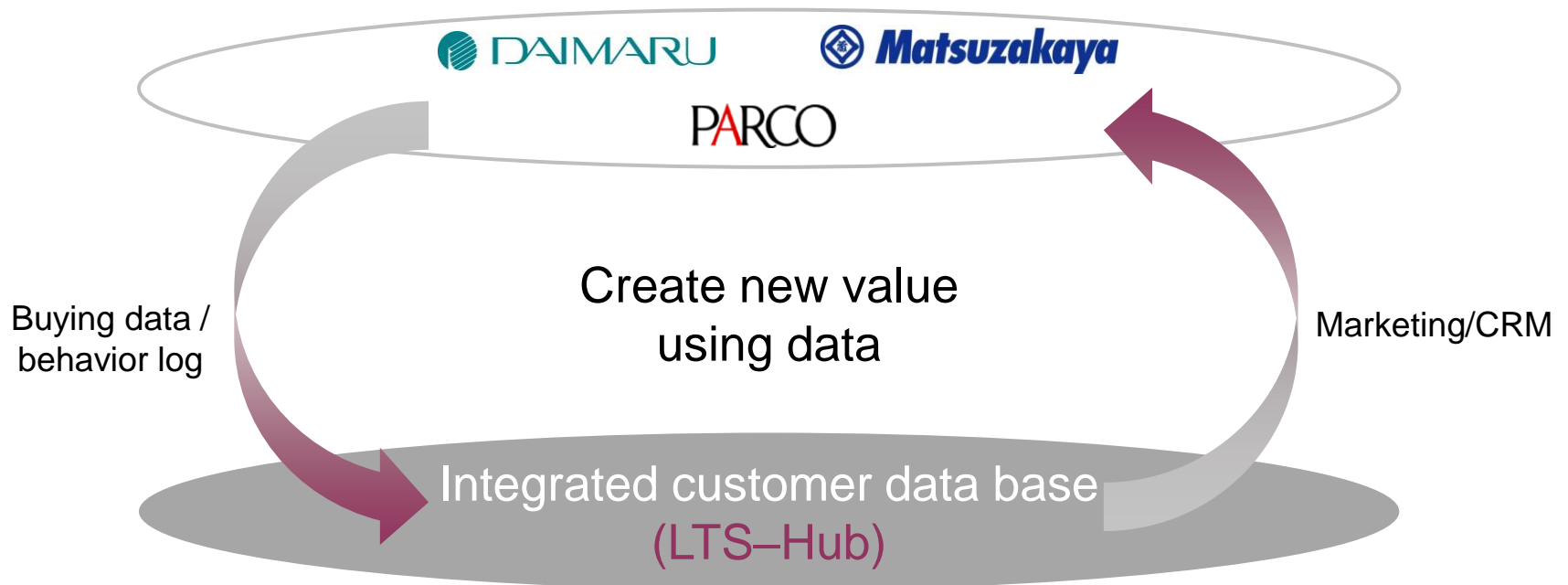
Advanced *gaisho* customer strategy

- ▶ Promote deep cultivation of core content such as luxury and development of new solution
- ▶ Expand OMO shopping using *connaisslign*e and increase virtual events
- ▶ Expand Tokyo area / nouveau riche customers and promote retention of affluent foreign customers



Expansion of customer base by advancing CRM

- ▶ Entice new ID customers who joined app membership to hold in-house credit cards
- ▶ Expand LTV by full use of the Group integrated data base LTS-Hub



Growth process of Payment and Finance Business

▶ Strengthen alliance with department store and expand basis for growth by promoting acquisition of new cardholders

➤ Increase cardholders

- Renewed Daimaru Matsuzakaya Card (January 2021)
- Increase the number of cardholders online, via app, as well as in stores

➤ Promote merchant business

- Improve payment environment in the Group
- Help send customers in the Group

➤ Expand insurance/finance business

- Took over insurance agency business from Daimaru Kogyo to expand financial service
- Strengthen revolving / installment / cash advance by increasing the number of cardholders



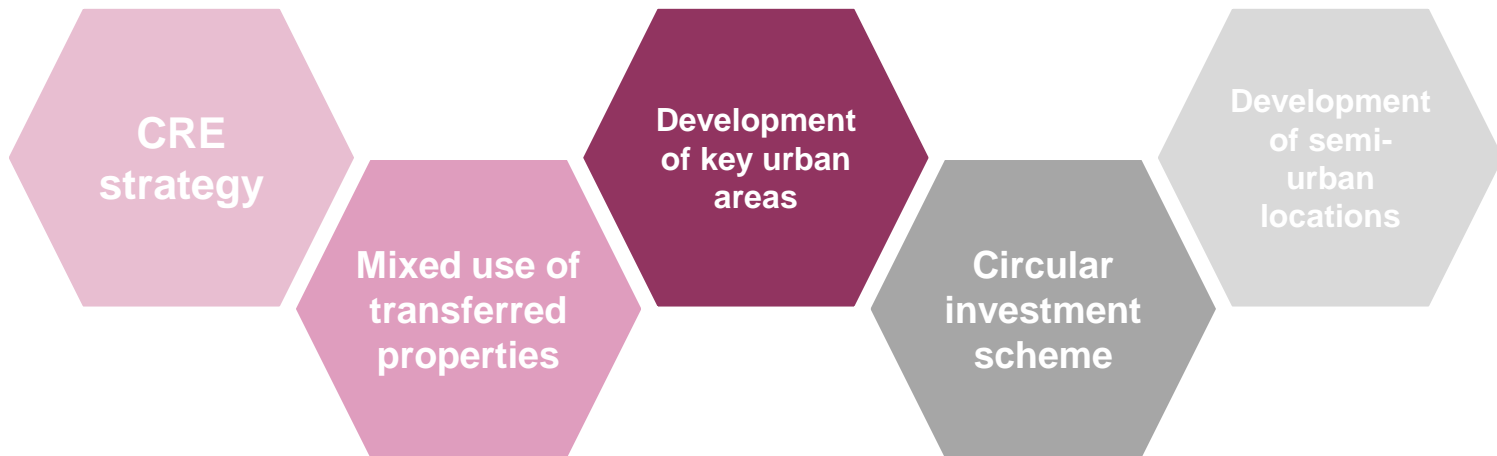
Steadily strengthen business base
as one of pillars of the Group's medium- to long-term growth

Achieve operating profit of ¥5 billion early

“Developer Business” developed from Real Estate Business

- ▶ Accumulate know-how using transferred properties for multiple purposes not limited to commercial purpose
- ▶ Maximize real estate value by implementing CRE strategy via sale and replacement of assets

Changes in portfolio for revenue diversification



Medium-term pipeline

Current medium-term plan period is upfront investment phase, realize dramatic growth in or after next medium-term plan period

Large-scale complex development

Shinsaibashi PARCO



Development of Sakae Kadochi, Nagoya / development of Nagoya area



Open multiple large-scale complex development projects with total floor space of more than 45,000 m²

Development of Osaka Shinsaibashi area

2020

2021-2023

2024-2030

Life Higashinipori store (opened)

Store reopening project on the site of Kumamoto PARCO

Development of semi-urban areas

Open 8 small and medium-sized properties including commercial facilities, residences, offices, totaling more than 25,000 m²

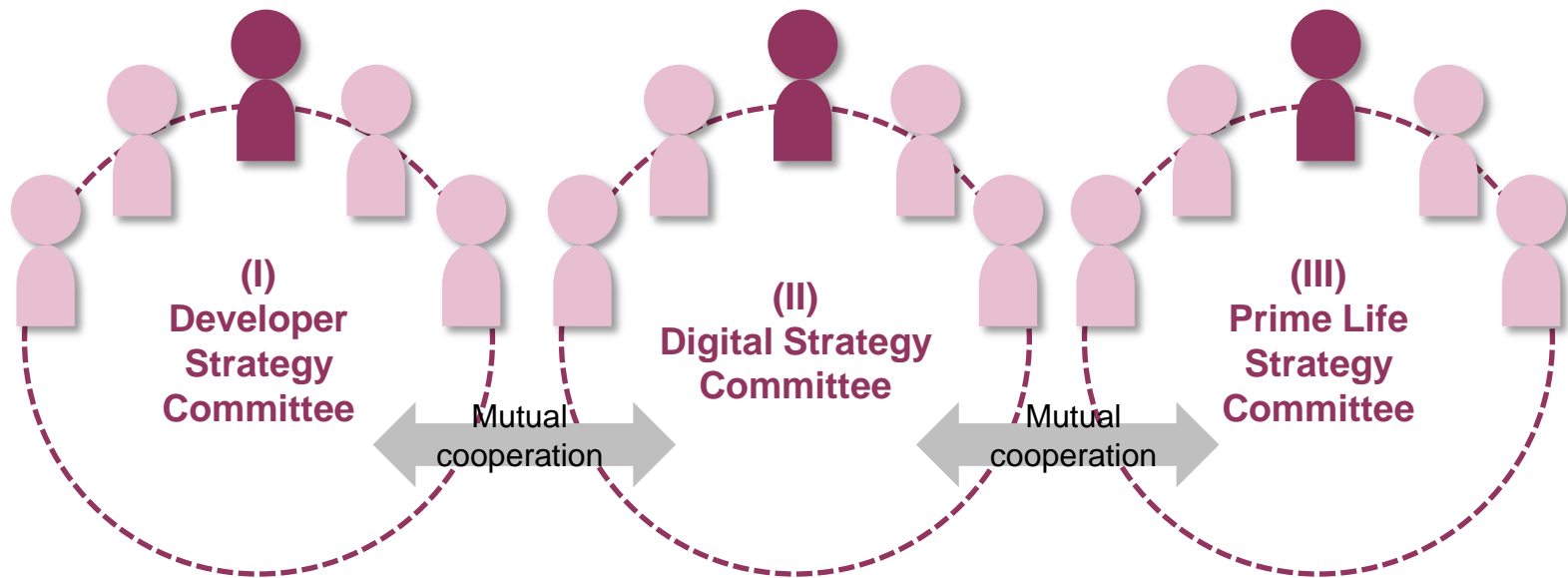


Develop long-term plan for key areas, led by committees

Small/medium development

Set up 3 committees in HD

- ▶ Make maximum use of the Group's strengths and management resources beyond boundaries of operating companies in the Group
- ▶ Committees are led by Executive Officers to promote across the Group



Plan/promote long-term and highly important strategies

Clarification of responsibilities and timeline and focus on commitment to results

Reduction of fixed costs (lowering of break-even point)

- Reform HR structure via business model reform
- Shift operation base to new normal
- Digital advertising
etc.



Reduce fixed costs more than ¥10 billion
(vs. FY2019)

Narrowing of business base

Strictly assess businesses and stores with an eye to the future



Accelerate implementation as much as possible

IT strategy

- ▶ Renovate core systems to advance business management, reduce IT risk, improve management efficiency
- ▶ Shift to high value added operations and respond to diversified work styles using advanced IT technologies
- ▶ Steadily operate systems and achieve robust security using cloud computing
- ▶ Control IT investment allocation in HD to continuously strengthen the Group IT governance

HR strategy

HR management for regrowth

- Retain HRs who support 3 strategies
- Promote HR development and recruitment from outside
- Build system to use the Group HRs

Retaining/developing of digital talents

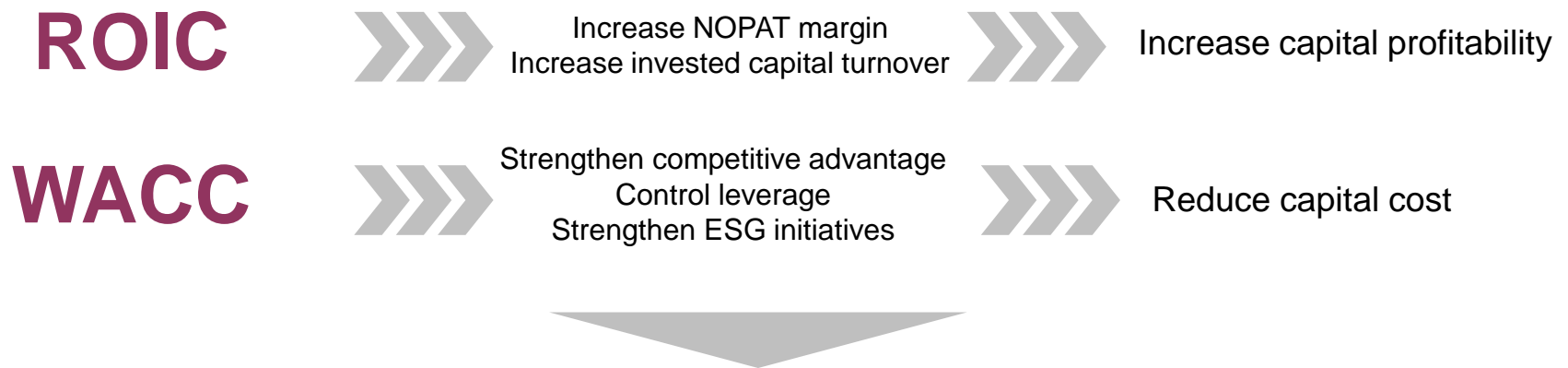
- Retain HRs in HD and send them to the Group companies
- Centrally manage career and skills in HD
- Development program that fits individual IT talents

Promotion of diversity & inclusion, realization of work-life integration

- Promote women's empowerment
- Develop young talents
- Reform work styles
- Understand LGBT

Introduction of ROIC

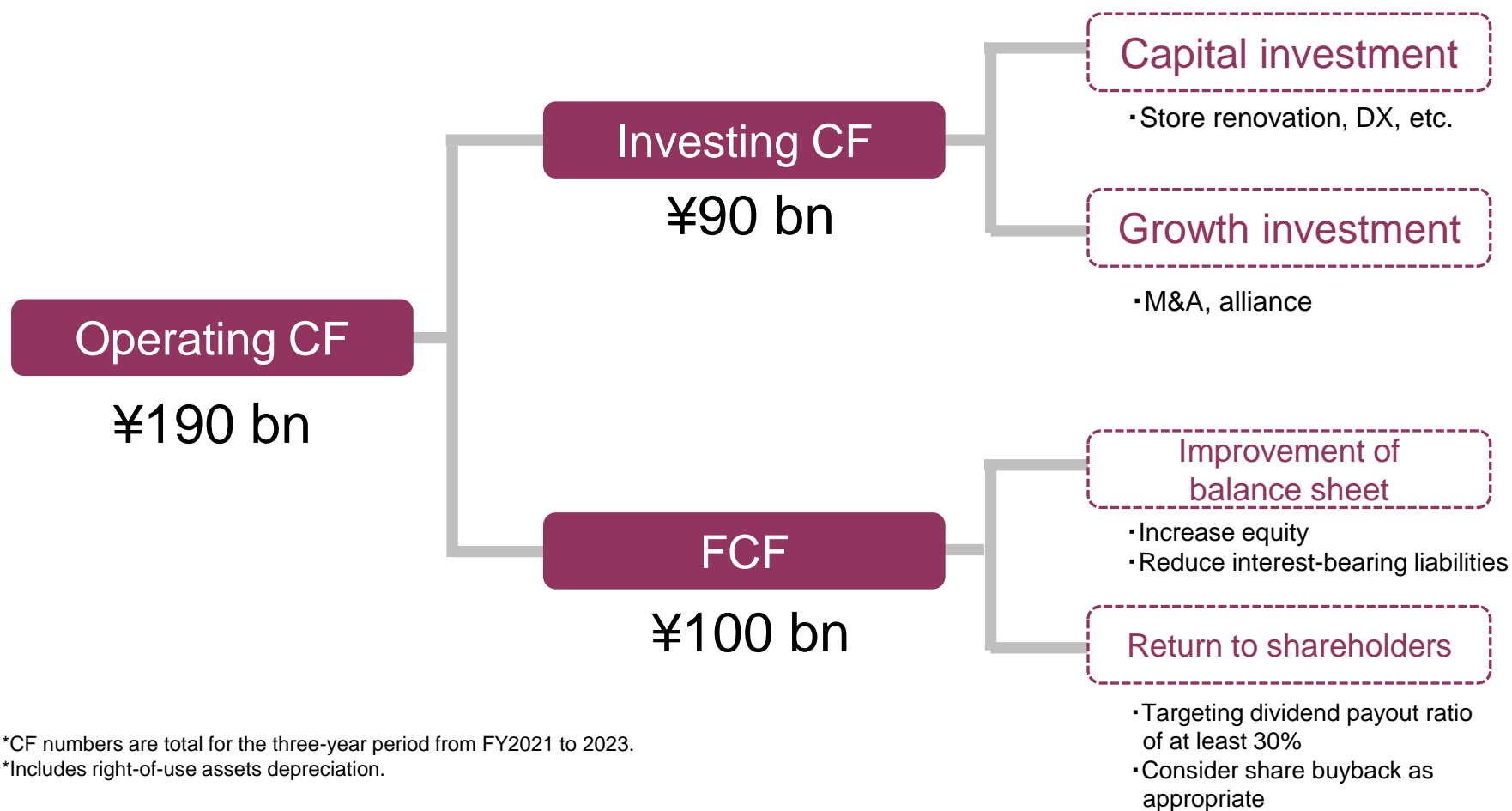
- ▶ Set hurdle rates for each business segment and aim for ROIC above them
- ▶ Strengthen management of Developer Business and Payment and Finance Business for which medium- to long-term growth is expected



$$\begin{array}{lcl} \text{ROIC} & > & \text{WACC} \\ & & \text{(Recognized at 3.5 - 4\% currently)} \\ \text{ROE} & > & \text{Cost of shareholder's equity} \\ & & \text{(Recognized at 6 - 7\% currently)} \end{array}$$

Cash Flow Allocation

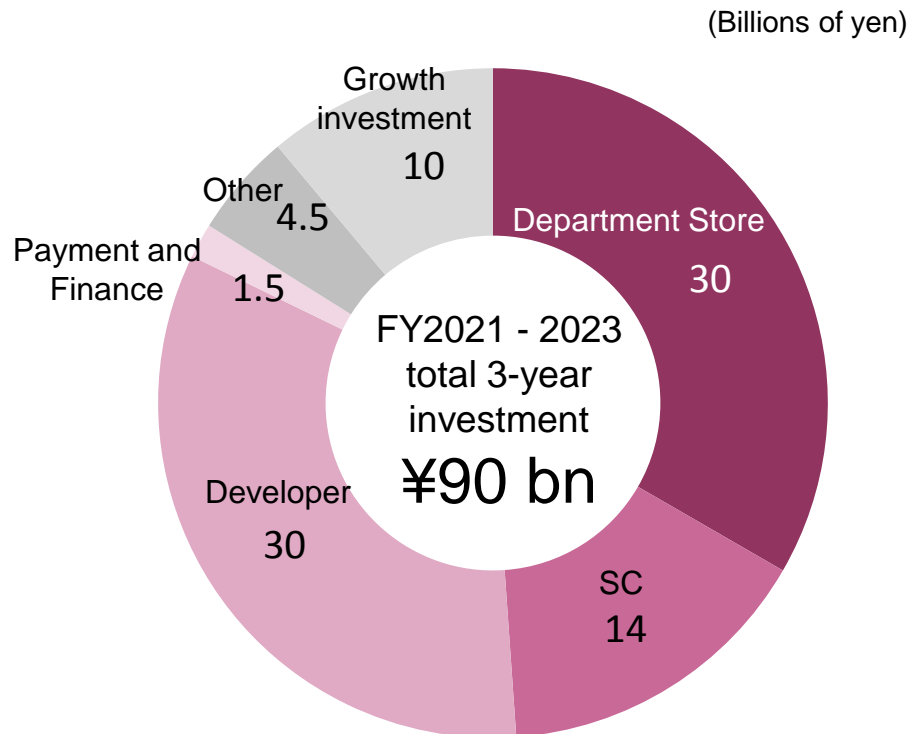
- ▶ From generated operating CF of ¥190 bn, allocate ¥90 bn to investing CF, ¥100 bn to FCF
- ▶ Reduce cash and deposits to ¥30 bn from ¥128.9 bn to repay lease liabilities and interest-bearing liabilities
- ▶ Give priority to improvement of BS damaged by COVID-19 and provide appropriate return to shareholders



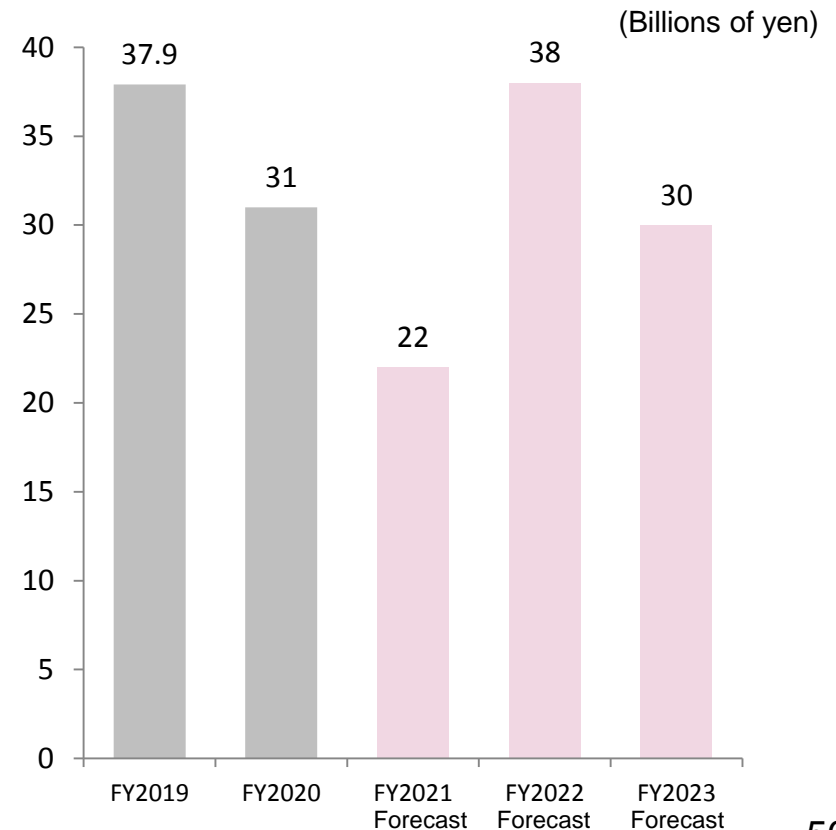
Capital Investment / Growth Investment

- Basically, plan and implement capital investment within the scope of depreciation
- Allocate ¥10 bn as funds for growth investment for the future including M&A and alliance

【Investment plan for each segment】

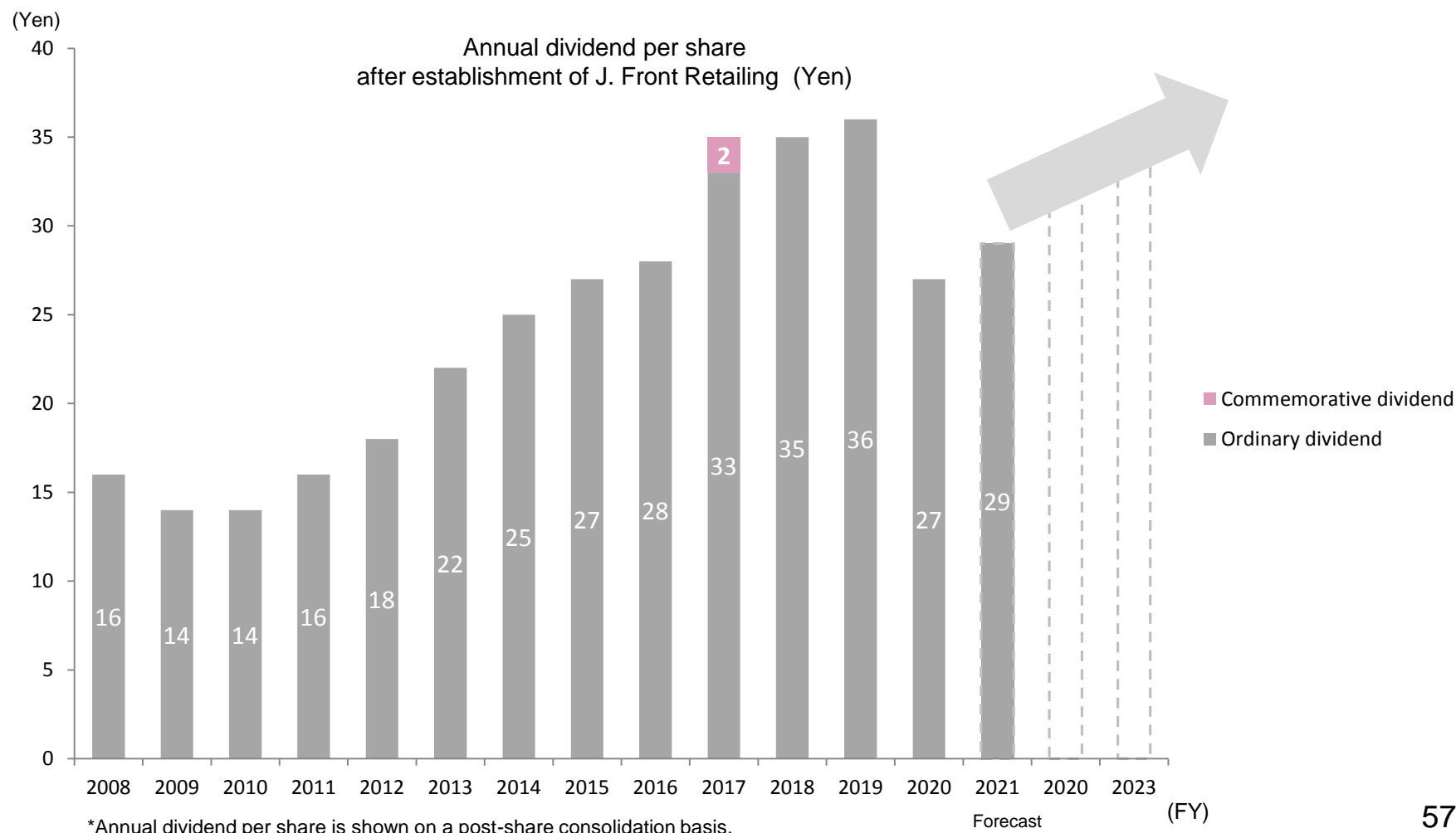


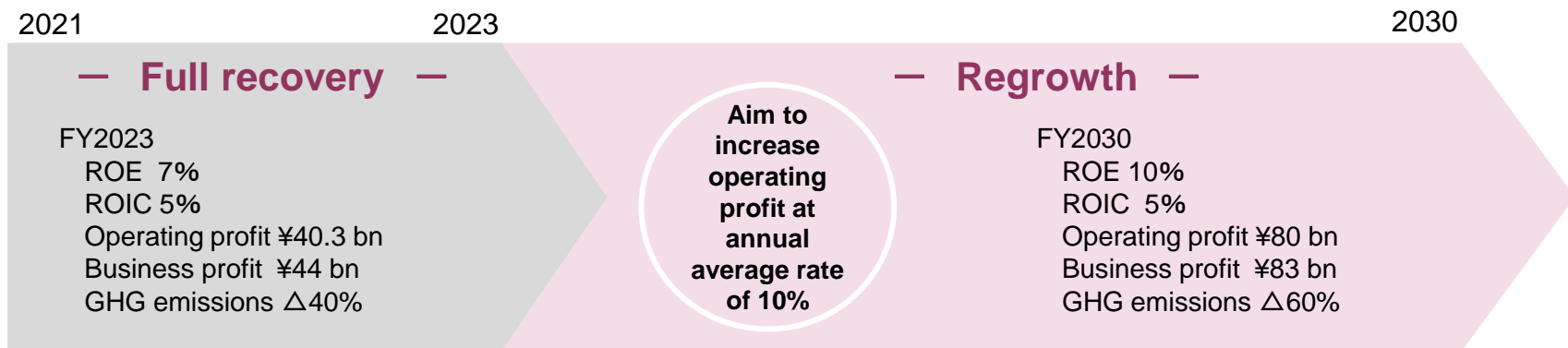
【Historical and medium-term 3-year forecast capital investment】



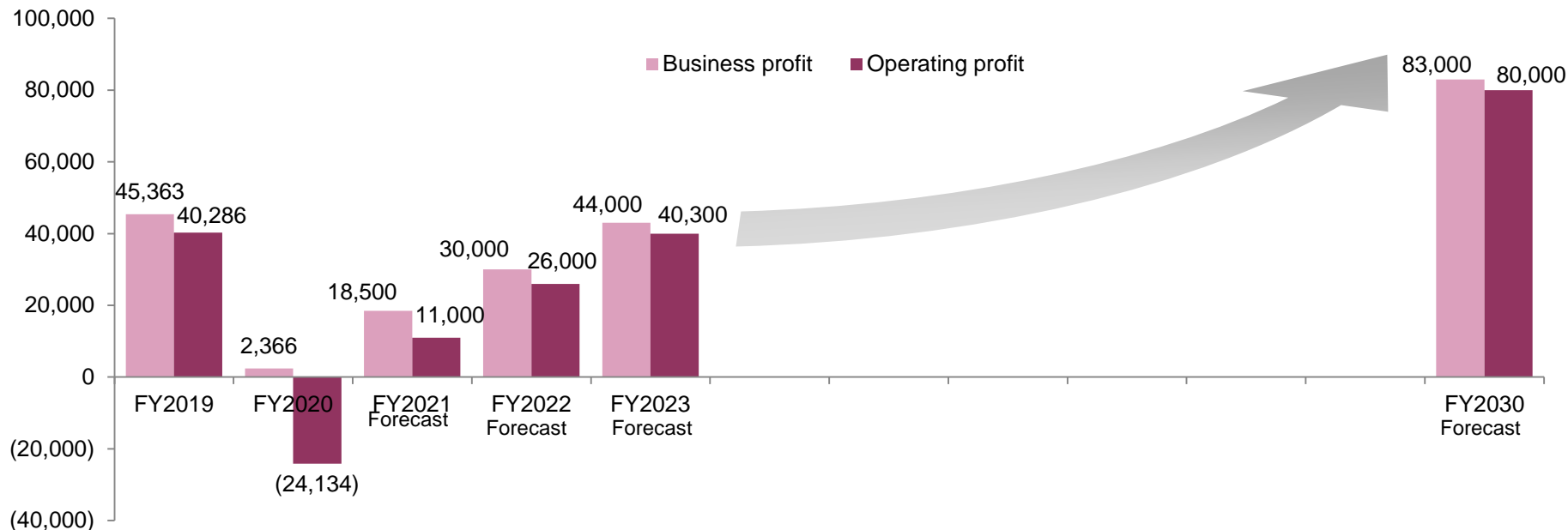
Return to Shareholders

- Basic policy is to return profits with consolidated dividend payout ratio of at least 30% and to consider share buyback as appropriate
- Aim to recover dividend per share to FY2019 level as early as possible





(Millions of yen)



Implement sustainable management that creates both social value and economic value

Realize the Group Vision: Create and Bring to Life “New Happiness.”

Links to Daimaru Matsuzakaya & Parco Examples of “Real × Digital Strategy”



新しい生活がはじまる。

Entry into fashion subscription business “AnotherADdress”

【Press conference】
<https://youtu.be/8Tlpyc9wbkU>

【Website】
<https://anotheraddress.jp/>

Launched on Friday, March 12. Mr. Sawada, President of Daimaru Matsuzakaya, and Mr. Tabata, who is responsible for the business, gave their thoughts about this business at the conference.

AnotherADdress



Focus on “people.” Cosmetics OMO shopping that merges real and digital (Planned to launch in FY2021)

<https://www.youtube.com/watch?v=GxWXJ0tfjRQ>

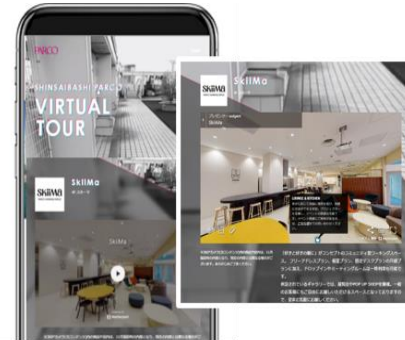
Also functions as media that provide attractive information on cosmetics and provides more convenient online shopping via online counseling and webinars by beauty advisers



PARCO online TV Nagoya PARCO “LEE”

https://www.instagram.com/tv/CM3wa_hj8Bj/

Renewed “PARCO online mall,” which was launched to serve customers online last year, as “PARCO online TV” that streams special videos and live performance using Instagram Live and IGTV to connect customers to stores. Planned to stream in collaboration and from stores on a regular basis.



Shinsaibashi PARCO virtual tour

<https://my.matterport.com/show/?m=SF1u4Dj3cZP>
<https://my.matterport.com/show/?m=QUq2jr5tPet>

Shinsaibashi PARCO, which, like art exhibitions, restricted admission to reduce congestion and prevent infection when it opened, provides online content named virtual tour that provides 3D view experience so that customers can feel like really visiting Shinsaibashi PARCO at home.



SHIBUYA PARCO ReOPEN Eve Virtual Shibuya PARCO

<https://youtu.be/8UmsWxxo0GAhttps>

Online event held after 1st state of emergency was lifted. Hit a record-high number of **PVs of 0.2 million in 4 hours**. Helped bring excitement to reopening after closure due to COVID-19 with live performance by artist BiSH and DJ performance by Okamoto Reiji (OKAMOTO'S).

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

Create and
Bring to Life
“New Happiness.”



J. FRONT RETAILING

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.