



～ Step Up a Gear for Change ～

Presentation of Results for First Six Months of Fiscal Year Ending February 28, 2023

October 11, 2022

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President and Representative Executive Officer
J. Front Retailing Co., Ltd.

Create and Bring to Life “New Happiness.”



J. FRONT RETAILING

Today's Agenda

- I. Overview of H1 FY2022 Results
- II. H2/Full FY2022 Forecast
- III. Progress of Medium-term Business Plan

Overview of H1 FY2022 Results (IFRS)



Consolidated PL (IFRS)

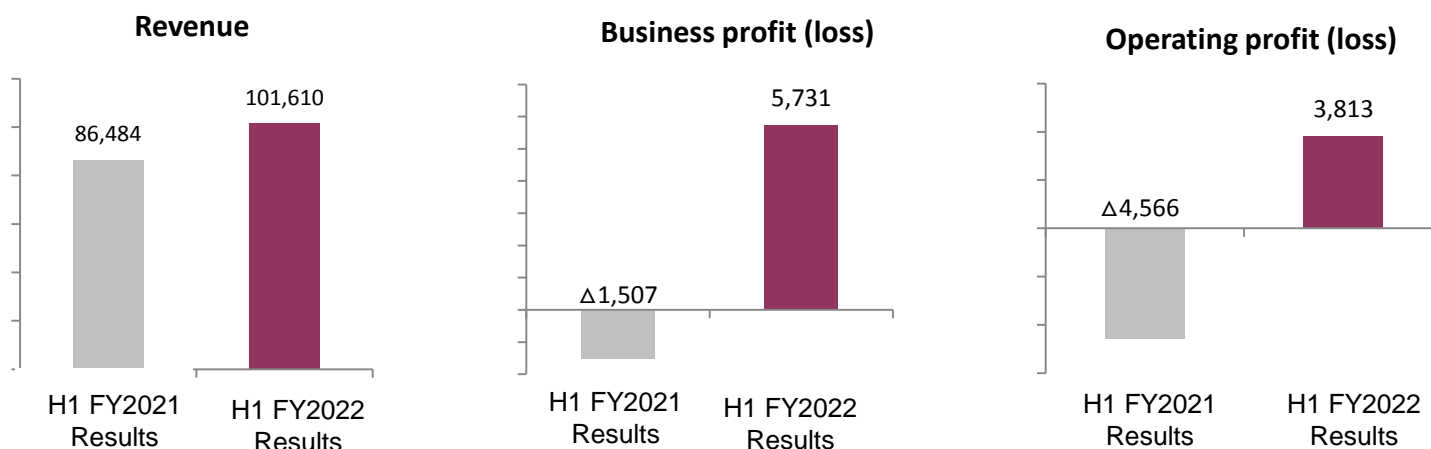
- ▶ Sales significantly increased but recovery was slower than expected due to 6th and 7th waves of COVID-19
- ▶ Cost control succeeded; business profit, operating profit, profit attributable to owners of parent were all above forecast
- ▶ Paid interim dividend of ¥15 per share, up ¥1 YoY, as planned at beginning of year

(Millions of yen, unless otherwise stated)

First six months of fiscal year ending February 28, 2023	Q1		Q2		H1		
	Results	YoY %	Results	YoY %	Results	YoY %	vs. April forecast
Gross sales	227,165	20.7	236,964	13.3	464,130	16.8	(27,870)
Revenue	81,905	10.5	87,223	4.8	169,129	7.5	(9,871)
Gross profit	40,546	20.9	42,315	17.0	82,861	18.9	(3,639)
SGA	33,501	3.9	35,730	5.7	69,232	4.8	(5,768)
Business profit	7,045	442.4	6,584	179.5	13,629	272.9	2,129
Other operating income	1,260	192.0	1,059	(13.5)	2,320	40.0	1,320
Other operating expenses	745	(86.6)	1,966	70.9	2,712	(59.5)	712
Operating profit	7,560	—	5,677	133.6	13,237	—	2,737
Profit attributable to owners of parent	5,974	—	4,181	291.6	10,155	—	4,155
Dividend per share (Yen)					(Interim) 15	(Yen) 1	

Segment Performance (1) Department Store (IFRS)

- ▶ Recovery was slower than expected due to 6th and 7th waves of COVID-19
- ▶ SGA: Positively affected by restructuring and control of advertising expenses, repair expenses, etc. during period
- ▶ Business profit was ¥1.2 billion above forecast, operating profit was only ¥0.3 billion above forecast due to impairment losses



(Millions of yen, unless otherwise stated)

First six months of fiscal year ending February 28, 2023	Q1		Q2		H1		
	Results	YoY %	Results	YoY %	Results	YoY %	vs. April forecast
Gross sales	148,114	29.0	157,125	18.2	305,239	23.2	(12,161)
Revenue	48,812	22.9	52,797	12.9	101,610	17.5	(4,690)
SGA	28,616	12.3	29,793	4.2	58,410	8.0	(3,090)
Business profit	2,650	—	3,080	—	5,731	—	1,231
Operating profit	2,263	—	1,550	—	3,813	—	313

Daimaru Matsuzakaya Department Stores Major Store Sales J. FRONT RETAILING

▶ Sales decreased 15.4% in H1 compared to FY2019, decrease in sales excluding inbound sales recovered to 6.2% in Q2

▶ Sales of Kobe store that has strong regular customers were above FY2019 level; domestic sales of Shinsaibashi, Sapporo, Nagoya stores recovered

▶ Tokyo and Umeda stores that highly depend on foot traffic are relatively slow to recover, which requires separate measures

Fiscal year ending February 28, 2023	vs. FY2021			vs. FY2019		
	Q1 Results	Q2 Results	H1 Results	Q1 Results	Q2 Results	H1 Results
Shinsaibashi	56.0	31.4	41.6	(34.6)	(19.8)	(27.3)
Umeda	57.0	2.6	23.3	(32.0)	(30.2)	(31.0)
Tokyo	50.8	33.7	41.6	(29.9)	(27.3)	(28.6)
Kyoto	23.8	14.3	18.7	(16.2)	(12.5)	(14.3)
Kobe	43.9	24.8	33.4	5.1	11.8	8.5
Sapporo	29.8	32.2	31.0	(11.0)	(8.6)	(9.8)
Nagoya	16.1	14.0	15.0	(6.4)	(1.1)	(3.7)
Total directly managed stores (comparable stores)	31.8	19.3	25.0	(18.1)	(12.8)	(15.4)
Excluding inbound	31.0	17.1	23.5	(8.7)	(6.2)	(7.4)

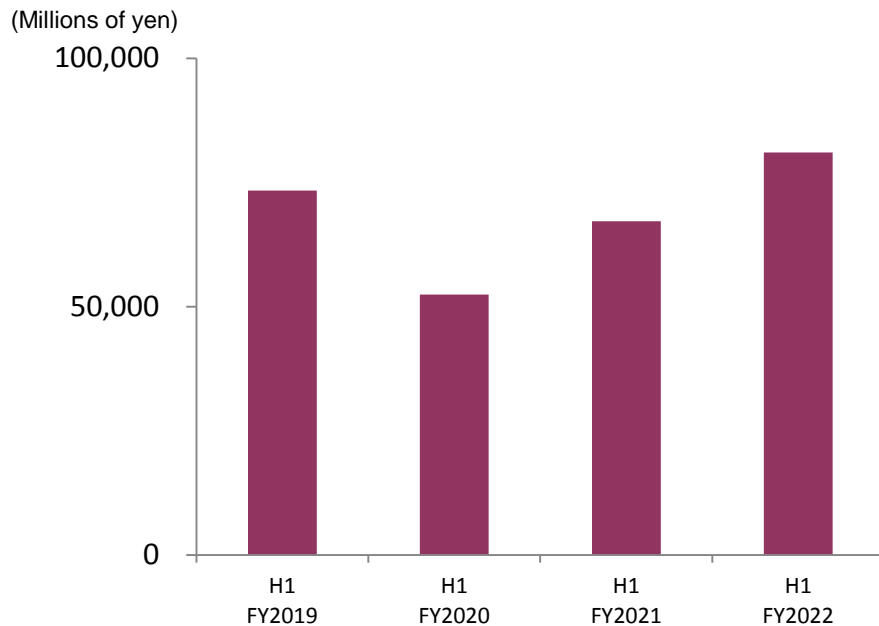
*Total is on a comparable store basis. (Comparison to FY2019 excludes Yamashina, Shimonoseki, and Toyota stores.)

Gaisho Sales Are Steadily Growing

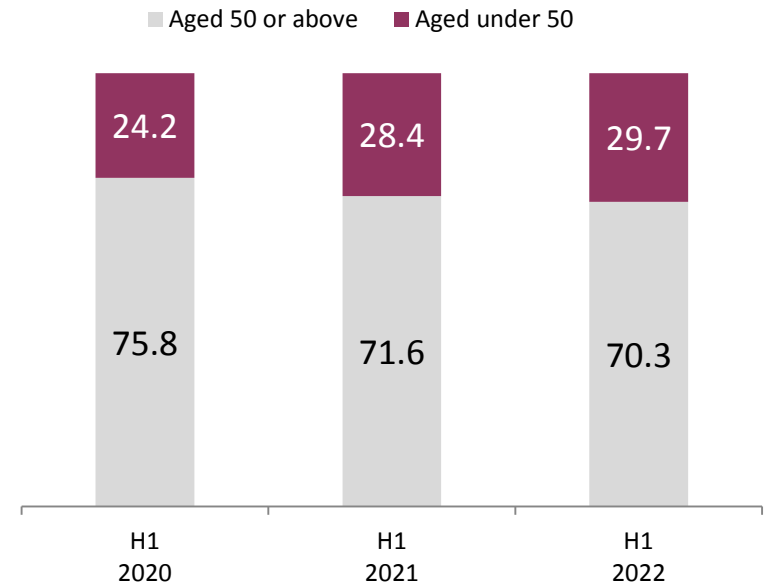
▶ Sales from gaisho customers continued strong, driving domestic sales, already increased 10.4% compared to FY2019

▶ Brisk spending by young people, sales share of customers in their 20s to 40s of total gaisho share increased to 29.7%

Daimaru Matsuzakaya Department Stores
Changes in credit sales
(H1)



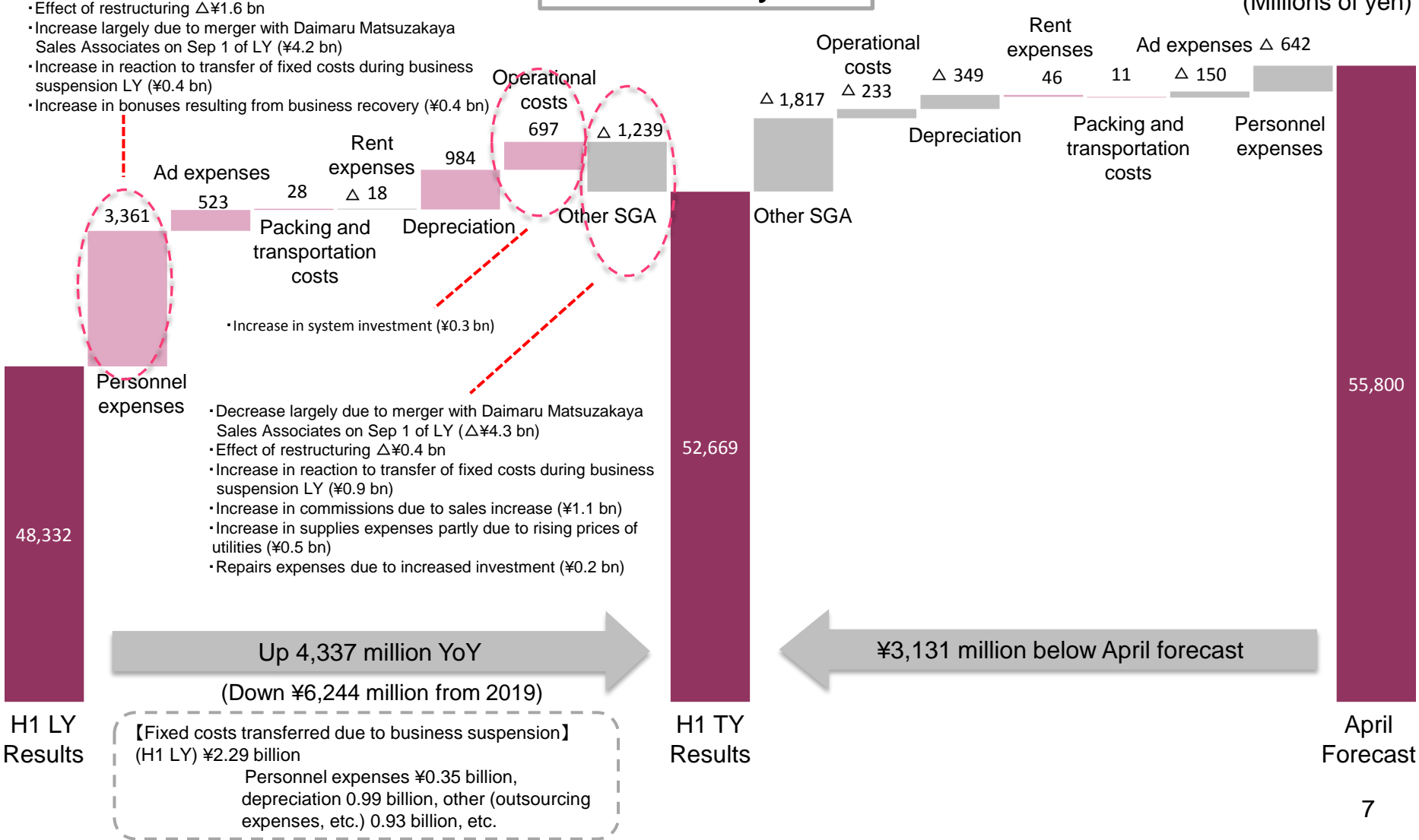
Daimaru Matsuzakaya Department Stores
Share of credit sales by age (%)





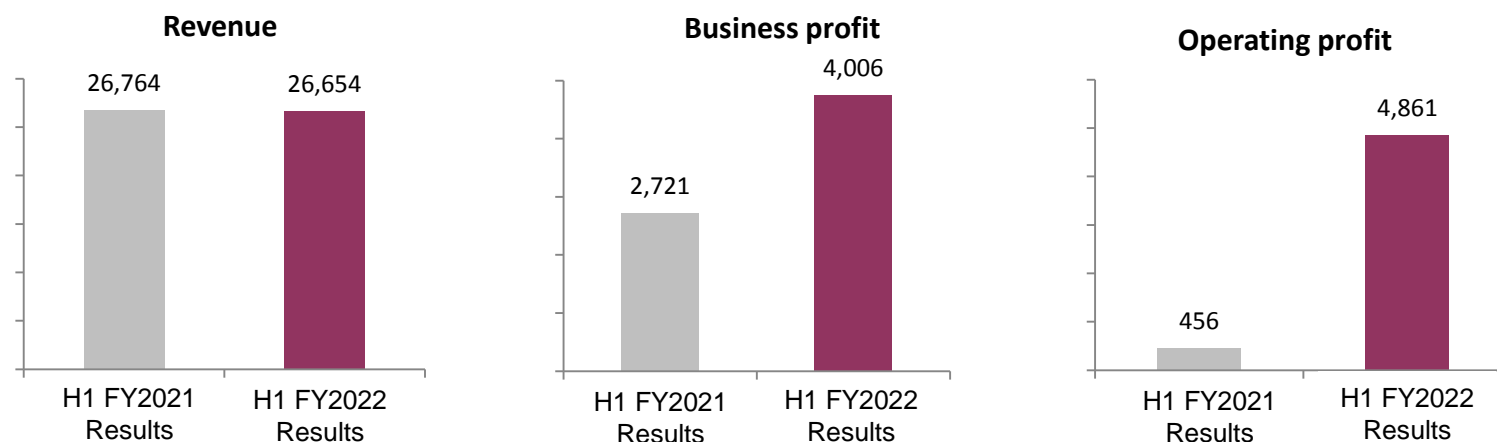
H1 FY2022 SGA analysis

(Millions of yen)



Segment Performance (2) SC Business (IFRS)

- Revenue decreased due to remaining effect of exclusion of Neuve A from consolidation through share transfer at end of June last year
- As a result of efforts to reduce cost and SGA, business profit increased but fell short of April forecast
- Operating profit was a little above forecast due to recording of subsidies related to COVID-19 in entertainment business

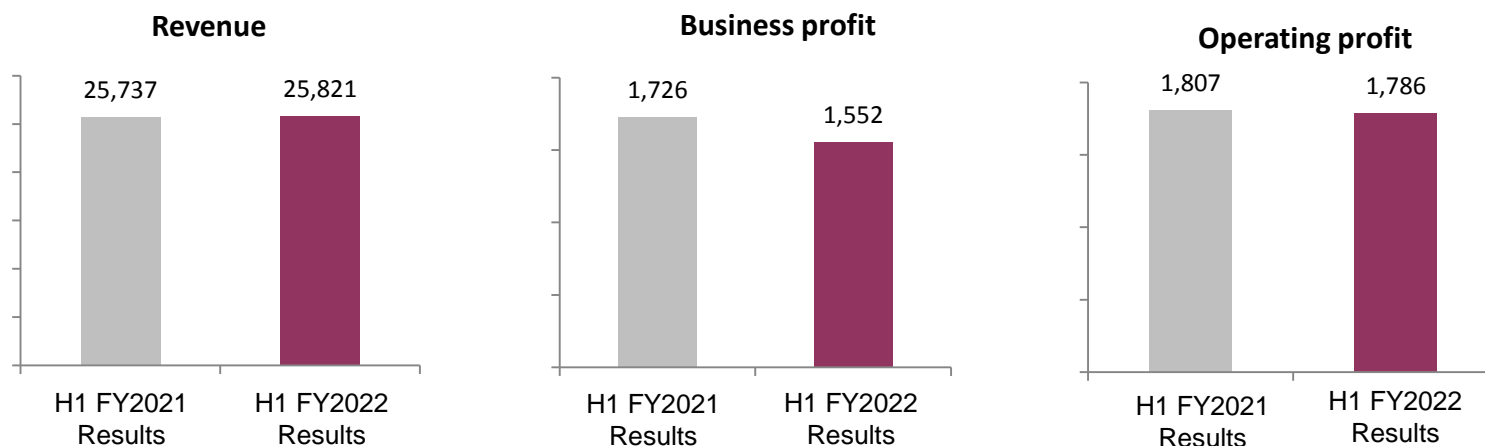


(Millions of yen, unless otherwise stated)

First six months of fiscal year ending February 28, 2023	Q1		Q2		H1		
	Results	YoY %	Results	YoY %	Results	YoY %	vs. April forecast
Gross sales	60,018	19.0	59,824	13.9	119,842	16.4	(12,435)
Revenue	13,181	(4.4)	13,473	3.8	26,654	(0.4)	(2,101)
SGA	1,818	(41.0)	2,044	(8.6)	3,862	(27.4)	(637)
Business profit	2,208	48.6	1,797	45.5	4,006	47.2	(745)
Operating profit	2,880	—	1,981	40.4	4,861	965.7	37

Segment Performance (3) Developer Business (IFRS) J. FRONT RETAILING

- ▶ In spite of reaction to J. Front Design & Construction's large scale construction last year, revenue increased due to increase in orders received by PSS
- ▶ Revenue was below forecast largely due to J. Front Design & Construction's delay in construction caused by COVID-19
- ▶ Revenue decreased partly due to withdrawal of Dotonbori ZERO GATE but each profit item was above forecast due to reduction of SGA

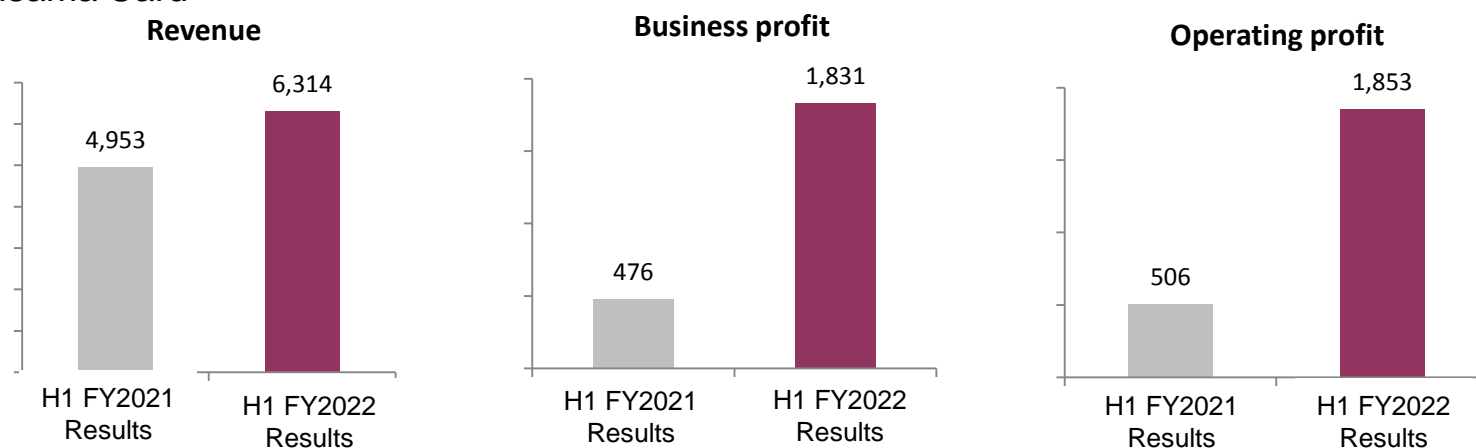


(Millions of yen, unless otherwise stated)

First six months of fiscal year ending February 28, 2023	Q1		Q2		H1		
	Results	YoY %	Results	YoY %	Results	YoY %	vs. April forecast
Gross sales	13,345	(9.9)	12,476	(11.5)	25,821	(10.7)	(2,479)
Revenue	13,345	14.6	12,476	(11.5)	25,821	0.3	(2,479)
SGA	1,561	(2.7)	1,620	(4.5)	3,182	(3.6)	(818)
Business profit	832	1.7	719	(20.7)	1,552	(10.1)	552
Operating profit	1,034	18.1	751	(19.3)	1,786	(1.2)	786

Segment Performance (4) Payment and Finance Business (IFRS) J. FRONT RETAILING

- ▶ Increase in commissions due to increase in transaction volume of external merchants as well as increase in annual fee income contributed
- ▶ Business profit and operating profit were above forecast due to efforts to reduce SGA though it slightly increased YoY
- ▶ Transaction volume per account continued to increase, driven by strong performance of gaisho's Otokuisama Card

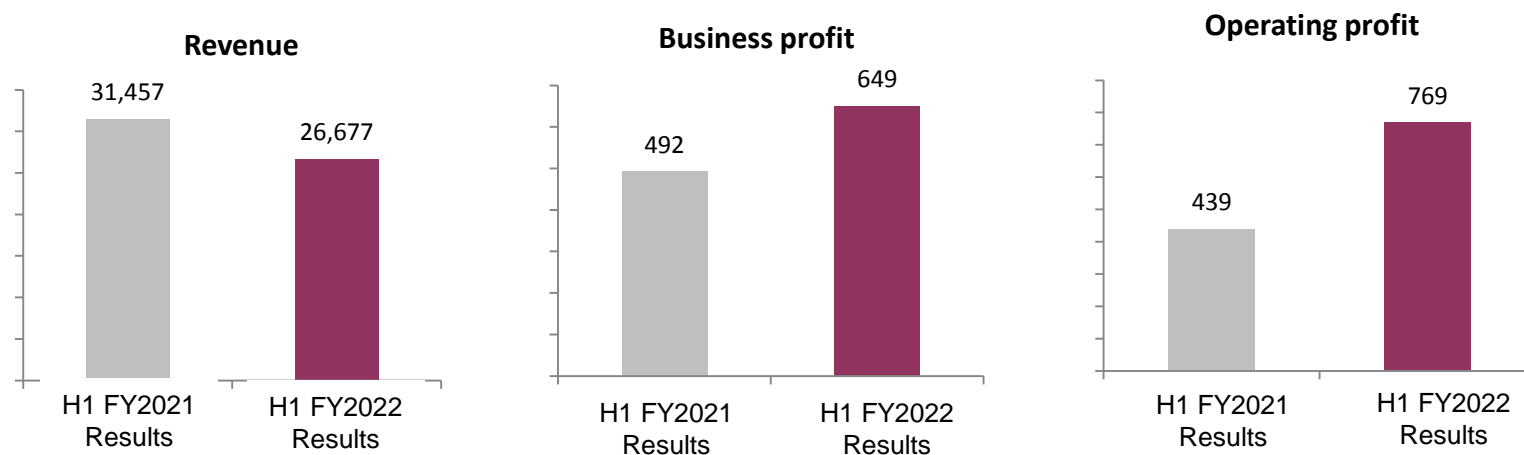


(Millions of yen, unless otherwise stated)

First six months of fiscal year ending February 28, 2023	Q1		Q2		H1		
	Results	YoY %	Results	YoY %	Results	YoY %	vs. April forecast
Gross sales	3,154	35.1	3,160	20.7	6,314	27.5	68
Revenue	3,154	35.1	3,160	20.7	6,314	27.5	68
SGA	2,141	(5.5)	2,340	5.9	4,482	0.1	(416)
Business profit	1,012	—	819	100.8	1,831	284.6	483
Operating profit	1,025	—	828	92.1	1,853	265.7	508

Segment Performance (5) Other (IFRS)

- Revenue decreased because core business Daimaru Kogyo struggled due to shortage of semiconductors and Dimples' was excluded from consolidation
- SGA reduced due to exclusion of Dimples' from consolidation, Daimaru Kogyo improved profitability

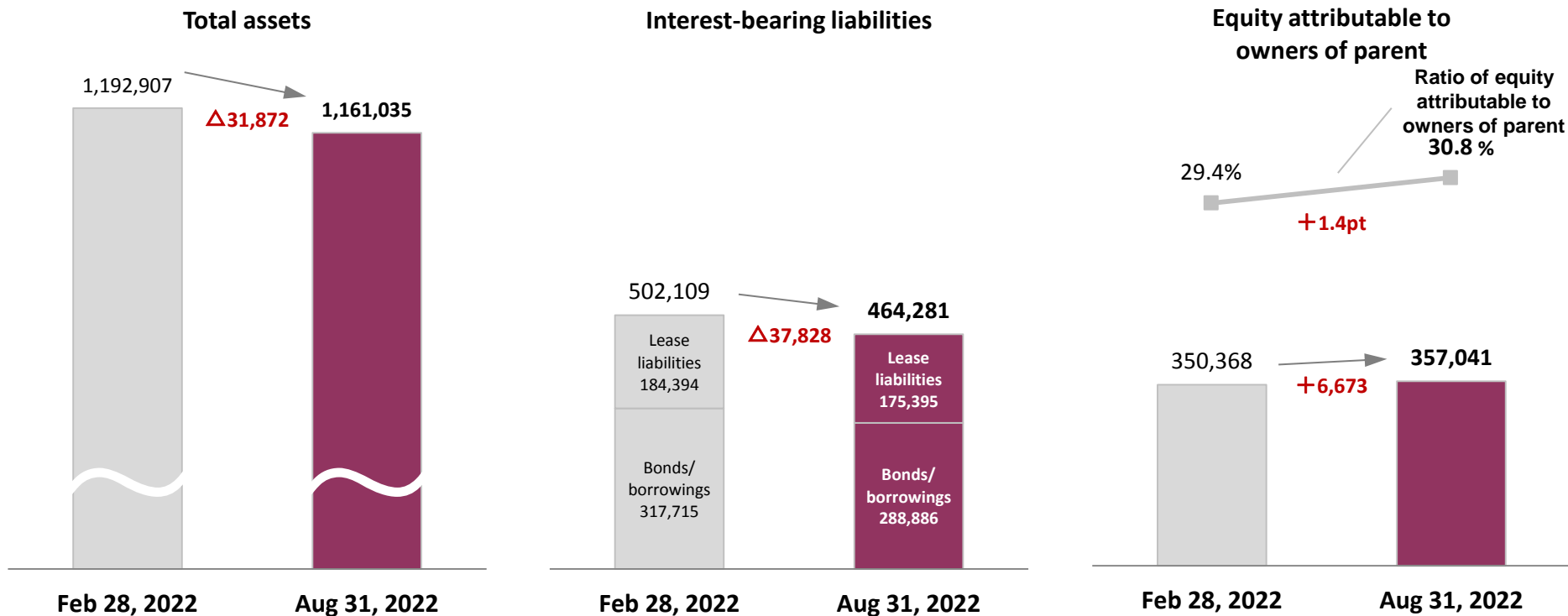


(Millions of yen, unless otherwise stated)

First six months of fiscal year ending February 28, 2023	Q1		Q2		H1		
	Results	YoY %	Results	YoY %	Results	YoY %	vs. April forecast
Gross sales	13,697	(12.4)	13,694	(19.6)	27,391	(16.2)	(409)
Revenue	13,375	(15.4)	13,301	(15.0)	26,677	(15.2)	(1,523)
SGA	5,848	8.9	4,438	(20.0)	10,286	(5.8)	(114)
Business profit	407	81.5	241	(9.9)	649	31.8	(151)
Operating profit	451	133.5	318	29.2	769	75.0	49

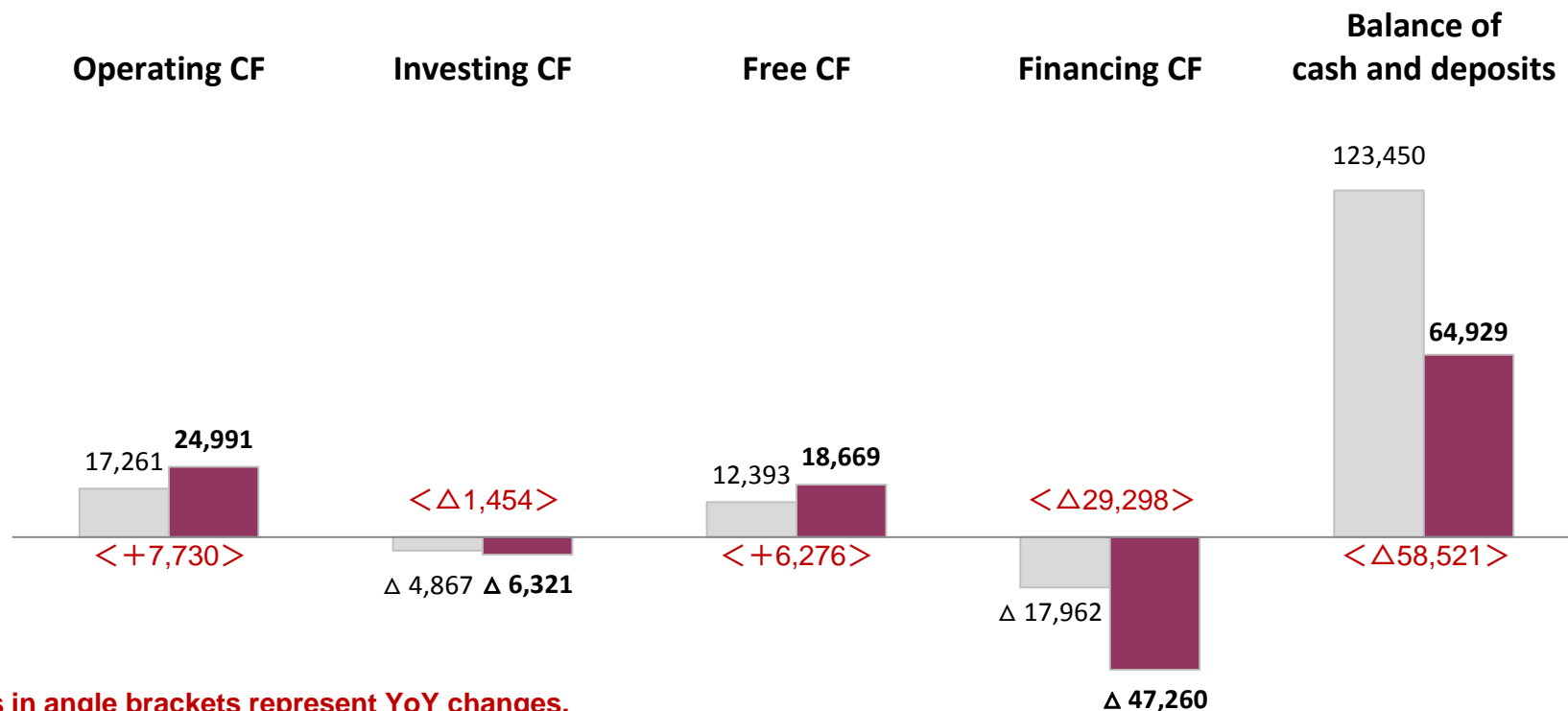
Consolidated BS (IFRS)

- ▶ Total assets decreased ¥31.8 billion compared to previous year end partly due to reduction of cash and deposits
- ▶ Interest-bearing liabilities decreased ¥37.8 billion compared to previous year end partly due to repayment of bonds, borrowings, etc.
- ▶ Ratio of equity attributable to owners of parent recovered to more than 30%



Consolidated CF (IFRS)

- Net cash provided by operating activities increased ¥7.7 billion YoY partly due to returning to profit before tax
- Net cash used in investing activities increased ¥1.4 billion YoY due to renovation investment by SC Business
- Free CF was positive at ¥18.6 billion, up ¥6.2 billion YoY due to increase in net cash provided by operating activities



Figures in angle brackets represent YoY changes.

■ Results Q2 FY ended Feb 28, 2022

■ Results Q2 FY ending Feb 28, 2023

(Millions of yen)

H2/Full FY2022 Forecast (IFRS)



- ◆ Accelerating move to push forward economic activities based on living with COVID-19
- ◆ Sweeping relaxation of restrictions on inbound tourists such as lifting cap on entry numbers
- ◆ Accelerating inflation, paying close attention to its impact on economy and consumer spending

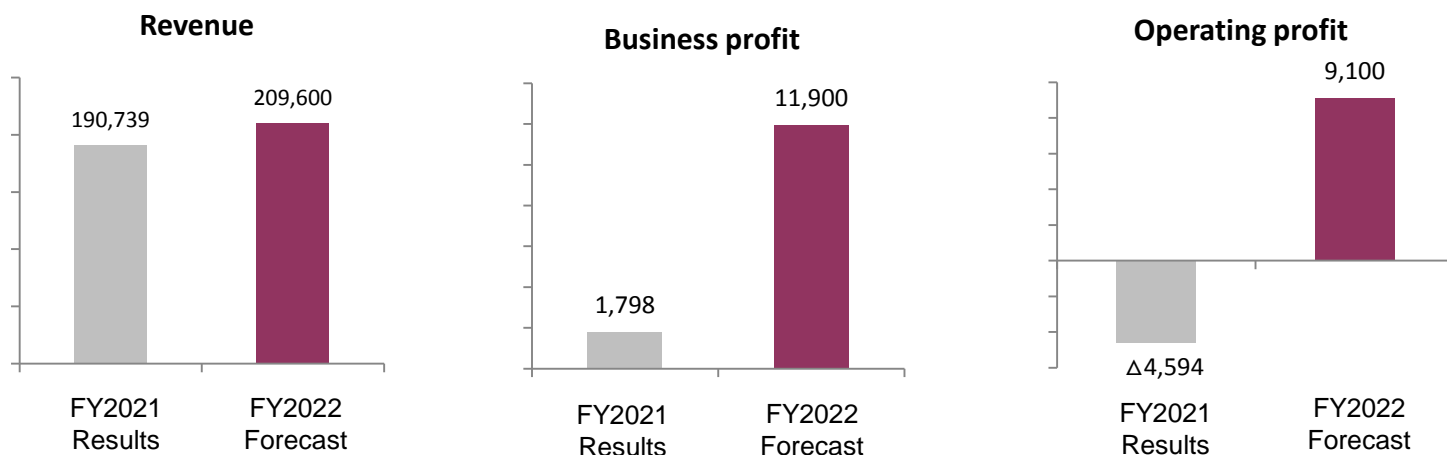
Consolidated PL Forecast (IFRS)

- Revised down gross sales forecast for H2, mainly for the Department Store, by ¥17.0 billion considering the situation in H1
- Revised up business profit and operating profit forecasts by amount increased above forecast in H1 through further cost reduction
- Plan to pay year-end dividend of ¥16 per share, up ¥1 YoY, resulting in annual dividend of ¥31, up ¥2 YoY

(Millions of yen, unless otherwise stated)

Fiscal year ending February 28, 2023	H2			Full year		
	Forecast	YoY %	vs. April forecast	Forecast	YoY %	vs. April forecast
Gross sales	510,869	9.0	(17,131)	975,000	12.6	(45,000)
Revenue	176,870	1.6	(14,130)	346,000	4.4	(24,000)
Gross profit	85,138	8.9	(3,362)	168,000	13.6	(7,000)
SGA	74,767	6.7	(3,233)	144,000	5.8	(9,000)
Business profit	10,370	28.6	(130)	24,000	104.8	2,000
Other operating income	1,479	(84.3)	(21)	3,800	(65.7)	1,300
Other operating expenses	1,587	(76.3)	87	4,300	(67.9)	800
Operating profit	10,262	(4.7)	(238)	23,500	150.5	2,500
Profit attributable to owners of parent	5,844	(7.5)	344	16,000	270.2	4,500
Dividend per share (Yen)	(Year-end) 16	(Yen) 1	0	(Annual) 31	(Yen) 2	0
ROE(%)				4.5	(RD) 3.3	(RD) 1.2
ROIC(%)				2.6	(RD) 1.4	(RD) 0.2

- ▶ Gaisho will continue strong; for inbound sales, expect a certain growth but carefully estimate spending by middle class
- ▶ Actively make “offensive” investments but further control costs totally



(Millions of yen, unless otherwise stated)

Fiscal year ending February 28, 2023	H2			Full year		
	Forecast	YoY %	vs. April forecast	Forecast	YoY %	vs. April forecast
Gross sales	338,460	9.9	(9,640)	643,700	15.8	(21,800)
Revenue	107,989	3.6	(8,711)	209,600	9.9	(13,400)
SGA	61,989	3.8	(3,011)	120,400	5.8	(6,100)
Business profit	6,168	86.6	168	11,900	561.7	1,400
Operating profit	5,286	—	286	9,100	—	600

- ▶ Renovate sales floors in flagship stores to strengthen luxury, watch categories
- ▶ Factored in inbound sales of ¥12.0 billion in H2 (¥5.3 billion in H1) partly due to relaxation of entry restrictions
- ▶ Tokyo store will expand high-end watches, Umeda store will also expand watches and introduce Nintendo OSAKA

(Millions of yen, unless otherwise stated)

Fiscal year ending February 28, 2023	vs. FY2021			vs. FY2019		
	Q3 Forecast	Q4 Forecast	H2 Forecast	Q3 Forecast	Q4 Forecast	H2 Forecast
Shinsaibashi	17.5	18.7	18.2	(19.6)	0.2	(10.0)
Umeda	7.7	8.9	8.4	(23.4)	(20.6)	(21.9)
Tokyo	16.3	15.0	15.6	(22.4)	(16.1)	(19.1)
Kyoto	10.6	11.2	10.9	(10.1)	(3.7)	(6.7)
Kobe	5.6	6.4	6.0	6.0	12.6	9.5
Sapporo	13.2	20.4	17.0	(4.1)	(5.0)	(4.6)
Nagoya	9.5	7.4	8.3	(3.3)	8.1	2.5
Total directly managed stores (comparable stores)	9.7	10.1	9.9	(10.7)	(3.2)	(6.8)
Excluding inbound	7.1	5.8	6.4	(5.0)	0.4	(2.1)

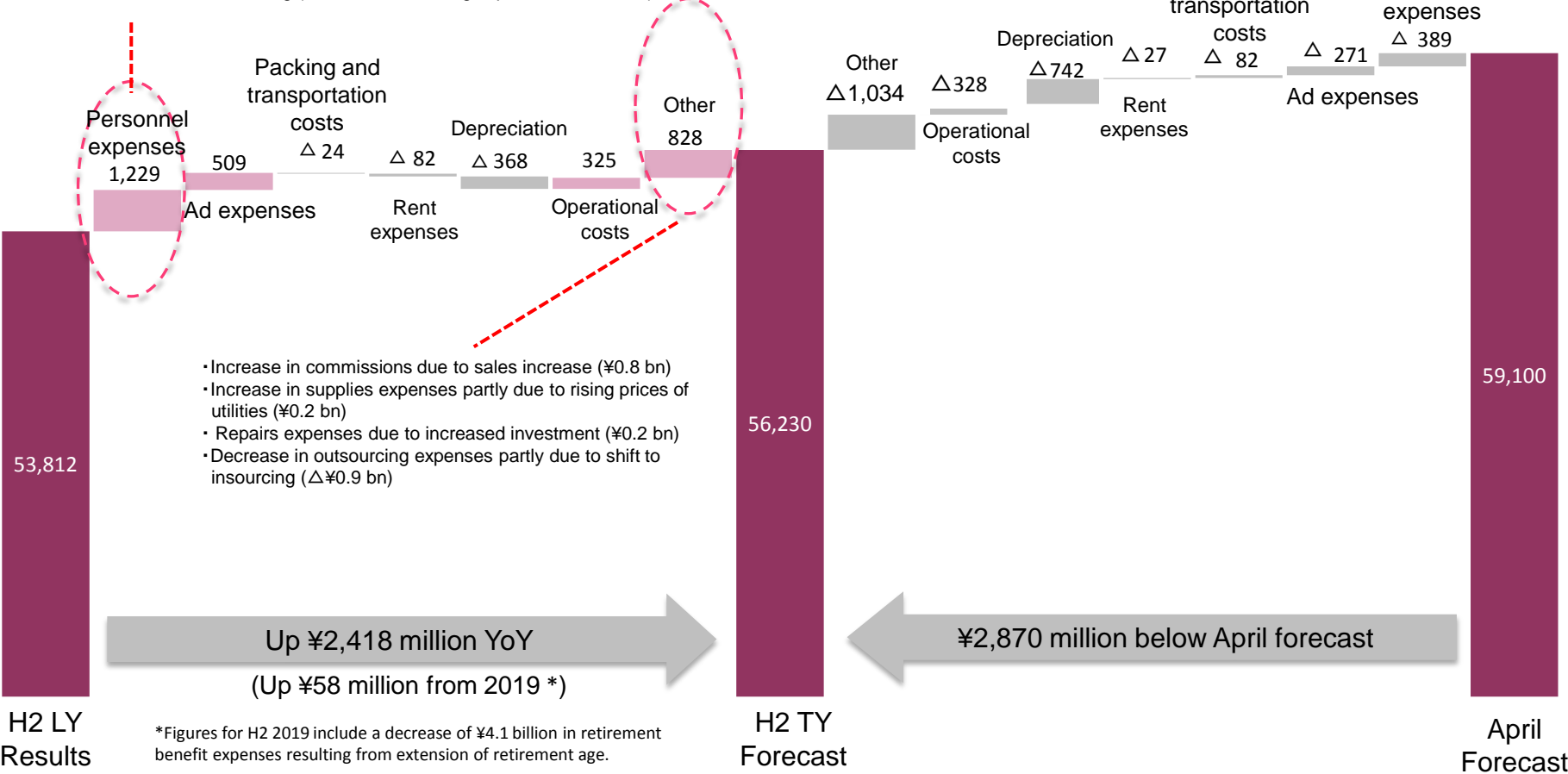
*Total is on a comparable store basis. (Comparison to FY2019 excludes Shimonoseki and Toyota stores.)



H2 FY2022 SGA analysis

(Millions of yen)

- Increase in bonuses resulting from business recovery (¥1.1 bn)
- Increase due to shift to insourcing (¥0.9 bn, outsourcing expenses decreased)

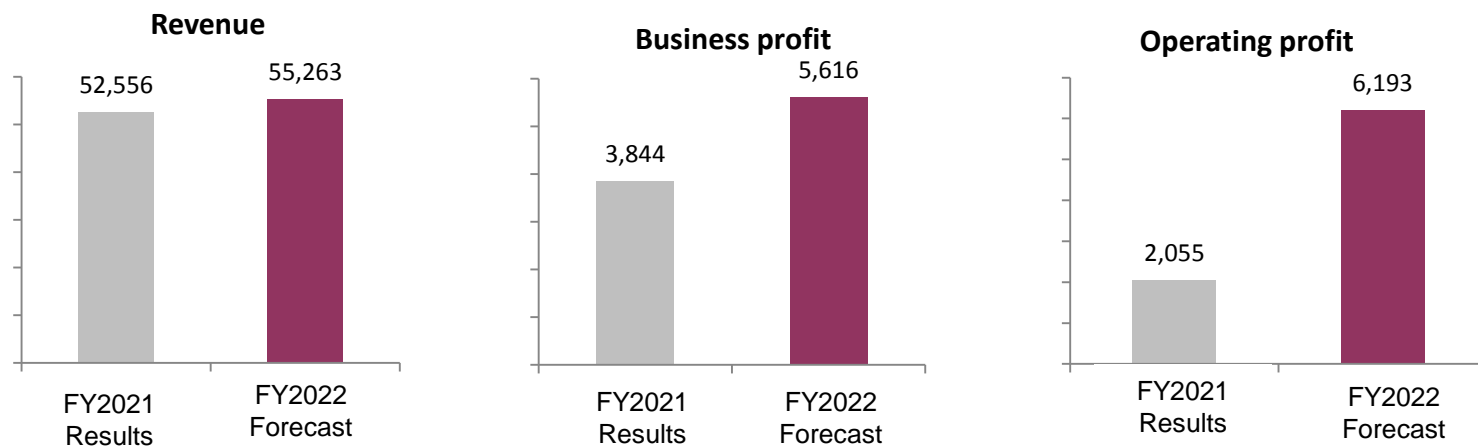


- Increase in commissions due to sales increase (¥0.8 bn)
- Increase in supplies expenses partly due to rising prices of utilities (¥0.2 bn)
- Repairs expenses due to increased investment (¥0.2 bn)
- Decrease in outsourcing expenses partly due to shift to insourcing (△¥0.9 bn)

*Figures for H2 2019 include a decrease of ¥4.1 billion in retirement benefit expenses resulting from extension of retirement age.

Segment Performance Forecast (2) SC Business (IFRS)

- ▶ Expect effect of renovation underway in flagship stores and improvement of relaxing of conditions for tenants
- ▶ Ensure that business profit will increase in H2 but operating profit is expected to decrease due to absence of subsidies recorded last year

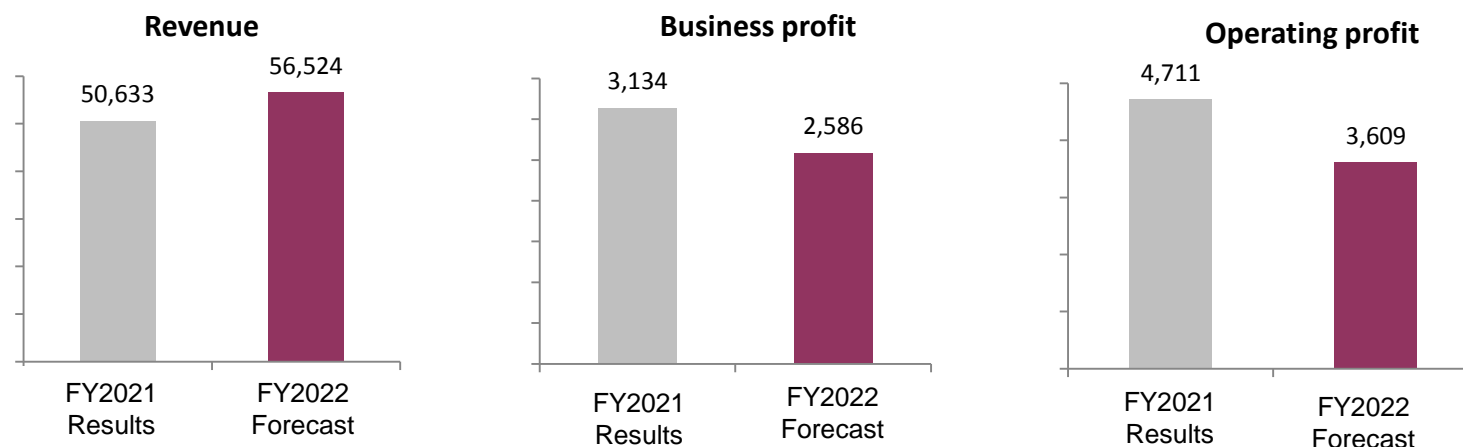


(Millions of yen, unless otherwise stated)

Fiscal year ending February 28, 2023	H2			Full year		
	Forecast	YoY %	vs. April forecast	Forecast	YoY %	vs. April forecast
Gross sales	130,090	12.0	(5,121)	249,932	14.0	(17,556)
Revenue	28,609	10.9	265	55,263	5.2	(1,837)
SGA	4,886	24.0	276	8,748	(5.5)	(361)
Business profit	1,610	43.4	(140)	5,616	46.1	(886)
Operating profit	1,332	(16.7)	(468)	6,193	201.3	(431)

Segment Performance Forecast (3) Developer Business (IFRS)

- J. Front Design & Construction, which will renovate hotels and department stores, and PSS are expected to increase revenue and profits
- In total, revenue will increase but profits will decrease due to increase in upfront development expenses for medium-term growth

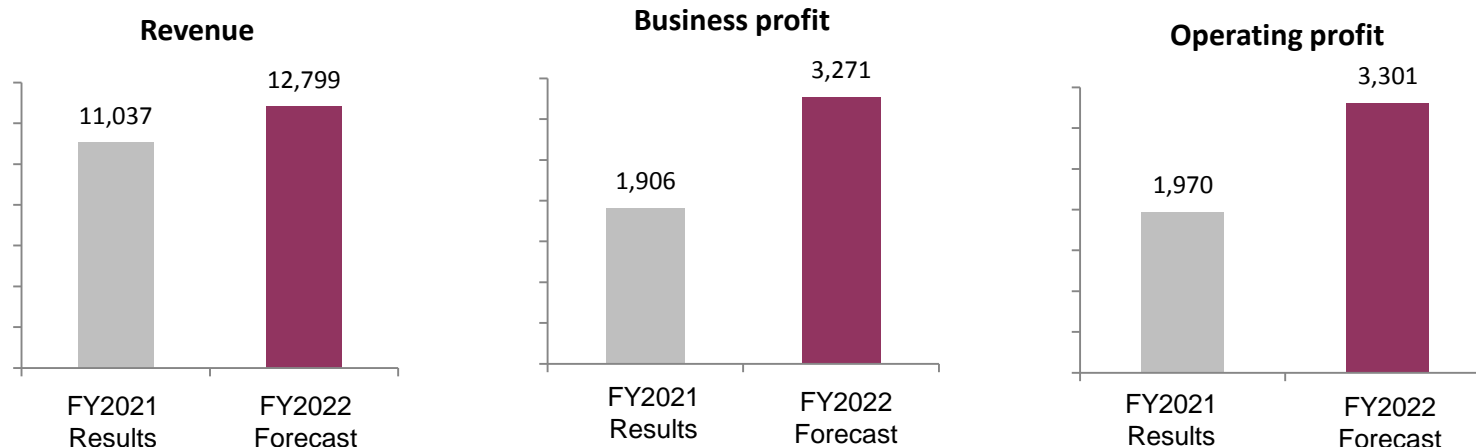


(Millions of yen, unless otherwise stated)

Fiscal year ending February 28, 2023	H2			Full year		
	Forecast	YoY %	vs. April forecast	Forecast	YoY %	vs. April forecast
Gross sales	30,703	23.3	1,203	56,524	5.1	(1,276)
Revenue	30,703	23.3	1,203	56,524	11.6	(1,276)
SGA	4,235	28.0	(165)	7,417	12.2	(983)
Business profit	1,034	(26.6)	34	2,586	(17.5)	586
Operating profit	1,823	(37.2)	223	3,609	(23.4)	1,009

Commission income from department stores and external merchants, which are improving performance, is expected to continue to increase

Likely to achieve operating profit of more than ¥3.0 billion, which is target level under medium-term plan, this fiscal year



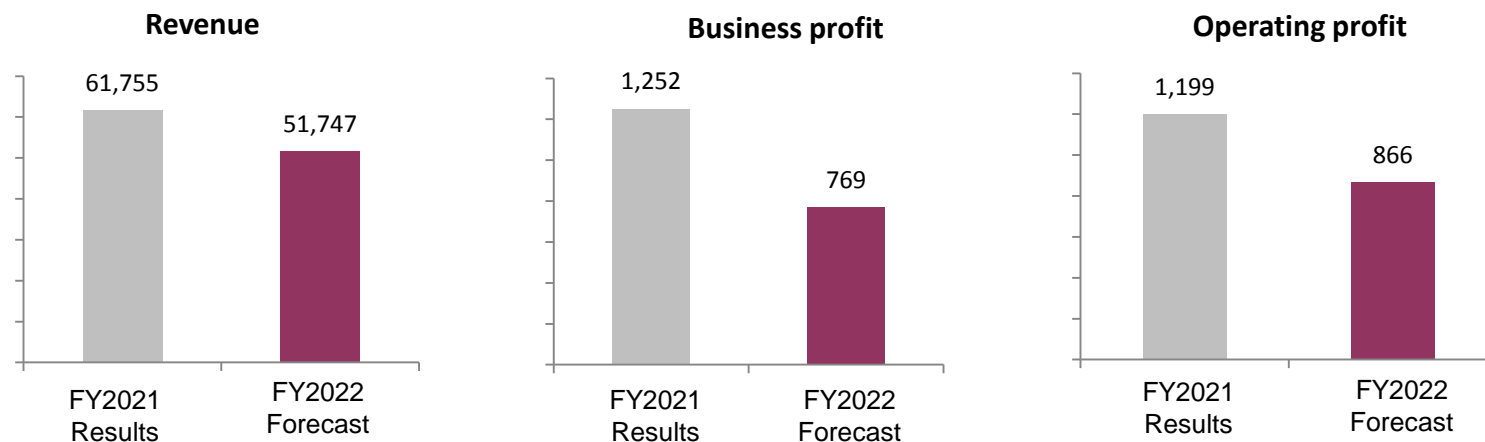
(Millions of yen, unless otherwise stated)

Fiscal year ending February 28, 2023	H2			Full year		
	Forecast	YoY %	vs. April forecast	Forecast	YoY %	vs. April forecast
Gross sales	6,485	6.6	(104)	12,799	16.0	(36)
Revenue	6,485	6.6	(104)	12,799	16.0	(36)
SGA	5,045	8.4	(102)	9,527	4.3	(518)
Business profit	1,440	0.7	(2)	3,271	71.6	481
Operating profit	1,448	(1.0)	2	3,301	67.6	510

Segment Performance Forecast (5) Other (IFRS)



- ▶ Daimaru Kogyo factors in continued shortage of semiconductors but it is expected to increase revenue and profits in full year due to improvement of profitability
- ▶ Other as a whole is expected to decrease revenue and profits partly because effect of exclusion of Dimples' from consolidation will remain until H2

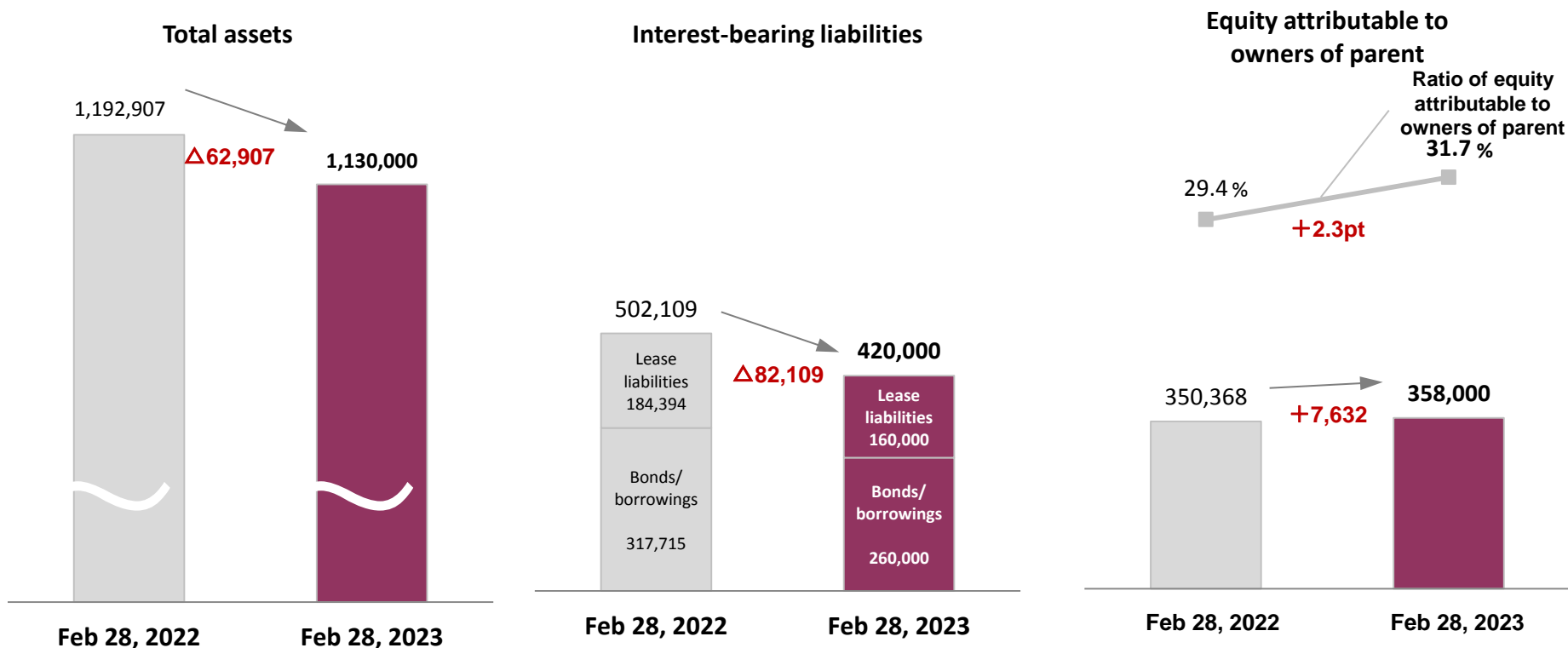


(Millions of yen, unless otherwise stated)

Fiscal year ending February 28, 2023	H2			Full year		
	Forecast	YoY %	vs. April forecast	Forecast	YoY %	vs. April forecast
Gross sales	25,879	(20.9)	(2,621)	53,270	(18.5)	(3,030)
Revenue	25,070	(17.3)	(3,630)	51,747	(16.2)	(5,153)
SGA	9,969	(2.9)	269	20,255	(4.4)	155
Business profit	120	(84.2)	(180)	769	(38.6)	(331)
Operating profit	97	(87.2)	(83)	866	(27.7)	(34)

Consolidated BS Forecast (IFRS)

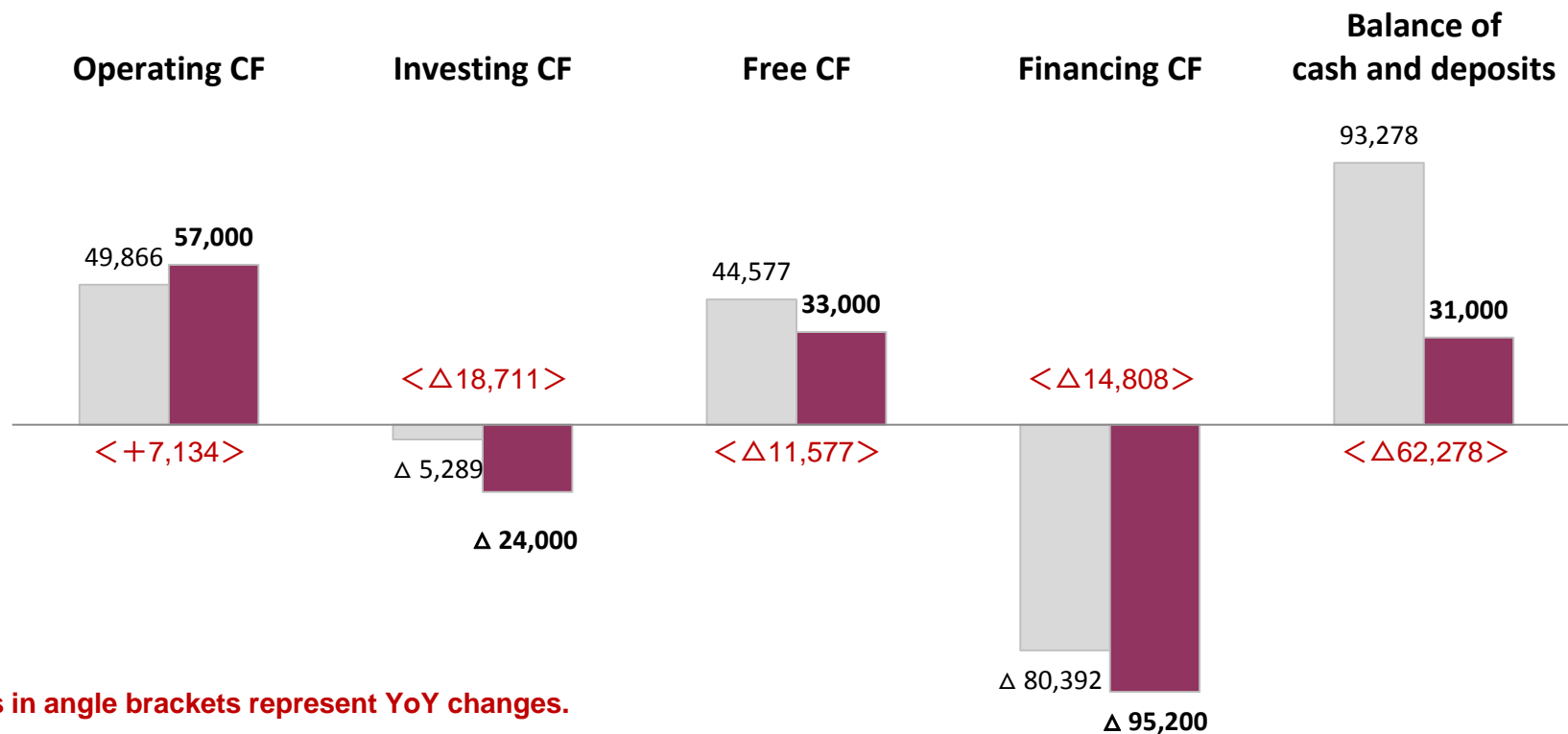
- By reducing balance of cash and deposits to pre-COVID-19 levels, total assets are expected to decrease ¥62.9 billion YoY
- Interest-bearing liabilities (excluding lease liabilities) are expected to be ¥260.0 billion, achieving target under medium-term plan a year ahead of schedule
- Ratio of equity attributable to owners of parent is expected to be 31.7%, up 2.3 points YoY



(Millions of yen)

Consolidated CF Forecast (IFRS)

- ▶ Net cash provided by operating activities is expected to increase ¥7.1 billion YoY partly due to significant increase in profit before tax
- ▶ By promoting active investment in key categories, etc., net cash used in investing activities is expected to increase ¥18.7 billion YoY
- ▶ Free CF is expecting to be positive at ¥33.0 billion, down ¥11.5 billion YoY due to increase in investment



Figures in angle brackets represent YoY changes.

(Millions of yen)

■ Results FY ended Feb 28, 2022

■ Forecast FY ending Feb 28, 2023

FY2021 - FY2023

Progress of Medium-term Business Plan

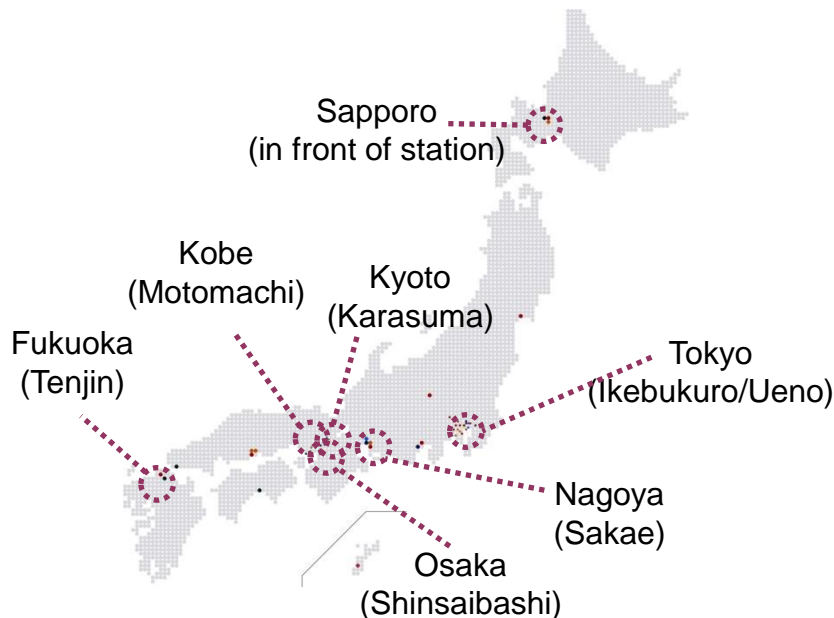
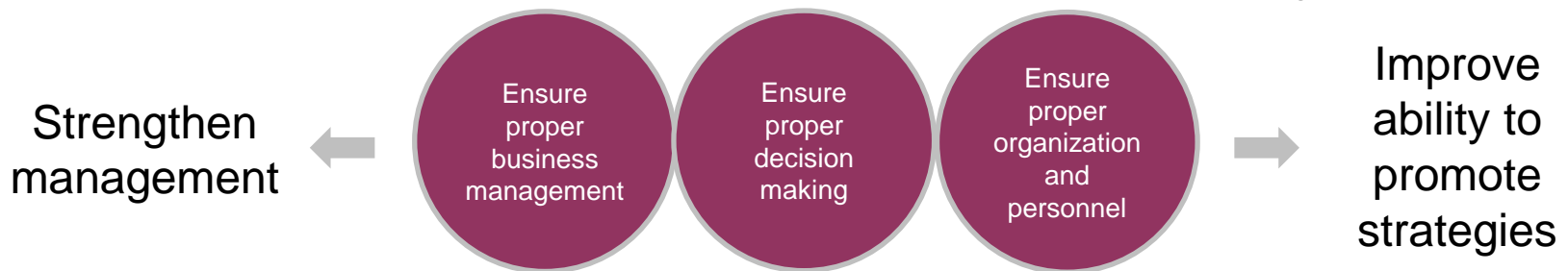


- FY2022 is a year for stepping up a gear to shift from “defense” to “offense”
- Strengthen investment to increase added value of real stores and accelerate digitization
- Also promote initiatives for regrowth for FY2024 and beyond

<Business concept>

Development of multi-purpose buildings that contribute to increasing value of 7 cities with retail at its core

Transfer Parco/Developer Business to developer business company through company split



【Roles to fulfill】

- ✓ Strengthen role in drawing customers using retail performance and know-how
- ✓ Diversify facility functions including non-commercial ones and strengthen ability to meet needs for use in the area
- ✓ Evolve by incorporating concept and technologies of Web 3 into Developer

Initiatives to Grow Developer Business

Development projects that will lead to medium- to long-term growth for 2024 and beyond will be realized one after another



Rendering of “(tentative name) Nishiki 3-chome District 25 project”
(Scheduled to open in 2026)



Rendering of “(tentative name) Shinsaibashi project”
(Scheduled to complete in 2026)

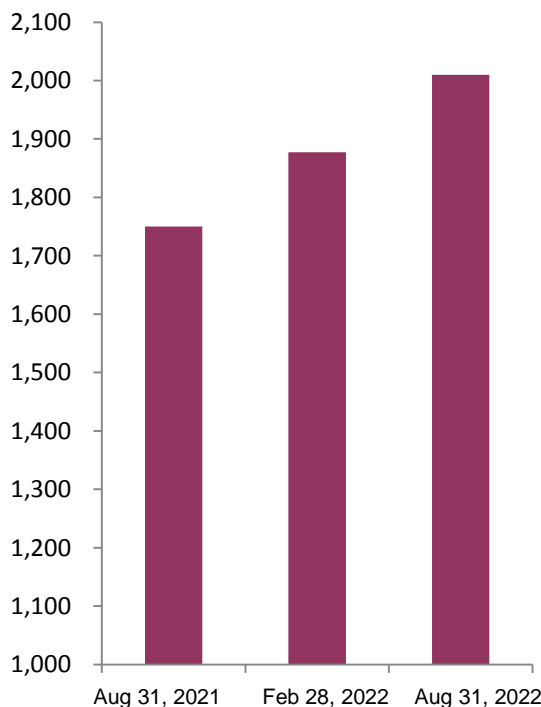


Large-scale project in Tenjin area, Fukuoka will finally start

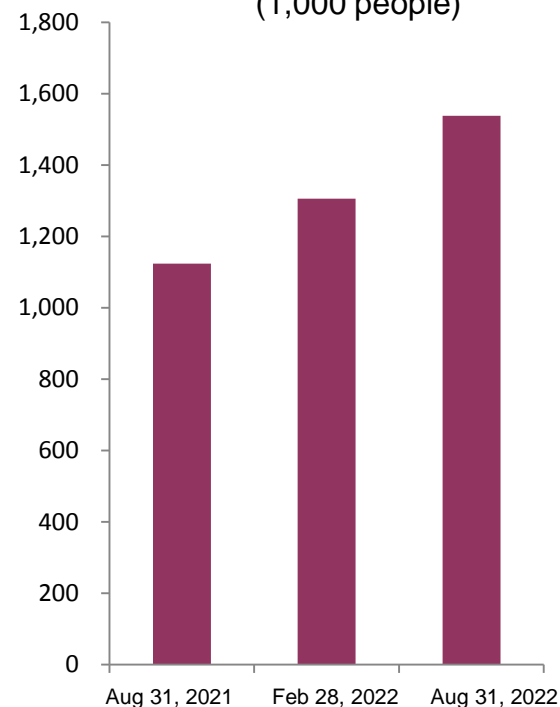
▶ Customer touch points via app steadily expanded and deepened and sophistication of CRM made substantial progress



Sales via app (¥100 million)



Number of active app users (1,000 people)

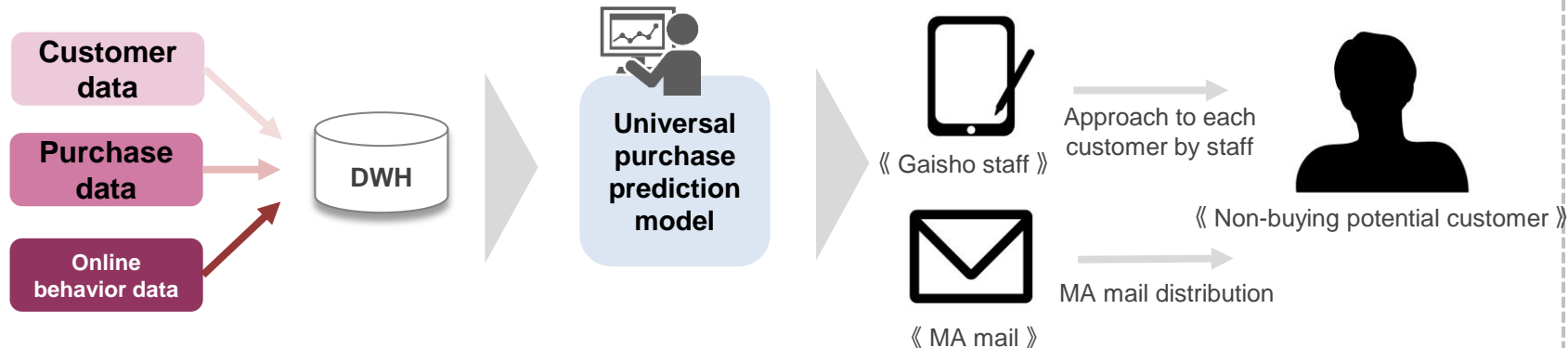


Promote strengthening of customer base and sophistication of data utilization in conjunction with private label cards

▶ Customer touch points via app steadily expanded and deepened and sophistication of CRM made substantial progress

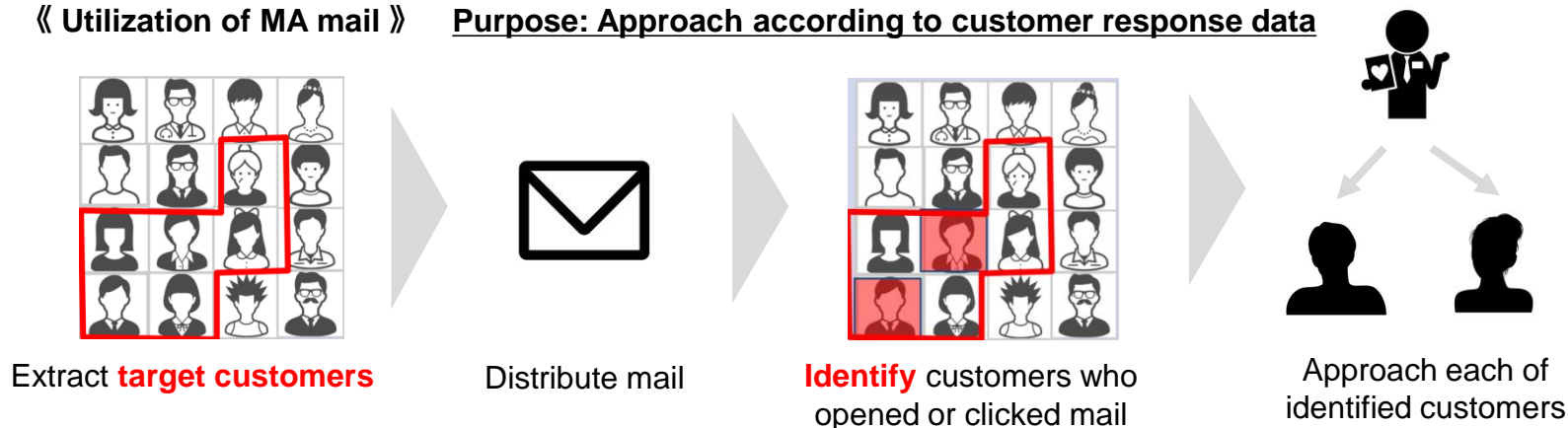
《 Utilization of logistic regression analysis 》

Purpose: To find potential customers



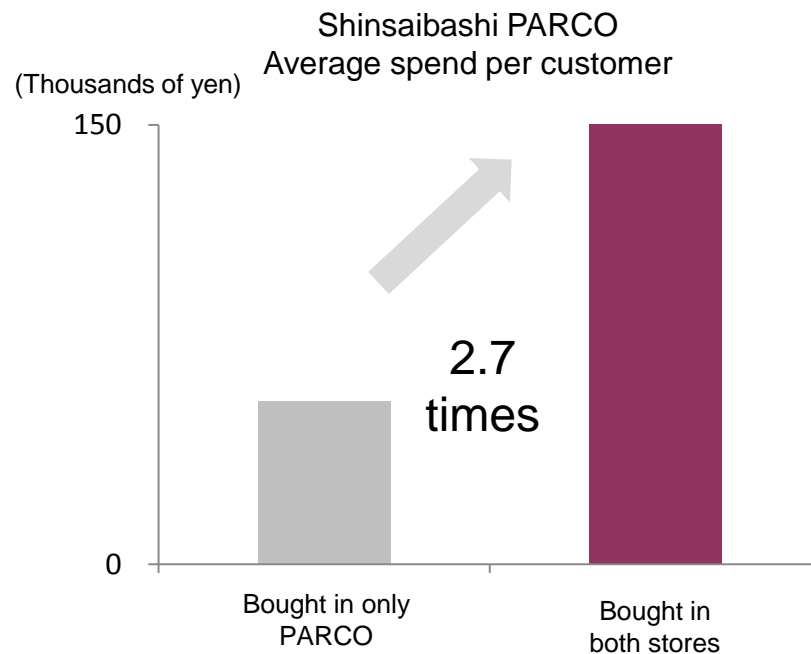
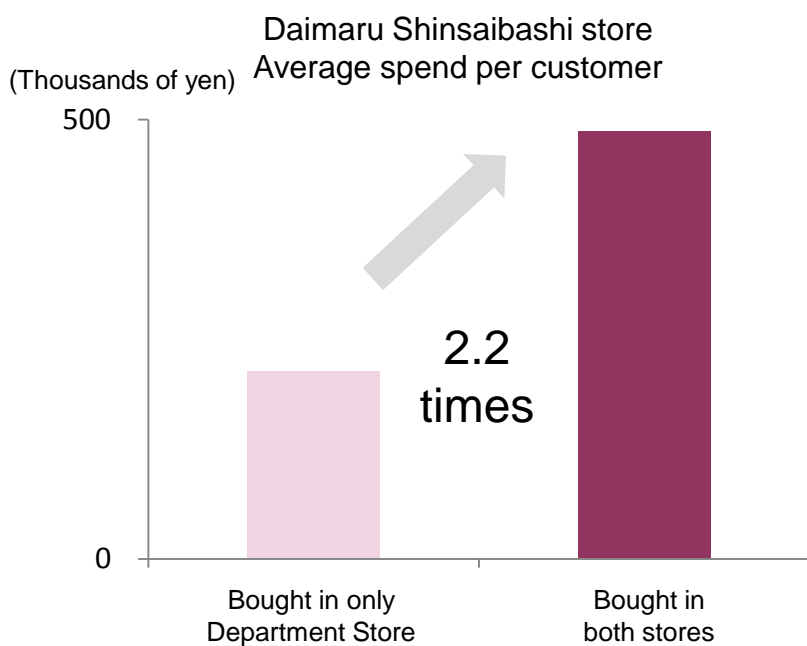
《 Utilization of MA mail 》

Purpose: Approach according to customer response data



Sales from customers acquired using data
¥1.03 billion (H1 2022)

- ▶ Analyze customer buying patterns of Daimaru Shinsaibashi store and Shinsaibashi PARCO that adjoin each other in Shinsaibashi area
- ▶ Average spend per customer who bought in both stores is twice average spend per customer who bought in either of them



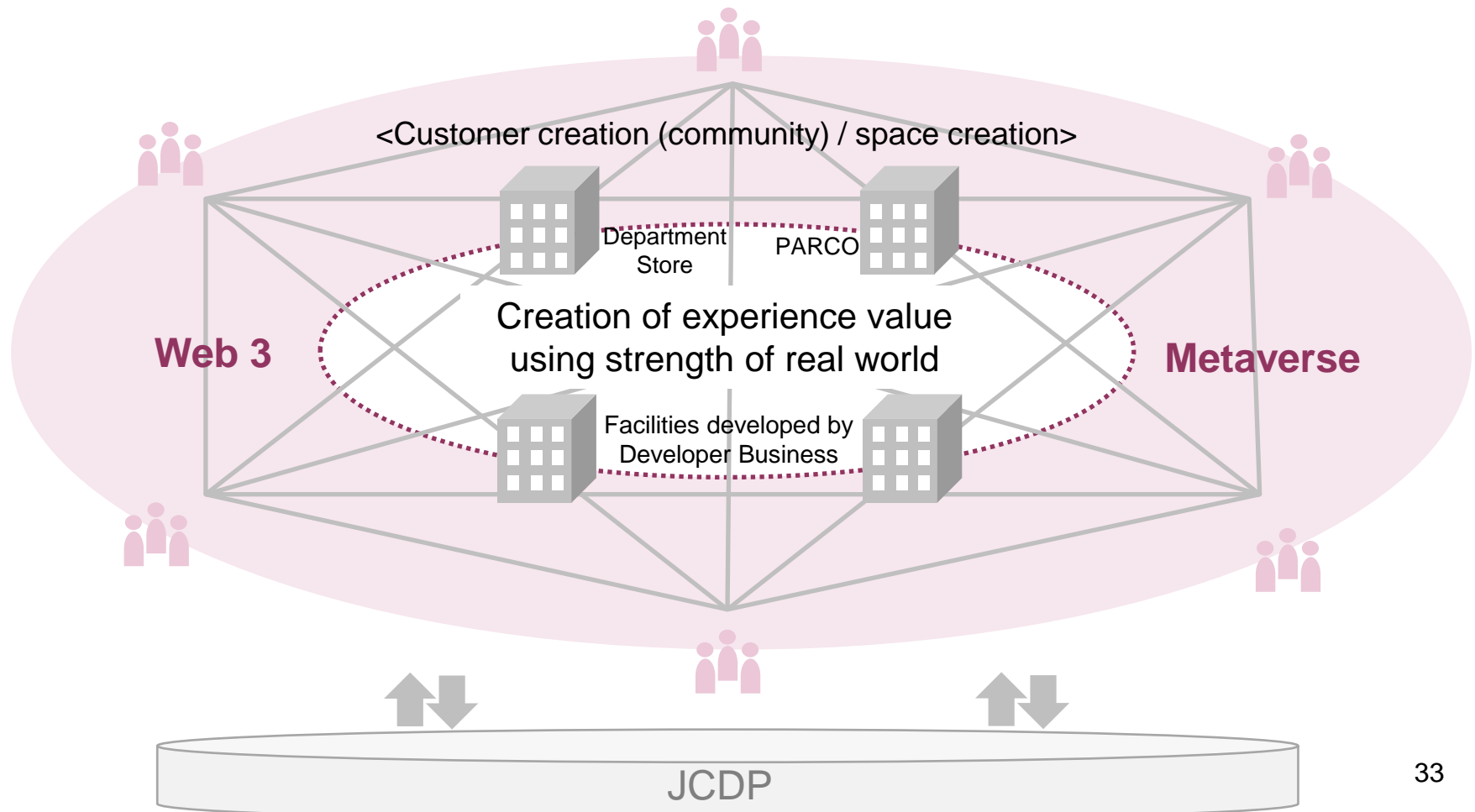
Expand sales synergy by increasing customers buying in both stores

*JCDP stands for J. Front Retailing Customer Data Platform (former LTS-Hub)

*Data were extracted during the period from December 1, 2020 to April 30, 2022.

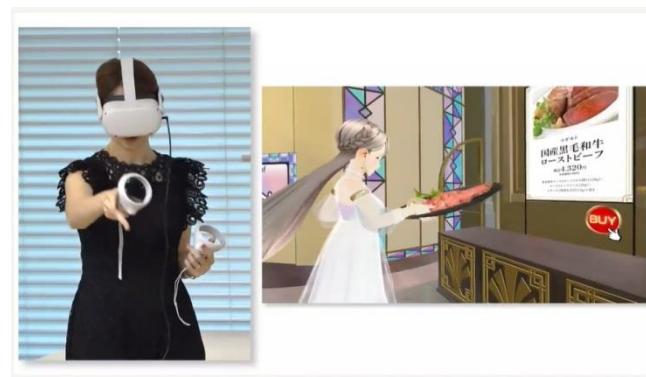
- ▶ Create new space using digital technologies at the Group level while taking advantage of real stores
- ▶ Realize coexistence and development with local communities in the way only the Group can, also using data

The Group's unique new value creation in key areas



Promotion of Trial of Metaverse (Example)

Opened a virtual store Virtual Daimaru Matsuzakaya in Metaverse New York



Sold summer gourmet food in Metaverse space

In Metaverse space, customers can freely walk around the store, pick up 3D food models to check the shape of the product, see details in virtual catalog, and purchase the product. More than 600 gourmet items were lined up.

Staff avatars first served customers in Metaverse

In Virtual Daimaru Matsuzakaya store, an employee influencer NOZAKI Mizuho welcomed customers as avatar. Part-timers working in Metaverse who have experience in serving customers virtually and are knowledgeable about products were first hired.

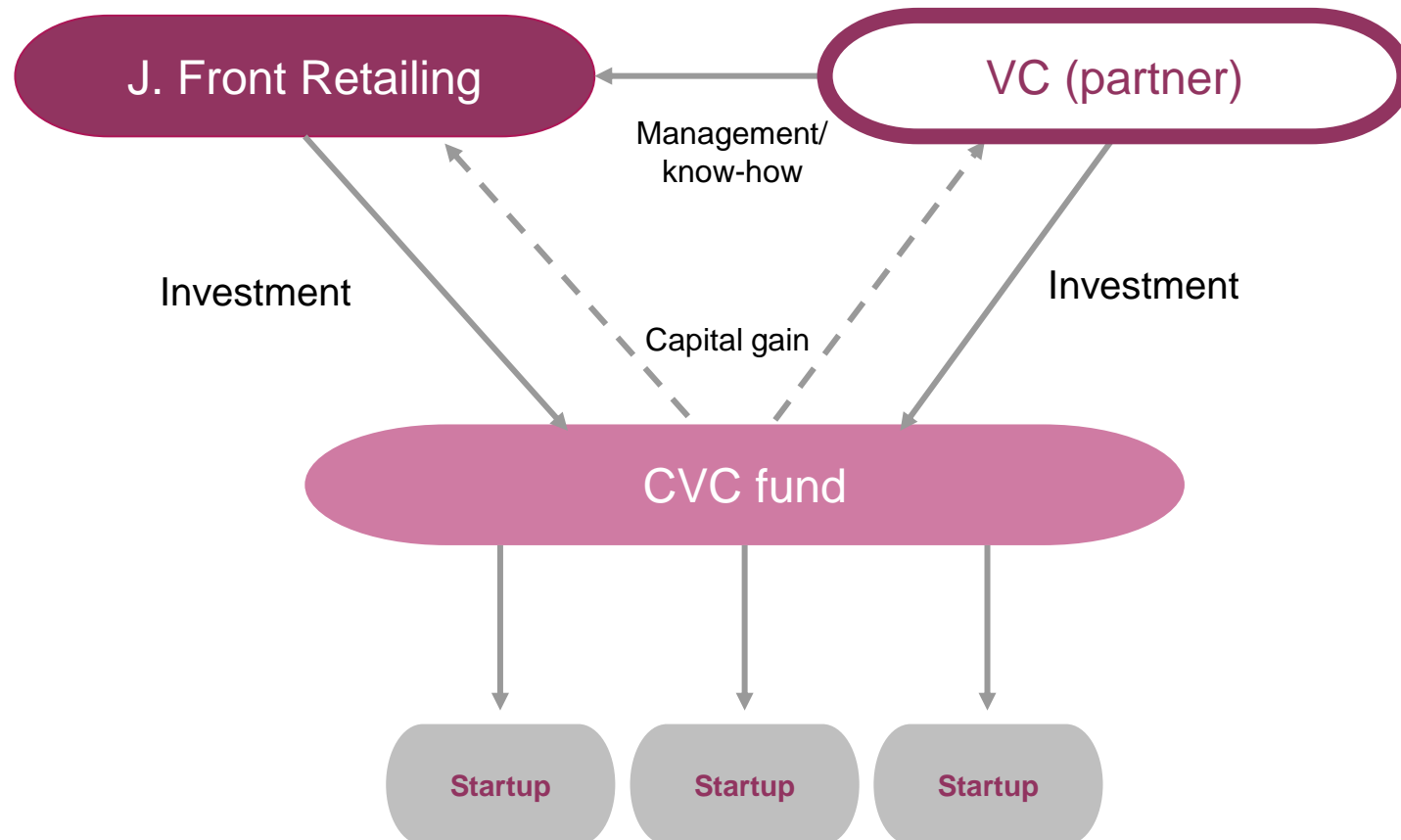
Development of Digital Human Resources

- ▶ Develop human resources who contribute to customer-driven management and business model transformation
- ▶ Raise digital literacy across the Group and foster culture in which data and digital technologies are utilized

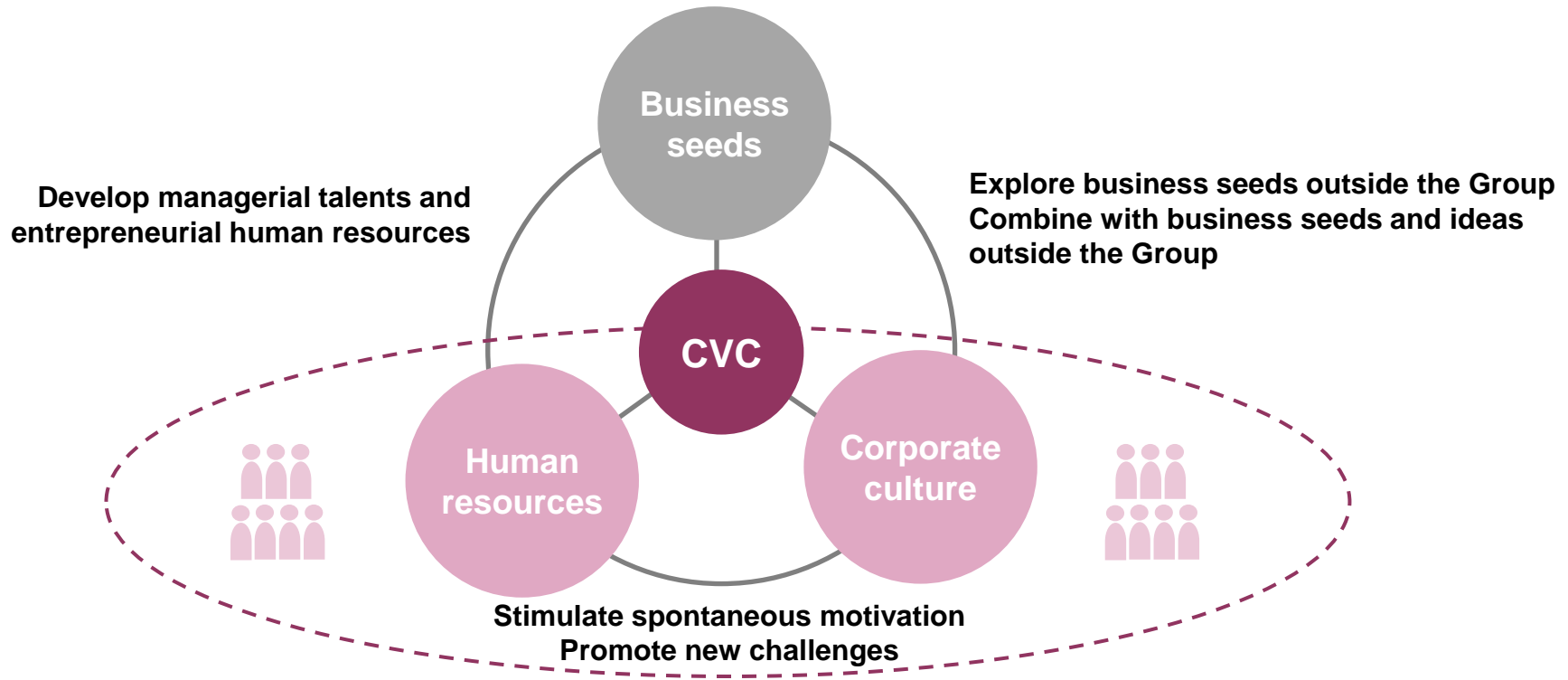
Core digital human resources (Data analyst + Digital designer)



- ▶ Actively leverage innovative business models and technologies of startup companies
- ▶ Promote creation of new businesses and transformation/innovation of existing businesses in the Group



Contribute to creating new businesses as well as **developing human resources** and **reforming culture** by actively appointing young employees

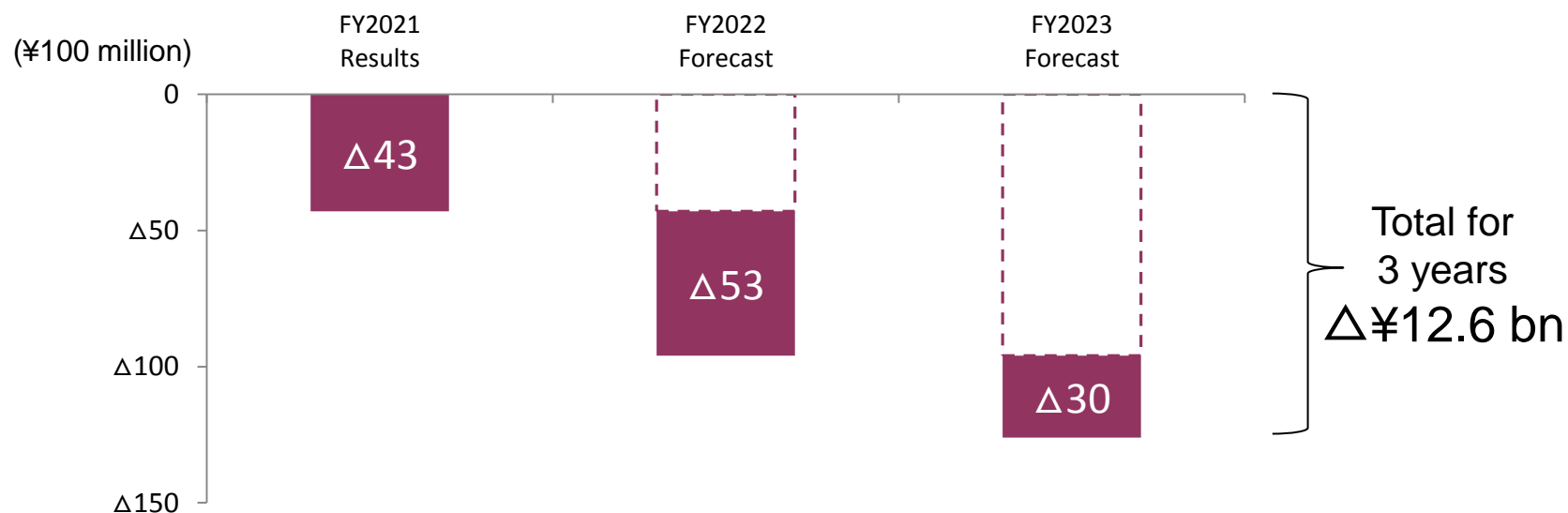


Approximately **4,800** employees are expected to participate
(Total until FY2030)

Produce "human resources that lead transformation"

- ▶ Original target under current Medium-term Business Plan was to reduce fixed costs ¥10.0 billion or more
- ▶ Reduction is progressing more than planned in both 1st and 2nd years, expected to be ¥12.6 billion in total for 3 years

Progress of reduction of fixed costs (consolidated)



Restructuring (cost reduction) will enter a new phase in next medium-term plan by introducing new accounting system

R & D

Research & Development



D & I

Diversity & Inclusion



F & R

Full recovery & Regrowth

Practice of Corporate Credo = CSV



Sustainable growth and medium- to long-term corporate value creation

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

Create and
Bring to Life
“New Happiness.”



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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.