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

<Reference data>

June 30, 2022

Create and Bring to Life “New Happiness.”

J. FRONT RETAILING

Q1 FY2022 Financial Results

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<Q1 financial summary>

- Revenue and profits greatly increased due to normalization of economic activities from April, return of foot traffic, and also rebound from store closure last year, etc.

- In Q1, compared to H1 forecast, revenue was slightly down but business profit was up as a result of thorough cost management, etc.

- Keep full year forecast unchanged from figures released in April in light of uncertainties in business environment, etc.

Q1 (Mar – May) FY2022 Consolidated Results (IFRS)

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- Sales greatly improved due to return of foot traffic, recovery of consumption from April, and also rebound from impact of closure last year
- Costs increased partly due to strategic investment and rebound from transfer of fixed costs but profits increased due to sales improvement
- Operating profit increased partly due to rebound from loss on transfer of subsidiary and transfer of fixed costs last year

(Millions of yen, unless otherwise stated)

Three months ended May 31, 2022	Results	YoY	
		Amount	%
Gross sales	227,165	38,925	20.7
Revenue	81,905	7,808	10.5
Gross profit	40,546	7,011	20.9
SGA	33,501	1,265	3.9
Business profit	7,045	5,747	442.4
Other operating income	1,260	829	192.0
Other operating expenses	745	(4,805)	(86.6)
Operating profit	7,560	11,379	—
Profit attributable to owners of parent	5,974	9,036	—

Q1 (Mar – May) FY2022 Segment Information (IFRS)

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- Department Store: Both customer traffic and sales steadily recovered
  Revenue and profits increased partly due to rebound from closure last year
- SC: Revenue increased excluding impact of transfer of subsidiary
  Profits increased partly due to rebound from loss on transfer last year
- Developer: Revenue and profits increased partly due to increase in orders for interior construction, electrical work, etc. received by PSS
- Payment and Finance: Revenue and profits increased due to increase in annual fee income and merchant fees

(Millions of yen, unless otherwise stated)

Three months ended May 31, 2022	Revenue			Business profit			Operating profit		
	Results	YoY		Results	YoY		Results	YoY	
		Amount	%		Amount	%		Amount	%
Department Store	48,821	9,112	22.9	2,650	3,579	—	2,263	6,242	—
SC	13,181	(605)	(4.4)	2,208	722	48.6	2,880	3,835	—
Developer	13,345	1,705	14.6	832	14	1.7	1,034	158	18.1
Payment and Finance	3,154	819	35.1	1,012	944	—	1,025	950	—
Other	13,375	(2,431)	(15.4)	407	183	81.5	451	258	133.5
Adjustments	(9,962)	(790)	—	(66)	302	—	(94)	(65)	—
Total	81,905	7,808	10.5	7,045	5,747	442.4	7,560	11,379	—

Q1 (Mar – May) FY2022 Consolidated SGA

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- Increased ¥1.0 billion in real terms excluding special factors including rebound from transfer of fixed costs last year and impact of transfer of subsidiary
- Investment costs and costs proportional to sales increased but effect of restructuring (down ¥1.0 billion), etc. contributed

(Millions of yen, unless otherwise stated)

Item	Three months ended May 31, 2022	YoY	Major reasons for changes
Personnel expenses	11,651	(1,026)	【Personnel expenses】 ・Rebound from transfer of fixed costs last year: Up ¥0.5 billion ・Decrease due to transfer of subsidiary: Down ¥0.9 billion ・Effect of restructuring: Down ¥0.6 billion
Advertising expenses	2,645	(16)	
Packing and transportation costs	340	(2)	【Depreciation】 ・Rebound from transfer of fixed costs last year: Up ¥1.0 billion
Rent expenses	152	(194)	【Operational costs】 ・Cost increase due to investment: Up ¥0.6 billion
Depreciation	6,622	818	
Operational costs	2,061	538	【Other】 ・Increase in costs proportional to sales: Up ¥0.8 billion ・Rebound from transfer of fixed costs last year: Up ¥0.4 billion ・Impact of rising prices including utilities: Up ¥0.3 billion ・Decrease due to transfer of subsidiary: Down ¥0.3 billion
Other	10,026	1,145	
Total SGA	33,501	1,265	

Up ¥1.0 billion in real terms ← Excluding special factors (up ¥0.2 billion due to transfer of fixed costs and transfer of subsidiary)

Consolidated BS (IFRS)

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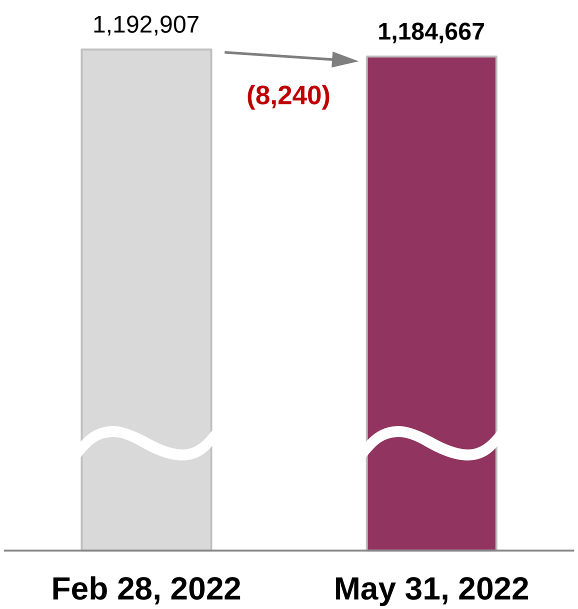
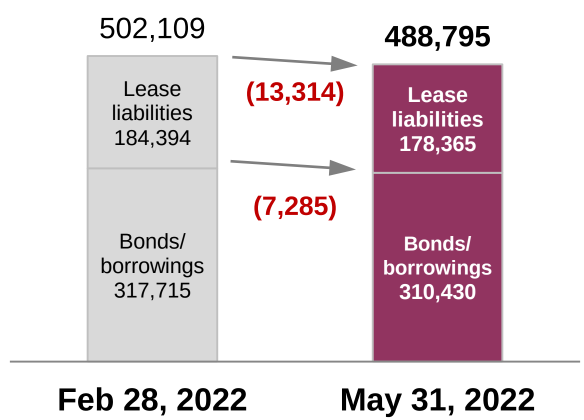
- Total assets decreased ¥8.2 billion from end of previous fiscal year partly due to gradual right-sizing of cash and deposits
- Interest-bearing liabilities (excluding lease liabilities) reduced ¥7.3 billion from end of previous fiscal year partly due to redemption of CPs
- Ratio of equity attributable to owners of parent was up 0.4 points from end of previous fiscal year due to increase in retained earnings

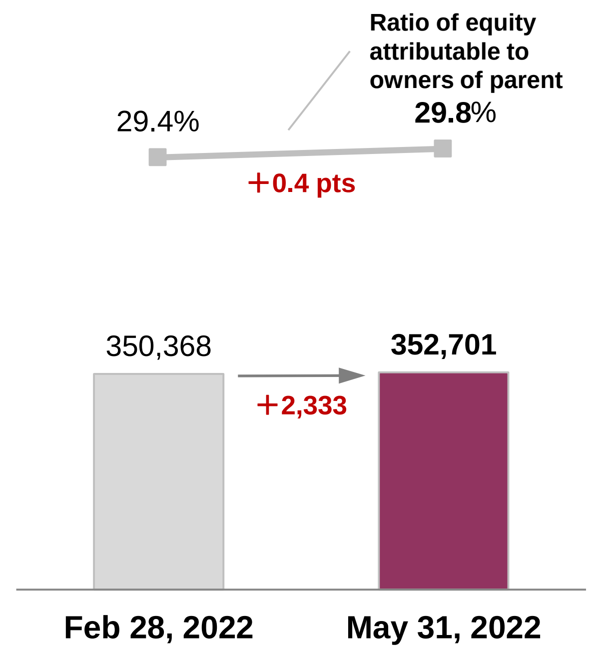
Total assets



Interest-bearing liabilities



Equity attributable to owners of parent



(Millions of yen)

Consolidated CF (IFRS)

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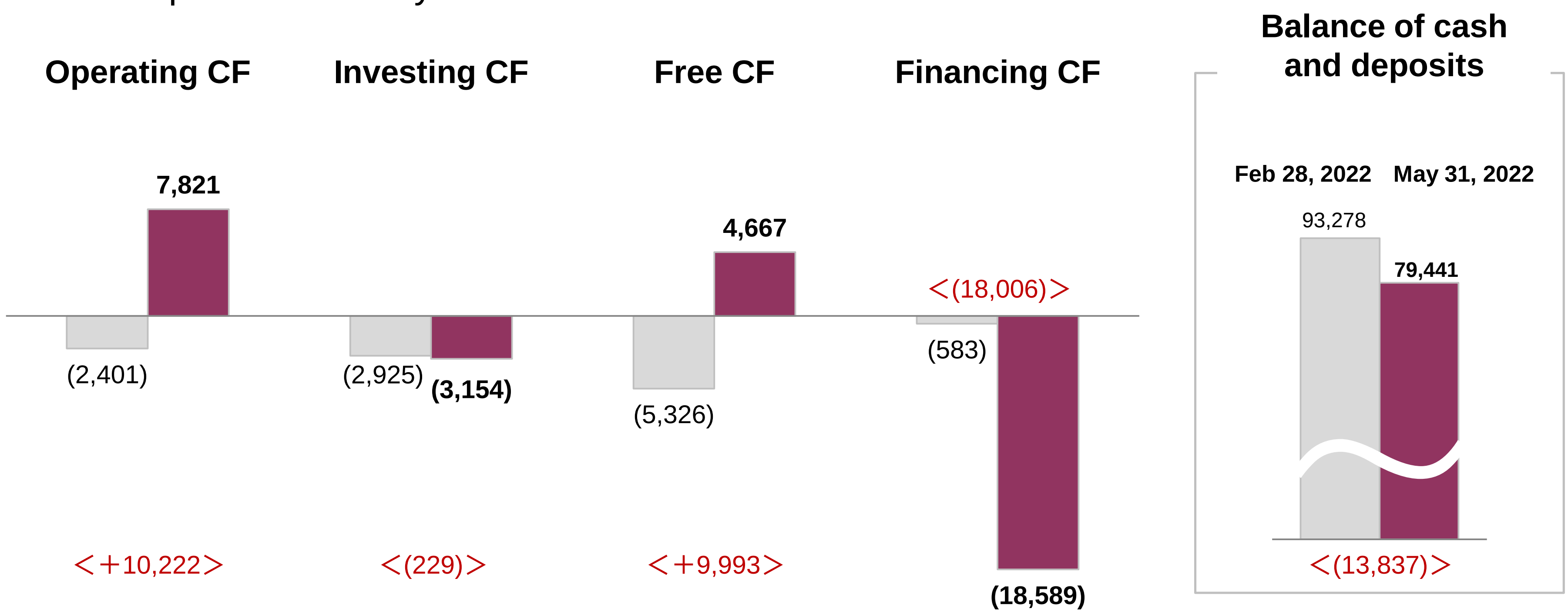
- Operating CF was ¥7.8 billion, up ¥10.2 billion YoY, to which profit recovery greatly contributed
- Secured free CF of ¥4.6 billion due to change in some investment plans as well as increase in operating CF
- Reduced cash and deposits, which were reserved for COVID-19 measures, ¥13.8 billion from end of previous fiscal year



Figures in angle brackets represent YoY changes.

(Millions of yen)

■ Results for three months ended May 31, 2021
■ Results for three months ended May 31, 2022

Q1 (Mar - May) FY2022 Daimaru Matsuzakaya Department Stores (IFRS)

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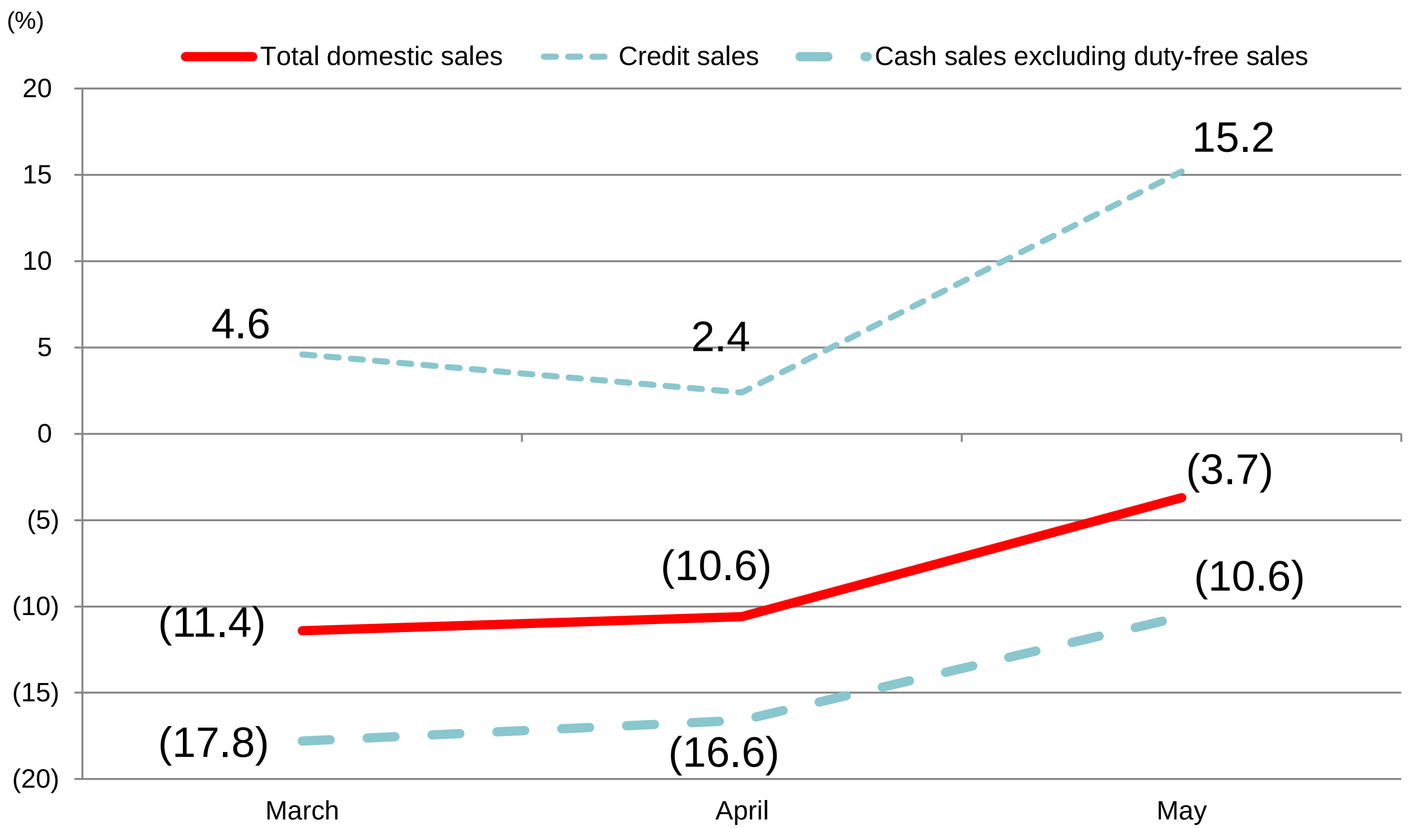
- Customer traffic and sales improved due to return of foot traffic and sales measures as well as robust spending by affluent people
- SGA increased YoY partly due to rebound from transfer of fixed costs last year but thoroughly managed costs during the period
- Both business profit and operating profit were above H1 forecast

(Millions of yen, unless otherwise stated)

Fiscal year ending February 28, 2023	Q1 (March - May)		
	Results	YoY	
		Amount	%
Gross sales	135,383	31,563	30.4
Revenue	44,884	8,618	23.8
Gross profit	28,640	6,381	28.7
SGA	25,849	3,170	14.0
Business profit	2,790	3,209	－
Other operating income	353	18	5.4
Other operating expenses	434	(2,640)	(85.9)
Operating profit	2,709	5,867	－

- Domestic sales (excluding duty-free sales) greatly improved along with customer traffic from April
- Decrease in total domestic sales was in 8% range in Q1, recovered to 3% range in May
- Of domestic sales, credit sales increased in 7% range in Q1, cash sales excluding duty-free sales also improved gradually

Monthly domestic sales (% change)



*Comparison of total comparable stores excluding corporate sales and head office (excluding Yamashina, Shimonoseki, and Toyota stores)

Daimaru Matsuzakaya Department Stores Major Store Sales

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- Domestic sales of Shinsaibashi and Kobe stores were above FY2019 level, those of Sapporo store also improved to FY2019 level
- Revenue of terminal stores (Tokyo, Umeda) increased YoY but slowly
- Continue to aim to further strengthen key categories including luxury

(%)

Three months ended May 31, 2022	YoY		vs. FY2019	
	Total	Domestic	Total	Domestic
Shinsaibashi	56.0	52.4	(34.6)	11.3
Umeda	57.0	57.3	(32.0)	(24.5)
Tokyo	50.8	50.5	(29.9)	(26.9)
Kyoto	23.8	23.4	(16.2)	(9.5)
Kobe	43.9	42.4	5.1	6.6
Sapporo	29.8	29.7	(11.0)	(0.8)
Nagoya	16.1	16.1	(6.4)	(3.1)
Total directly managed stores	31.8	31.0	(18.1)	(8.7)

*Total is the total of comparable stores excluding corporate sales and head office.
(YoY excludes Toyota store, vs. FY2019 excludes Yamashina, Shimonoseki and Toyota stores.)

Q1 (Mar – May) FY2022 Daimaru Matsuzakaya Department Stores SGA

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- Major reasons for increase are rebound from transfer of fixed costs last year (¥2.2 billion), investment, and sales improvement
- Though some items increased due to rising prices, total was controlled with thorough cost management
- Reduced ¥3.1 billion from FY2019 partly due to effect of restructuring on personnel expenses, outsourcing expenses, etc.

(Millions of yen, unless otherwise stated)

Item	Three months ended May 31, 2022	YoY	vs. FY2019	Major reasons for YoY changes
Personnel expenses	7,219	1,920	1,044	【Personnel expenses】 ・Absorption of DMSA, streamlining of services outsourced to other companies in the Group: Up ¥2.0 billion ・Rebound from transfer of fixed costs last year: Up ¥0.3 billion ・Effect of restructuring: Down ¥0.4 billion 【Depreciation】 ・Rebound from transfer of fixed costs last year: Up ¥1.0 billion 【Operational costs】 ・Rebound from transfer of fixed costs last year: Up ¥0.3 billion ・Cost increase due to investment: Up ¥0.2 billion 【Other】 ・Increase in costs proportional to sales: Up ¥0.9 billion ・Rebound from transfer of fixed costs last year: Up ¥0.5 billion ・Impact of rising prices including utilities: Up ¥0.3 billion ・Absorption of DMSA, streamlining of services outsourced to other companies in the Group: Down ¥2.0 billion
Advertising expenses	2,283	43	(209)	
Packing and transportation costs	308	24	(111)	
Rent expenses	59	38	(78)	
Depreciation	5,338	868	(162)	
Operational costs	2,823	518	(273)	
Other	7,817	(239)	(3,354)	
Total SGA	25,849	3,170	(3,145)	

Q1 (Mar - May) FY2022 Parco (IFRS)

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- SC Business increased profits due to improvement of operating revenue, entertainment subsidies, and rebound from loss on transfer last year
- Developer Business decreased revenue partly due to closure of Dotonbori ZG but increased operating profit partly due to cancellation of lease
- Parco, on non-consolidated basis, increased both business profit and operating profit

(Millions of yen, unless otherwise stated)

Three months ended May 31, 2022	SC Business			Developer Business			Total Parco		
	Results	YoY		Results	YoY		Results	YoY	
		Amount	%		Amount	%		Amount	%
Gross sales	60,018	11,043	22.5	1,725	(310)	(15.2)	61,743	10,733	21.0
Operating revenue	13,167	1,754	15.4	1,725	(310)	(15.2)	14,892	1,444	10.7
Operating costs	9,145	1,237	15.6	784	(93)	(10.6)	9,930	1,145	13.0
Operating gross profit	4,021	517	14.7	940	(217)	(18.7)	4,962	300	6.4
SGA	1,814	27	1.5	514	(94)	(15.5)	2,329	(67)	(2.8)
Business profit	2,206	490	28.5	426	(123)	(22.4)	2,632	366	16.2
Other operating income	758	639	537.1	224	134	147.8	983	774	368.8
Other operating expenses	87	(2,923)	(97.1)	27	9	45.2	114	(2,915)	(96.2)
Operating profit	2,877	4,051	－	623	3	0.4	3,501	4,054	－

Parco Stores Monthly Tenant Transaction Volume Trends (vs. FY2019)

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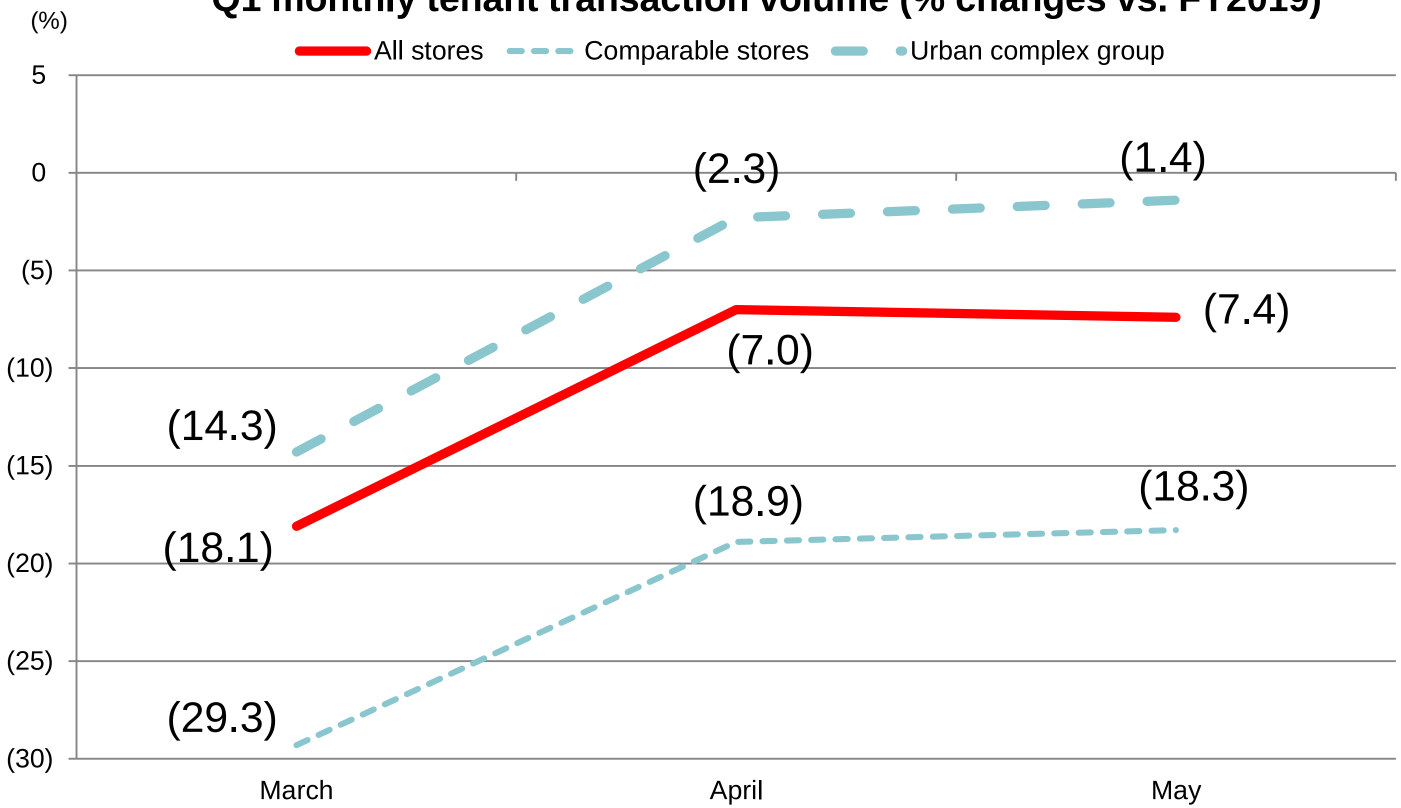
- Decreased by double digits on comparable store basis but customer traffic and tenant transaction volume greatly improved from April
- Recovered to 7% range decrease in total all stores including Shibuya and Shinsaibashi PARCO and to 1% range decrease in total urban complexes
- Strive to strengthen revenue with strategic investment in flagship stores in addition to strong performance of Shibuya and Shinsaibashi

Q1 monthly tenant transaction volume (% changes vs. FY2019)



*Total urban complex group excludes the results of Shintokorozawa PARCO, Tsudanuma PARCO, Hibarigaoka PARCO, Matsumoto PARCO, Utsunomiya PARCO, and Kumamoto PARCO.

*Total comparable stores excludes the results of Shibuya PARCO, Shinsaibashi PARCO, the 1st basement and cinema complex of PARCO_ya Ueno, Utsunomiya PARCO, and Kumamoto PARCO.

Website https://www.j-front-retailing.com

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