Financial Results for the Third Quarter of Fiscal Year Ending February 28, 2022

<Reference data>

December 28, 2021

Create and Bring to Life “New Happiness.”

J. FRONT RETAILING

Q3 FY2021 Consolidated Results (IFRS)

J. FRONT RETAILING

- Sales were on an improvement trend mainly due to the recovery of foot traffic after the termination of the state of emergency
- Turned into operating profit in cumulative Q3 due to the recovery of sales and cost reduction. Full year forecast unchanged
- In anticipation of the adoption of the consolidated taxation system in the next fiscal year, tax expenses decreased by ¥2.1 billion in Q3

(Millions of yen, unless otherwise stated)

Fiscal year ending February 28, 2022	Q3 (Sep - Nov)			Cumulative Q3 (Mar - Nov)		
	Results	YoY		Results	YoY	
		Change	% change		Change	% change
Gross sales	221,199	7,227	3.4	623,348	88,740	16.6
Revenue	80,146	(3,082)	(3.7)	237,479	6,780	2.9
Gross profit	38,224	826	2.2	107,918	11,069	11.4
SGA	32,995	(2,763)	(7.7)	99,034	4,075	4.3
Business profit	5,228	3,588	218.8	8,883	6,993	369.9
Other operating income	1,330	151	12.7	2,987	(1,884)	(38.7)
Other operating expenses	762	96	14.4	7,463	(17,783)	(70.4)
Operating profit	5,796	3,643	169.1	4,407	22,890	—
Profit attributable to owners of parent	5,665	4,986	733.8	3,669	19,301	—

Q3 (Sep - Nov) FY2021 Segment Information (IFRS)

J. FRONT RETAILING

- Department Store: Increased profit due to the recovery of volume zone sales and cost reduction as well as strong sales of high-priced items
- SC: Decreased sales due to the transfer of Neuve A but increased profit thanks to opening of Shinsaibashi PARCO and cost reduction
- Developer: Decreased sales due to an absence of the construction of Shinsaibashi last year but increased profit due to sale of assets
- Payment and Finance: Increased profit due to an increase in annual membership fee and the recovery of merchant transaction volume

(Millions of yen, unless otherwise stated)

Three months ended November 30, 2021	Revenue			Business profit			Operating profit		
	Results	YoY		Results	YoY		Results	YoY	
		Change	% change		Change	% change		Change	% change
Department Store	46,178	1,322	2.9	1,566	1,703	—	1,757	1,565	813.1
SC	12,580	(2,973)	(19.1)	1,555	982	171.2	1,647	631	62.1
Developer	12,707	(777)	(5.8)	1,070	149	16.3	1,298	586	82.2
Payment and Finance	2,978	641	27.4	649	666	—	664	664	—
Other	14,446	(2,172)	(13.1)	322	(222)	(40.9)	328	(348)	(51.5)
Adjustments	(8,746)	876	—	64	308	—	99	543	—
Total	80,146	(3,082)	(3.7)	5,228	3,588	218.8	5,796	3,643	169.1

Q3 (Sep - Nov) FY2021 Daimaru Matsuzakaya Department Stores (IFRS)

J. FRONT RETAILING

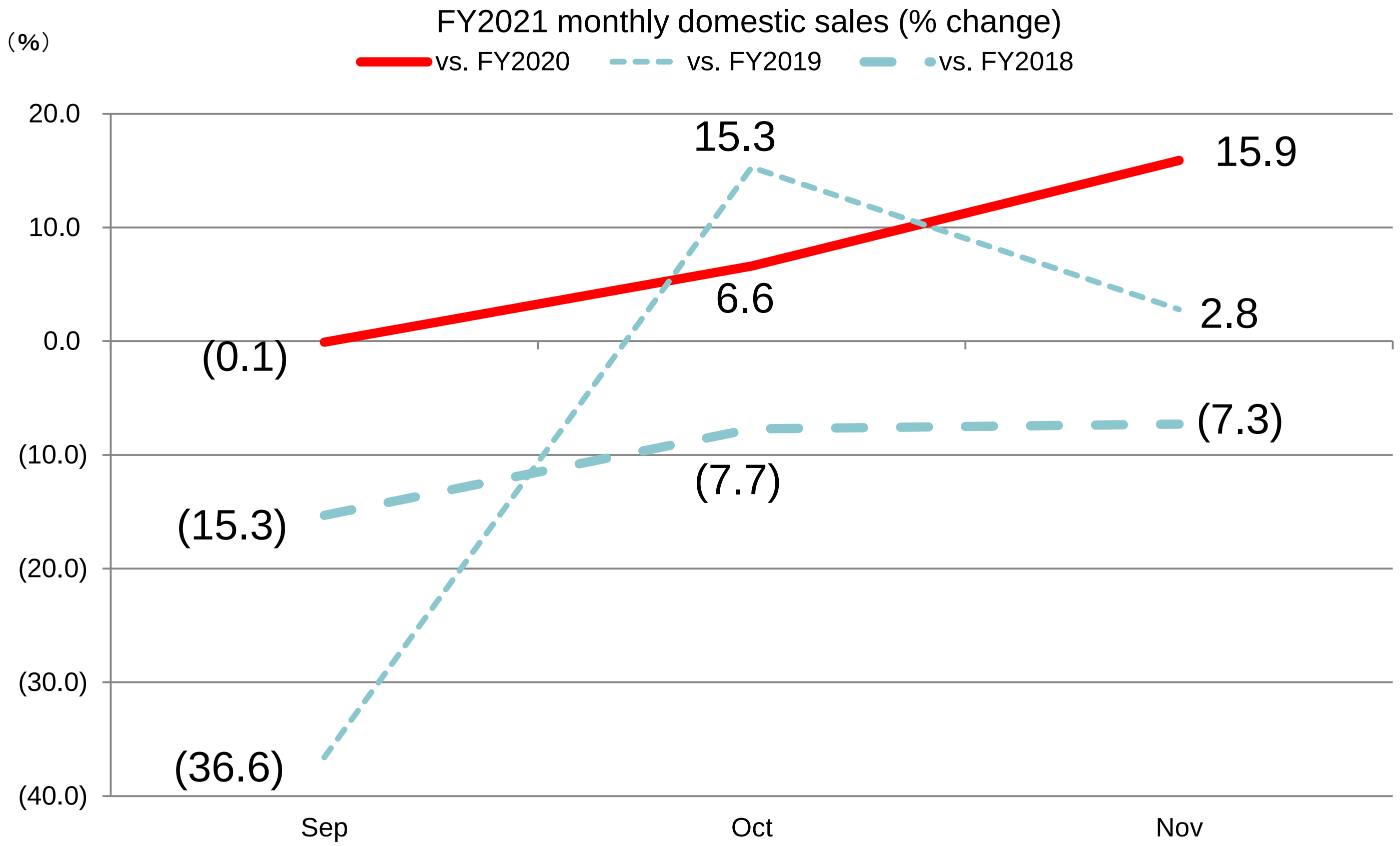
- Both customer traffic and sales continued to improve after the termination of the state of emergency
- Increased profit significantly in Q3 and turned into business profit in cumulative Q3
- Increased profit due to the subsidy of ¥300 million received for following temporary closure requests (other operating income) as well as sales increase and cost reduction

(Millions of yen, unless otherwise stated)

Fiscal year ending February 28, 2022	Q3 (Sep - Nov)			Cumulative Q3 (Mar - Nov)		
	Results	YoY		Results	YoY	
		Change	% change		Change	% change
Gross sales	129,002	8,763	7.3	354,373	57,444	19.3
Revenue	42,353	1,418	3.5	121,627	12,444	11.4
Gross profit	27,167	1,431	5.6	75,045	10,845	16.9
SGA	25,353	(228)	(0.9)	73,686	7,401	11.2
Business profit	1,813	1,659	—	1,359	3,443	—
Other operating income	689	370	115.9	1,672	(958)	(36.4)
Other operating expenses	269	43	19.3	3,610	(15,126)	(80.7)
Operating profit	2,233	1,986	801.6	(578)	17,613	—

Daimaru Matsuzakaya Department Stores Domestic Sales Trends

- Domestic sales excluding duty-free sales greatly improved following the recovery of customer traffic
- Sales of luxury and high-priced items were strong but the recovery of spending on volume zone items was slow
- Recovered to a decrease of 7% level compared to FY2018 when there was no impact of the consumption tax rate change



*Comparable store basis: Comparison to FY2019 excludes Shimonoseki and Toyota stores
Comparison to FY2018 excludes Yamashina, Shimonoseki, and Toyota stores

Daimaru Matsuzakaya Department Stores Major Store Sales

J. FRONT RETAILING

- Sales of directly managed stores (on a comparable basis) steadily improved but slightly below forecast
- Sales of Kobe and Nagoya stores that have a strong loyal customer base including *gaisho* customers increased beyond expectations
- Sales of Tokyo and Umeda stores, which were delayed in recovering, are currently improving mainly due to an increase in train ridership

(%)

Fiscal year ending February 28, 2022	Comparison to FY2020			Comparison to FY2019		
	Q3 (Sep - Nov)		Cumulative Q3 results (Mar - Nov)	Q3 (Sep - Nov)		Cumulative Q3 results (Mar - Nov)
	Results	Forecast		Results	Forecast	
Shinsaibashi	13.1	28.7	36.0	(31.5)	(21.5)	(43.2)
Umeda	3.8	7.9	8.8	(28.9)	(26.0)	(39.2)
Tokyo	9.5	11.7	22.9	(33.3)	(31.9)	(44.3)
Kyoto	1.1	6.7	14.1	(18.7)	(13.9)	(24.8)
Kobe	10.8	(1.7)	21.1	0.4	(9.3)	(12.3)
Sapporo	14.0	18.0	22.2	(15.3)	(12.3)	(25.9)
Nagoya	6.4	5.0	23.2	(11.7)	(12.7)	(14.7)
Total directly managed stores	7.3	8.5	19.9	(18.9)	(17.7)	(28.2)

*Total is on a comparable store basis (Comparison to FY2019 excludes Shimonoseki and Toyota stores).

Q3 (Sep-Nov) FY2021
Daimaru Matsuzakaya Department Stores SGA

J. FRONT RETAILING

- Personnel expenses increased but outsourcing expenses decreased due to the merger of a subsidiary
- Decreased YoY due to thorough restructuring and cost control in spite of an increase in variable cost due to sales increase
- Reduced ¥4.2 billion compared to FY2019 in real terms, if excluding the impact of the absence of a special factor (a decrease of ¥4.1 billion)

(Millions of yen)

Item	Three months ended Nov 30, 2021	YoY change	vs. FY2019
Personnel expenses	6,723	1,297	4,589
Advertising expenses	2,086	0	(874)
Packing and transportation costs	336	(12)	(151)
Rent expenses	72	46	(5)
Depreciation	5,367	(31)	(376)
Operational costs	2,712	(43)	(212)
Other	8,053	(1,485)	(3,105)
Total SGA	25,353	(228)	(132)

Main reasons for changes:

【Comparison to last year】
・Impact of the merger of Daimaru Matsuzakaya Sales Associates
Personnel expenses: Up ¥1.8 billion Other: Down ¥1.8 billion

【Comparison to FY2019】
・Personnel expenses:
Increased in reaction to a decrease (¥4.1 billion) due to the revision of retirement benefit plan in FY2019
・Advertising expenses: Digitalization, streamlining efforts
・Depreciation: Impact of increased efficiency of investment and the transfer of Real Estate to Parco
・Other: Decreased controllable cost, decreased commissions

(420) in real terms

Q3 (Sep-Nov) FY2021 PARCO (IFRS)

J. FRONT RETAILING

- SC Business kept revenue at the same level as last year thanks to opening of Shinsaibashi PARCO, increased profit due to cost reduction (Operating costs and SGA)
- Developer Business increased profit due to an absence of transfer related expenses recorded last year and sale of some assets
- Parco, on an non-consolidated basis, significantly increased business profit and operating profit, respectively

(Millions of yen, unless otherwise stated)

Three months ended November 30, 2021	SC Business			Developer Business			Total Parco		
	Results	YoY		Results	YoY		Results	YoY	
		Change	% change		Change	% change		Change	% change
Gross sales	55,528	397	0.7	2,081	80	4.0	57,610	477	0.8
Operating revenue	12,563	174	1.4	2,081	80	4.0	14,644	254	1.8
Operating costs	9,157	(153)	(1.6)	871	(250)	(22.3)	10,028	(403)	(3.9)
Operating gross profit	3,406	328	10.6	1,210	330	37.4	4,616	657	16.6
SGA	1,849	(504)	(21.4)	611	102	20.0	2,460	(403)	(14.1)
Business profit	1,556	831	114.7	598	227	61.4	2,155	1,059	96.7
Other operating income	304	(228)	(42.8)	476	457	—	781	229	41.5
Other operating expenses	212	26	14.2	31	(236)	(88.4)	243	(211)	(46.3)
Operating profit	1,648	577	53.9	1,044	922	752.2	2,692	1,498	125.5

PARCO Major Store Tenant Transaction Volume

J. FRONT RETAILING

- Transaction volume of Shibuya and Shinsaibashi was strong due to new opening effect
- Comparable stores were on a recovery trend since October but sale of services, etc. struggled
- Urawa and Ikebukuro, which are urban complexes, Nagoya, which is partly closed due to renovation, and some other stores are rearranging their floors

(%)

Fiscal year ending February 28, 2022	Comparison to FY2020		Comparison to FY2019	
	Q3 results (Sep - Nov)	Cumulative Q3 results (Mar - Nov)	Q3 results (Sep - Nov)	Cumulative Q3 results (Mar - Nov)
Sendai PARCO	(6.9)	9.4	(20.0)	(28.3)
Urawa PARCO	(6.6)	13.4	(14.2)	(14.9)
Ikebukuro PARCO	(7.5)	12.4	(33.8)	(41.9)
Shibuya PARCO	11.1	40.3	113.3	308.8
Nagoya PARCO	(8.4)	13.3	(31.4)	(33.6)
Shinsaibashi PARCO	349.5	—	—	—
Hiroshima PARCO	(5.4)	5.5	(21.3)	(29.3)
Fukuoka PARCO	(0.9)	19.2	(15.3)	(24.9)
Total	0.6	20.5	(12.4)	(19.0)
Comparable stores	(4.7)	13.4	(22.7)	(28.4)

*Comparable stores: Comparison to FY2020 excludes Shinsaibashi PARCO and the 1st basement and cinema complex of PARCO_ya Ueno.
Comparison to FY2019 excludes Shibuya PARCO, Utsunomiya PARCO and Kumamoto PARCO in addition to the above.

Appendix

<Reference>

Daimaru Matsuzakaya Department Stores Results

(Retroactive adjustments due to the merger of Daimaru Matsuzakaya Sales Associates)

J. FRONT RETAILING

- Impact in H1: Gross sales increased ¥140 million, business profit decreased ¥60 million, operating profit increased ¥190 million
- No impact in and after H2

(Millions of yen)

Fiscal year ending February 28, 2022	Q1 (Mar - May)	Q2 (Jun - Aug)	H1	H1 Before retroactive adjustment	Impact
Gross sales	103,889	121,628	225,517	225,371	147
Revenue	36,335	43,084	79,420	79,273	147
Gross profit	22,248	25,616	47,864	47,878	(13)
SGA	22,725	25,653	48,379	48,332	47
Business profit	(477)	(37)	(514)	(454)	(60)
Other operating income	342	891	1,233	982	250
Other operating expenses	3,081	257	3,339	3,340	(1)
Operating profit	(3,216)	595	(2,620)	(2,812)	191

Website 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.