

[Translation]

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To whom it may concern

Company name: J. FRONT RETAILING Co., Ltd.  
Representative: Tatsuya Yoshimoto, President  
(Securities code: 3086, First Section of the Tokyo  
Stock Exchange and Nagoya Stock Exchange)  
Inquiries: Hajime Inagami, Senior General Manager  
of Investor Relations Promotion Division, Financial  
Strategy Unit  
(TEL: +81-3-6895-0178 (from overseas))

### 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 ended August 31, 2020 and for the fiscal year ending February 28, 2021 from those announced on June 29, 2020. The details are provided below.

#### Revision to earnings forecasts

Revision to the consolidated earnings forecasts for the six months ended August 31, 2020 (from March 1, 2020 to August 31, 2020)

	Gross sales	Sales revenue	Business profit	Operating profit
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Previous forecasts (A)	312,000	140,000	(8,000)	(30,000)
Revised forecasts (B)	319,500	147,400	200	(20,600)
Change (B-A)	7,500	7,400	8,200	9,400
Percentage of change (%)	2.4	5.3	—	—
(Reference) Actual earnings results of the second quarter of the previous fiscal year (The six months ended August 31, 2019)	545,841	225,664	23,743	25,175

	Profit before tax	Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	Millions of yen	Yen
Previous forecasts (A)	(33,000)	(23,700)	(90.51)
Revised forecasts (B)	(22,700)	(16,300)	(62.25)
Change (B-A)	10,300	7,400	
Percentage of change (%)	—	—	
(Reference) Actual earnings results of the second quarter of the previous fiscal year (The six months ended August 31, 2019)	23,960	14,367	54.89

Revision to the consolidated earnings forecasts for the fiscal year ending February 28, 2021 (from March 1, 2020 to February 28, 2021)

	Gross sales	Sales revenue	Business profit	Operating profit
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Previous forecasts (A)	805,000	332,000	(7,000)	(30,000)
Revised forecasts (B)	810,400	337,500	1,200	(20,600)
Change (B-A)	5,400	5,500	8,200	9,400
Percentage of change (%)	0.7	1.7	—	—
(Reference) Actual earnings results of the previous fiscal year (The fiscal year ended February 29, 2020)	1,133,654	480,621	45,363	40,286

	Profit before tax	Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	Millions of yen	Yen
Previous forecasts (A)	(35,900)	(26,000)	(99.30)
Revised forecasts (B)	(25,600)	(18,600)	(71.03)
Change (B-A)	10,300	7,400	
Percentage of change (%)	—	—	
(Reference) Actual earnings results of the previous fiscal year (The fiscal year ended February 29, 2020)	37,161	21,251	81.19

- \*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 “PARCO 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.

Reason for the revision

- (1) Revision to the consolidated earnings forecasts for the six months ended August 31, 2020 (from March 1, 2020 to August 31, 2020)

Compared with the previous earnings forecasts (announced on June 29, 2020), business profit, operating profit and profit attributable to owners of parent are expected to increase due to improvements in sales revenue and gross profit, as well as due to expense reductions during the period.

The main reasons are;

1) Improvements in sales revenue and gross profit

- While the business environment remained difficult due to the spread of the novel coronavirus disease (COVID-19), which led to a decline in foreign visitor consumption in Japan and sluggish domestic consumption, the Company resumed normal operations from mid-June at all but a few of its Department Store and PARCO Businesses, based on a sales structure that incorporates all possible measures to ensure the safety and security of customers and

employees. As a result, the Company saw a gradual recovery in the number of customers visiting stores, sales and lease revenue from shops.

- Sales revenue is expected to improve by approximately ¥7,400 million, and gross profit is expected to improve by approximately ¥4,000 million from the previously announced forecasts.

## 2) Expense reductions

- Additional reductions have been incurred in personnel and advertising expenses during the period in addition to the efforts to curtail investments and reduce expenses compared to the original plan, which have continued from the three months ended May 31, 2020.
- Selling, general and administrative expenses are expected to decrease by approximately ¥4,000 million from the previously announced forecasts.

As a result, the Company expects an increase in business profit of approximately ¥8,200 million (returning to profitability of approximately ¥200 million), an increase in operating profit of approximately ¥9,400 million, and an increase in profit attributable to owners of parent of approximately ¥7,400 million, compared with the previously announced forecasts.

## (2) Revision to the consolidated earnings forecasts for the fiscal year ending February 28, 2021 (from March 1, 2020 to February 28, 2021)

With regard to future prospects, although social and economic activities have been gradually recovering since the lifting of the declaration of a state of emergency, because the business environment remains uncertain due to such concerns as a possible new wave of the spread of COVID-19, and as at this point in time it is still difficult to predict when the spread of the disease will be brought under control and when consumption will recover, these revisions were calculated based on information available to the Company at the time this notice was released.

Specifically, from September, the revisions were calculated under the assumption that the number of customers visiting stores (excluding foreign tourists visiting Japan), sales and lease revenue from shops will continue to gradually recover after the second quarter, throughout the second half of the fiscal year at all stores in the mainstay Department Store and PARCO Businesses. In addition, we will implement sales measures that incorporate all possible measures to ensure the safety and security of customers and employees, and take additional expense reduction measures.

As a result, in comparison to the six months ended August 31, 2020, where consolidated sales revenue is expected to be down approximately 25% year on year, consolidated sales revenue in the second half of the fiscal year is expected to be down approximately 18% year on year (excluding the impact of sales of reserve floor space in the PARCO Business in the previous fiscal year), reflecting a recovery. However, business profit, operating profit and profit attributable to owners of parent in the second half of the fiscal year are expected to remain unchanged from the previously announced forecasts.

Based on the above, for the consolidated earnings forecasts for the current fiscal year, business profit is expected to increase by ¥8,200 million, operating profit is expected to increase by ¥9,400 million, and profit attributable to owners of parent is expected to increase by ¥7,400 million, compared with the previously announced forecasts.

To establish a system for securing necessary funds as preparation in case the impact of COVID-19 is greater than expected, as in the first half of the fiscal year, the Company has curtailed investments, reduced expenses and increased accumulated cash on hand, as well as increased the amount of credit lines for fund raising.

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.

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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