



~ No Change, No Full Recovery ~

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# Presentation of Results for Fiscal Year Ended February 28, 2022

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April 12, 2022

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

Create and Bring to Life “New Happiness.”



## Today's Agenda

I. Overview of FY2021 Results

II. H1/Full FY2022 Forecast

III. Progress of Medium-term Business Plan

# Overview of FY2021 Results (IFRS)



# Consolidated PL (IFRS)

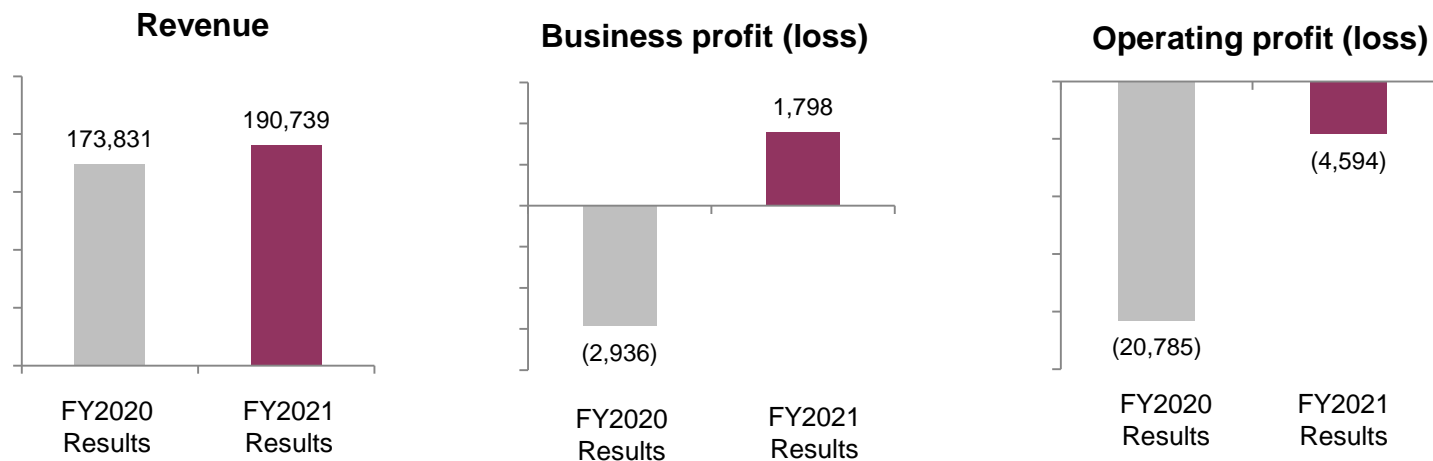
- ▶ Core businesses such as Department Store and SC recovered steadily but impact of COVID-19 was more prolonged than expected
- ▶ Returned to profitability in all profit/loss items, operating profit and profit were above October forecast
- ▶ Year-end dividend is ¥15 per share as planned at beginning of year, resulting in annual dividend of ¥29, up ¥2 YoY

(Millions of yen, unless otherwise stated)

Fiscal year ended February 28, 2022	H1		H2		Full year		
	Results	YoY %	Results	YoY %	Results	YoY %	vs. Oct forecast
Gross sales	402,148	25.4	473,132	5.4	875,281	13.8	(46,719)
Revenue	157,333	6.7	174,151	1.5	331,484	3.9	(26,016)
Gross profit (loss)	69,693	17.2	78,148	4.3	147,842	10.0	(4,658)
SGA	66,038	11.6	70,084	(3.7)	136,123	3.1	(4,377)
Business profit (loss)	3,654	—	8,063	281.0	11,718	395.1	(282)
Other operating income	1,657	(55.1)	9,411	366.0	11,068	93.8	4,068
Other operating expenses	6,701	(72.7)	6,705	(13.6)	13,406	(58.6)	(94)
Operating profit (loss)	(1,388)	—	10,769	—	9,380	—	3,880
Profit (loss) attributable to owners of parent	(1,995)	—	6,316	—	4,321	—	3,321
Dividend per share (Yen)	14	(Yen) 5	15	(Yen) (3)	29	(Yen) 2	0
ROE	—		—		1.2	(RD) 8.3	(RD) 0.9
ROIC	—		—		1.2	(RD) 1.0	(RD) 0.0

# Segment Performance (1) Department Store (IFRS)

- Recovered steadily until December but recovery slowed down due to rapid spread of 6th wave of COVID-19 in January
- Returned to business profit due to additional effort to reduce SGA, operating profit (loss) was greatly affected by restructuring



(Millions of yen, unless otherwise stated)

Fiscal year ended February 28, 2022	H1		H2		Full year		
	Results	YoY %	Results	YoY %	Results	YoY %	vs. Oct forecast
Gross sales	247,750	27.7	308,094	8.9	555,845	16.5	(23,355)
Revenue	86,484	16.2	104,255	4.8	190,739	9.7	(10,861)
SGA	54,069	20.0	59,740	1.1	113,809	9.3	(2,855)
Business profit (loss)	(1,507)	—	3,306	—	1,798	—	(1,202)
Operating profit (loss)	(4,566)	—	(28)	—	(4,594)	—	(3,394)

- ▶ Sales improved 5.5 points from Q3 to Q4 compared to FY2019 but recovery slowed down
- ▶ Kobe store that has strong regular customers increased sales in both Q3 and Q4 compared to FY 2019, Nagoya store also increased sales in Q4
- ▶ Tokyo store recovered strongly in Q4 but recovery of terminal stores was relatively slow

(% change)

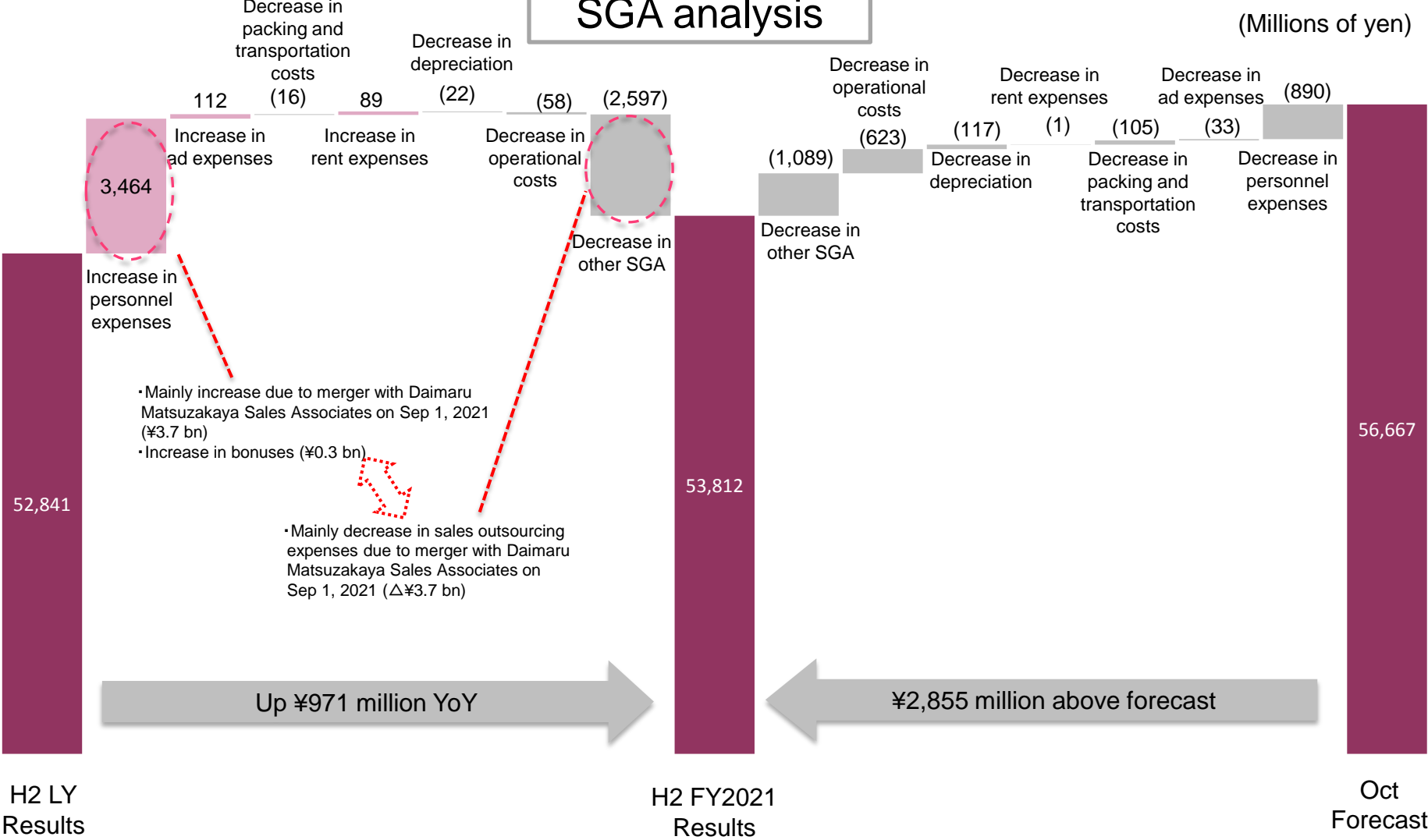
Fiscal year ended February 28, 2022	vs. FY2020			vs. FY2019		
	Q3 Results	Q4 Results	H2 Results	Q3 Results	Q4 Results	H2 Results
Shinsaibashi	13.1	18.9	16.1	(31.5)	(15.6)	(23.9)
Umeda	3.8	8.6	6.4	(28.9)	(27.1)	(27.9)
Tokyo	9.5	22.7	16.3	(33.3)	(27.0)	(30.0)
Kyoto	1.1	4.9	3.1	(18.7)	(13.3)	(15.9)
Kobe	10.8	15.7	13.3	0.4	5.9	3.3
Sapporo	14.0	9.8	11.8	(15.3)	(21.1)	(18.4)
Nagoya	6.4	13.1	10.0	(11.7)	0.7	(5.4)
Total Directly managed stores	7.3	12.0	9.8	(19.0)	(13.5)	(16.1)

\*Total is on a comparable store basis. (Comparison to FY2020 excludes Yamashina store and comparison to FY2019 excludes Shimonoseki store.)



## H2 FY2021 SGA analysis

(Millions of yen)



- Mainly increase due to merger with Daimaru Matsuzakaya Sales Associates on Sep 1, 2021 (¥3.7 bn)
- Increase in bonuses (¥0.3 bn)

- Mainly decrease in sales outsourcing expenses due to merger with Daimaru Matsuzakaya Sales Associates on Sep 1, 2021 (Δ¥3.7 bn)

H2 LY Results

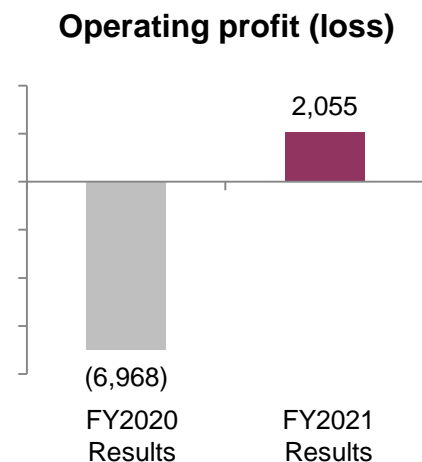
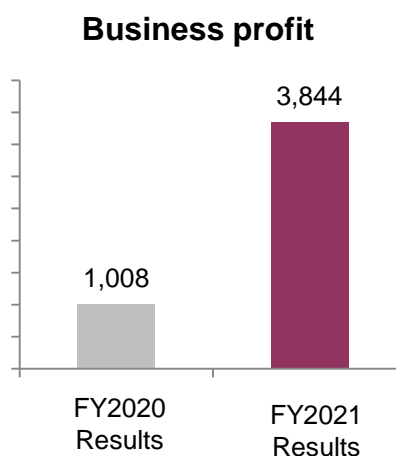
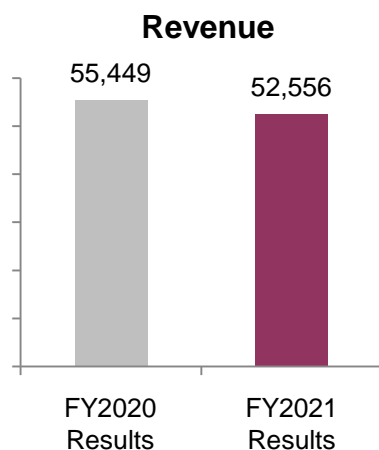
H2 FY2021 Results

Oct Forecast

# Segment Performance (2) SC Business (IFRS)

Impact of COVID-19 such as closure and reduced business hours was more prolonged than expected, easing of conditions was partially continued

SGA decreased greatly in both H1 and H2 mainly due to transfer of Neuve A (end of June)



(Millions of yen, unless otherwise stated)

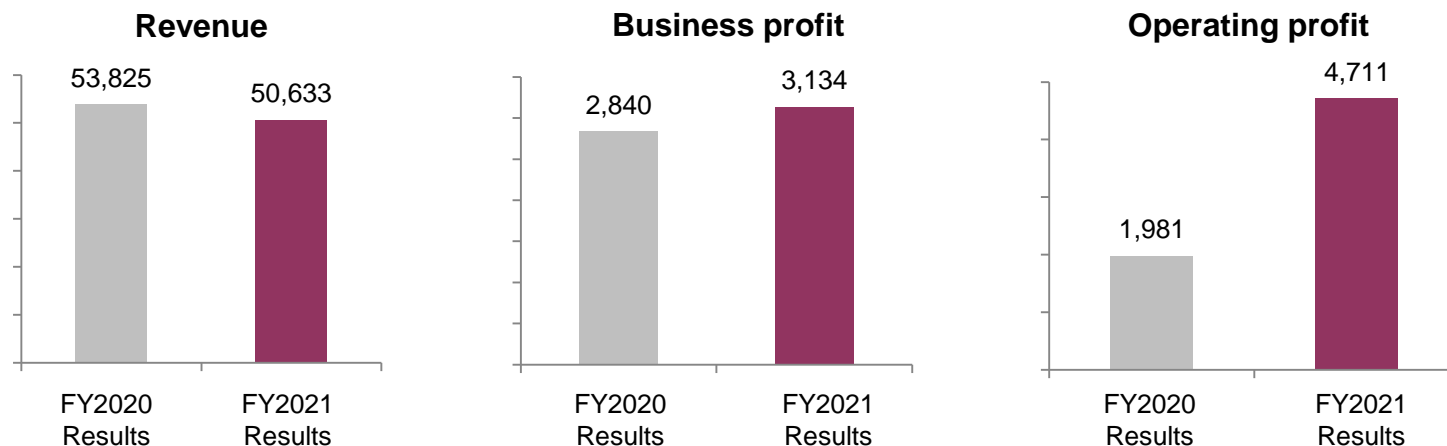
Fiscal year ended February 28, 2022	H1		H2		Full year		
	Results	YoY %	Results	YoY %	Results	YoY %	vs. Oct forecast
Gross sales	102,979	32.0	116,192	(1.4)	219,172	11.9	(12,328)
Revenue	26,764	16.5	25,792	(20.1)	52,556	(5.2)	(2,444)
SGA	5,318	(20.7)	3,941	(49.3)	9,260	(36.0)	(740)
Business profit (loss)	2,721	186.4	1,122	-	3,844	281.3	(356)
Operating profit	456	—	1,599	—	2,055	—	255



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

Revenue decreased YoY mainly because construction period of J. Front Design & Construction extended due to COVID-19

Real estate rental was strong, operating profit was above October forecast because gain on sale of real estate was recorded

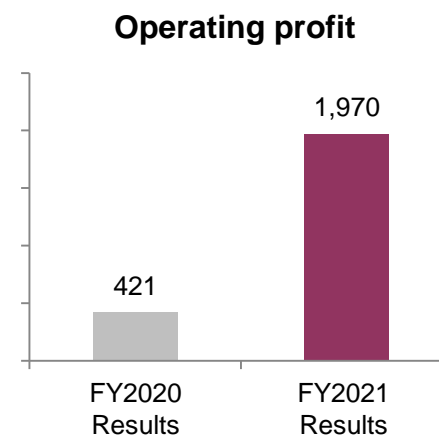
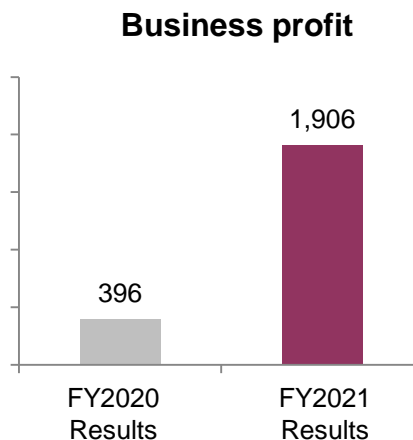
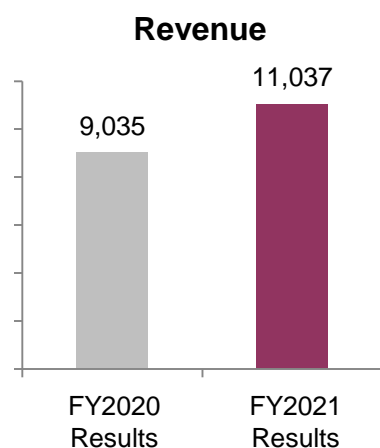


(Millions of yen, unless otherwise stated)

Fiscal year ended February 28, 2022	H1		H2		Full year		
	Results	YoY %	Results	YoY %	Results	YoY %	vs. Oct forecast
Gross sales	29,017	6.0	24,776	5.8	53,794	5.9	(7,106)
Revenue	25,737	(21.7)	24,895	18.9	50,633	(5.9)	(5,867)
SGA	3,302	11.9	3,308	13.2	6,611	12.6	(189)
Business profit (loss)	1,726	(0.3)	1,408	26.9	3,134	10.3	(266)
Operating profit	1,807	6.5	2,903	922.8	4,711	137.7	1,211

Revenue increased greatly because annual fee income increased due to recovering performance of Department Store and effect of card renewal

SGA reduction also contributed, both business profit and operating profit were ¥0.7 billion above October forecast

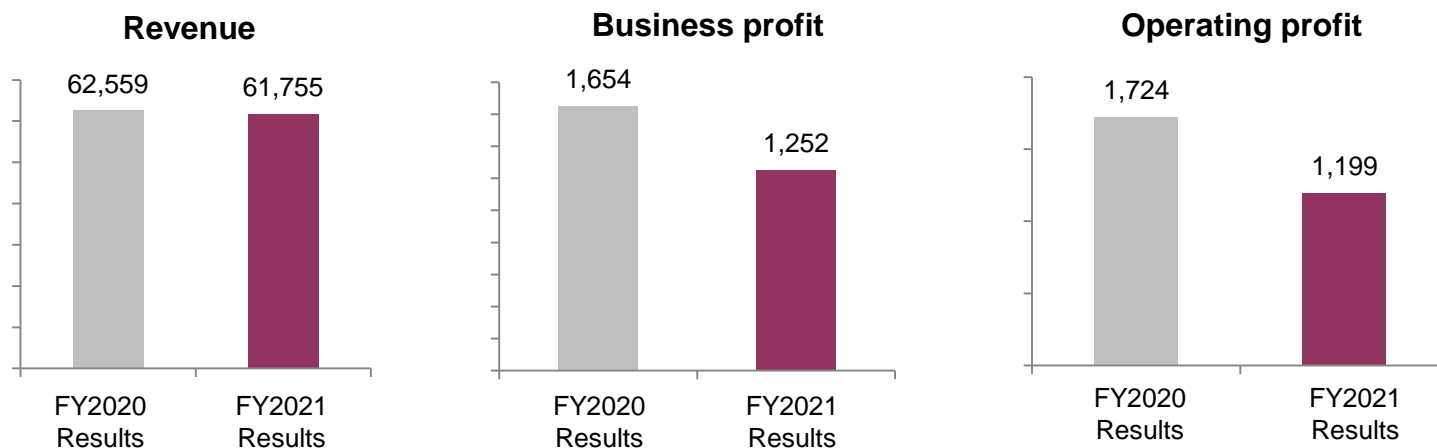


(Millions of yen, unless otherwise stated)

Fiscal year ended February 28, 2022	H1		H2		Full year		
	Results	YoY %	Results	YoY %	Results	YoY %	vs. Oct forecast
Gross sales	6,832	31.1	7,724	22.9	14,556	26.6	56
Revenue	4,953	7.8	6,084	37.0	11,037	22.2	237
SGA	4,476	7.9	4,654	3.6	9,131	5.7	(529)
Business profit (loss)	476	6.8	1,430	—	1,906	380.4	766
Operating profit	506	11.7	1,463	—	1,970	367.8	770

# Segment Performance (5) Other (IFRS)

- Core business Daimaru Kogyo struggled, revenue and profit decreased partly due to transfer of all shares in J. Front Foods
- Dimples' will be excluded from consolidation after FY2022 because part of its shares were transferred on February 28, 2022



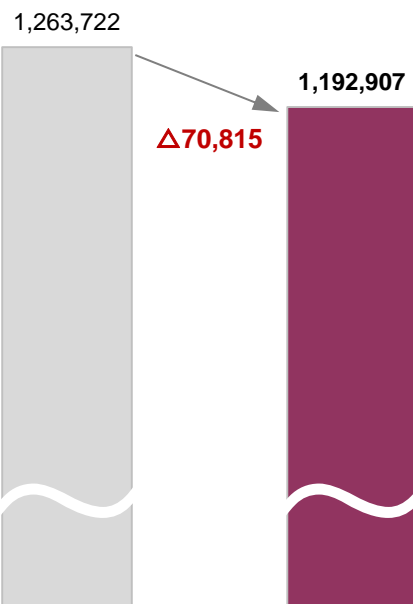
(Millions of yen, unless otherwise stated)

Fiscal year ended February 28, 2022	H1		H2		Full year		
	Results	YoY %	Results	YoY %	Results	YoY %	vs. Oct forecast
Gross sales	36,714	3.5	36,532	(9.0)	73,246	(3.1)	(1,754)
Revenue	31,457	7.3	30,297	(8.9)	61,755	(1.3)	(2,245)
SGA	10,916	7.3	10,265	(9.8)	21,182	(1.8)	(1,018)
Business profit (loss)	492	1.2	759	(34.9)	1,252	(24.3)	52
Operating profit (loss)	439	(9.5)	759	(38.7)	1,199	(30.5)	99

# Consolidated BS (IFRS)

- ▶ Total assets decreased ¥70.8 billion YoY partly due to reduction of cash and deposits, sale of assets, depreciation
- ▶ Started to right-size cash and deposits on hand, reduced interest-bearing liabilities (excluding lease liabilities) ¥42.2 billion
- ▶ Ratio of equity attributable to owners of parent was 29.4%, up 1.5 points YoY

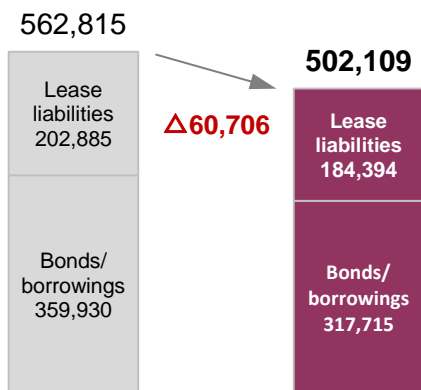
### Total assets



Feb 28, 2021

Feb 28, 2022

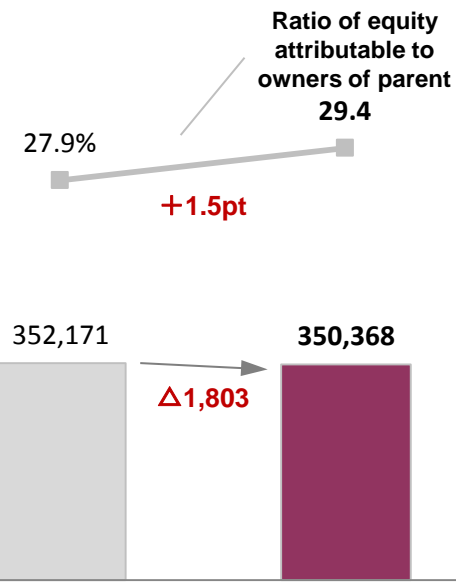
### Interest-bearing liabilities



Feb 28, 2021

Feb 28, 2022

### Equity attributable to owners of parent



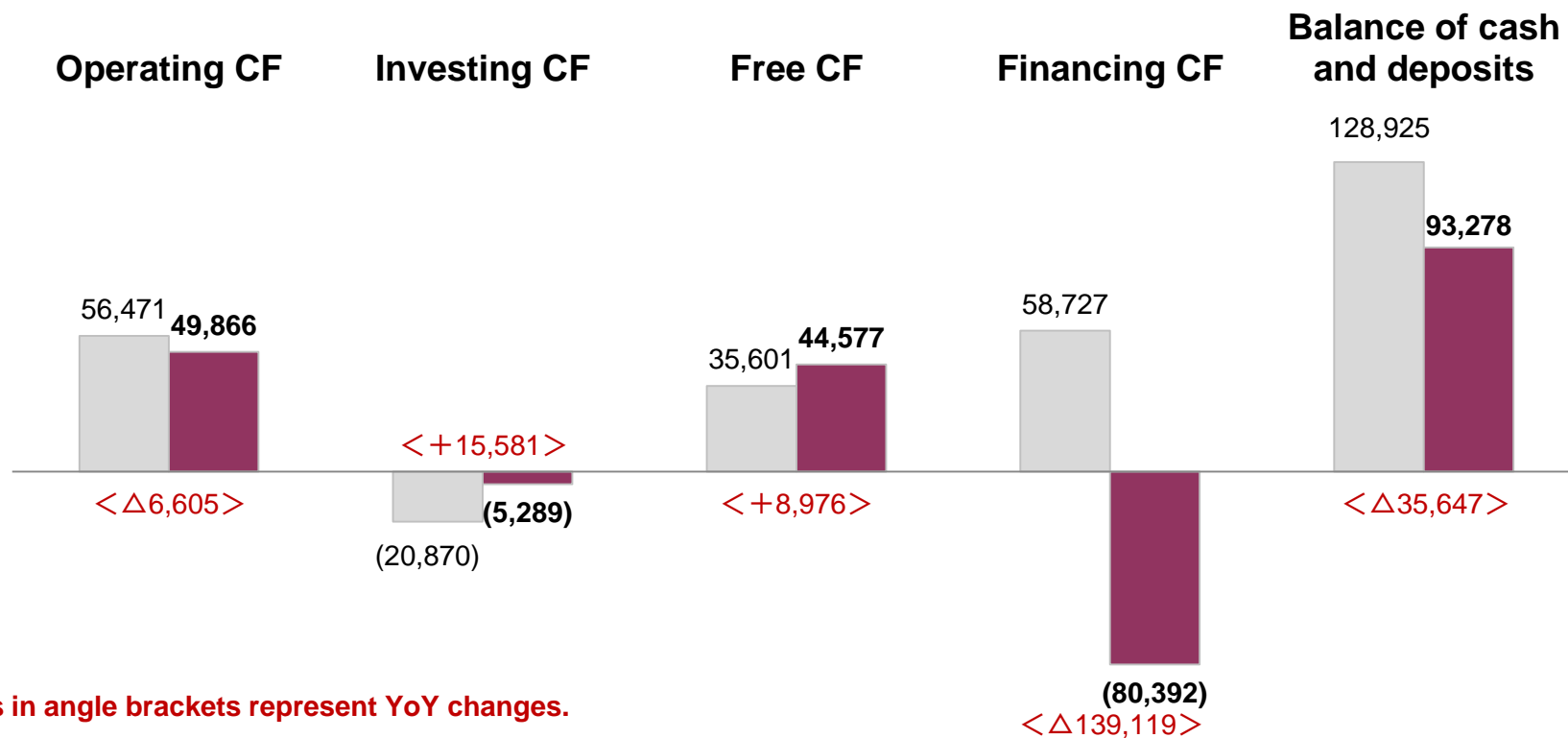
Feb 28, 2021

Feb 28, 2022

(Millions of yen)

# Consolidated CF (IFRS)

- ▶ Operating CF was ¥49.8 billion due to increase in working capital in spite of profit improvement
- ▶ Secured free CF of ¥44.5 billion due to reduction of investment and sale of assets such as shares of Dimples'
- ▶ Reduced cash and deposits on hand, which were reserved for COVID-19, to ¥93.2 billion



Figures in angle brackets represent YoY changes.

■ Results FY ended February 28, 2021

■ Results FY ended February 28, 2022

(Millions of yen)

# H1/Full FY2022 Forecast (IFRS)



- ◆ Sales to affluent customers in Japan remain strong, focus store investment on strengthening luxury
- ◆ Spending by and traffic of middle-class customers are recovering but slowly
- ◆ Expect inbound not to change visibly until end of current fiscal year
- ◆ Prepare risk scenarios in preparation for rapid environmental changes



Operating profit in FY2023

**Full recovery = ¥40.3 billion**

**Intention to achieve remains unchanged**

# Consolidated PL Forecast (IFRS)

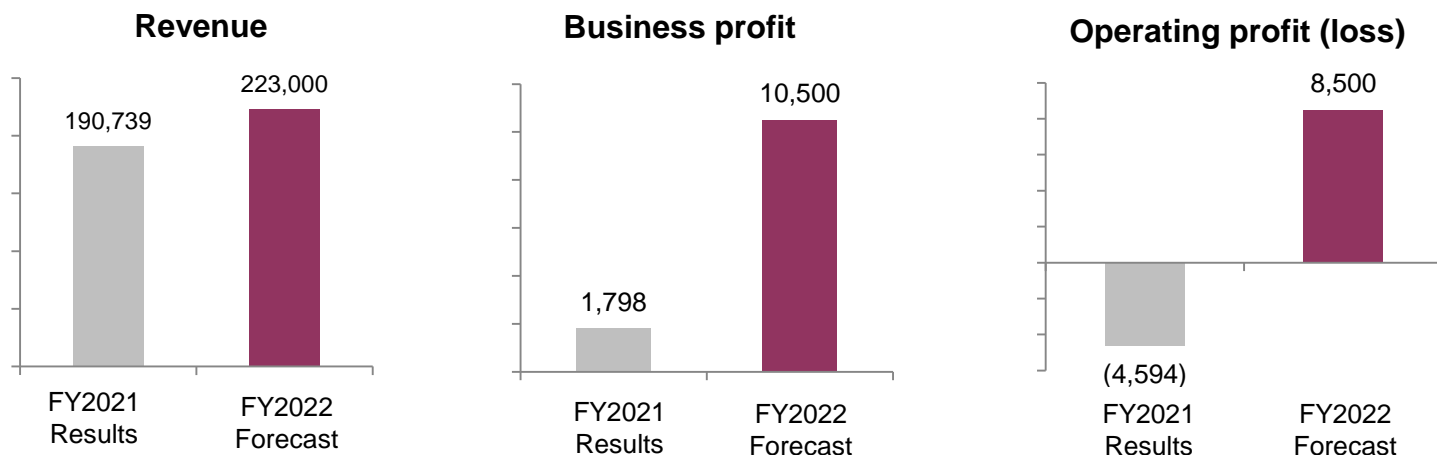
- ▶ Core businesses such as Department Store and SC are expected to greatly increase top line and drive improvement in performance
- ▶ Though costs will increase due to aggressive investment for growth, restructuring will be accelerated to reduce fixed costs
- ▶ Plan to pay interim dividend of ¥15 per share, up ¥1, resulting in annual dividend of ¥31, up ¥2

(Millions of yen, unless otherwise stated)

Fiscal year ending February 28, 2023	H1		H2		Full year	
	Forecast	YoY %	Forecast	YoY %	Forecast	YoY %
Gross sales	492,000	22.3	528,000	11.6	1,020,000	16.5
Revenue	179,000	13.8	191,600	9.7	370,000	11.6
Gross profit	86,500	24.1	88,500	13.2	175,000	18.4
SGA	75,000	13.6	78,000	11.3	153,000	12.4
Business profit	11,500	214.6	10,500	30.2	22,000	87.7
Other operating income	1,000	(39.7)	1,500	(84.1)	2,500	(77.4)
Other operating expenses	2,000	(70.2)	1,500	(77.6)	3,500	(73.9)
Operating profit (loss)	10,500	—	10,500	(2.5)	21,000	123.9
Profit (loss) attributable to owners of parent	6,000	—	5,540	(12.9)	11,500	166.1
Dividend per share (Yen)	(Interim) 15	(Yen) 1	(Year-end) 16	(Yen) 1	(Annual) 31	(Yen) 2
ROE	—	—	—	—	3.3	(RD) 2.1
ROIC	—	—	—	—	2.4	(RD) 1.2



- ▶ Invest aggressively in renovation of flagship stores, mainly luxury, jewelry, watches, to boost sales
- ▶ Driven by spending by affluent customers, followed by middle class due to recovery of traffic, expect inbound sales to be ¥10.0 billion



(Millions of yen, unless otherwise stated)

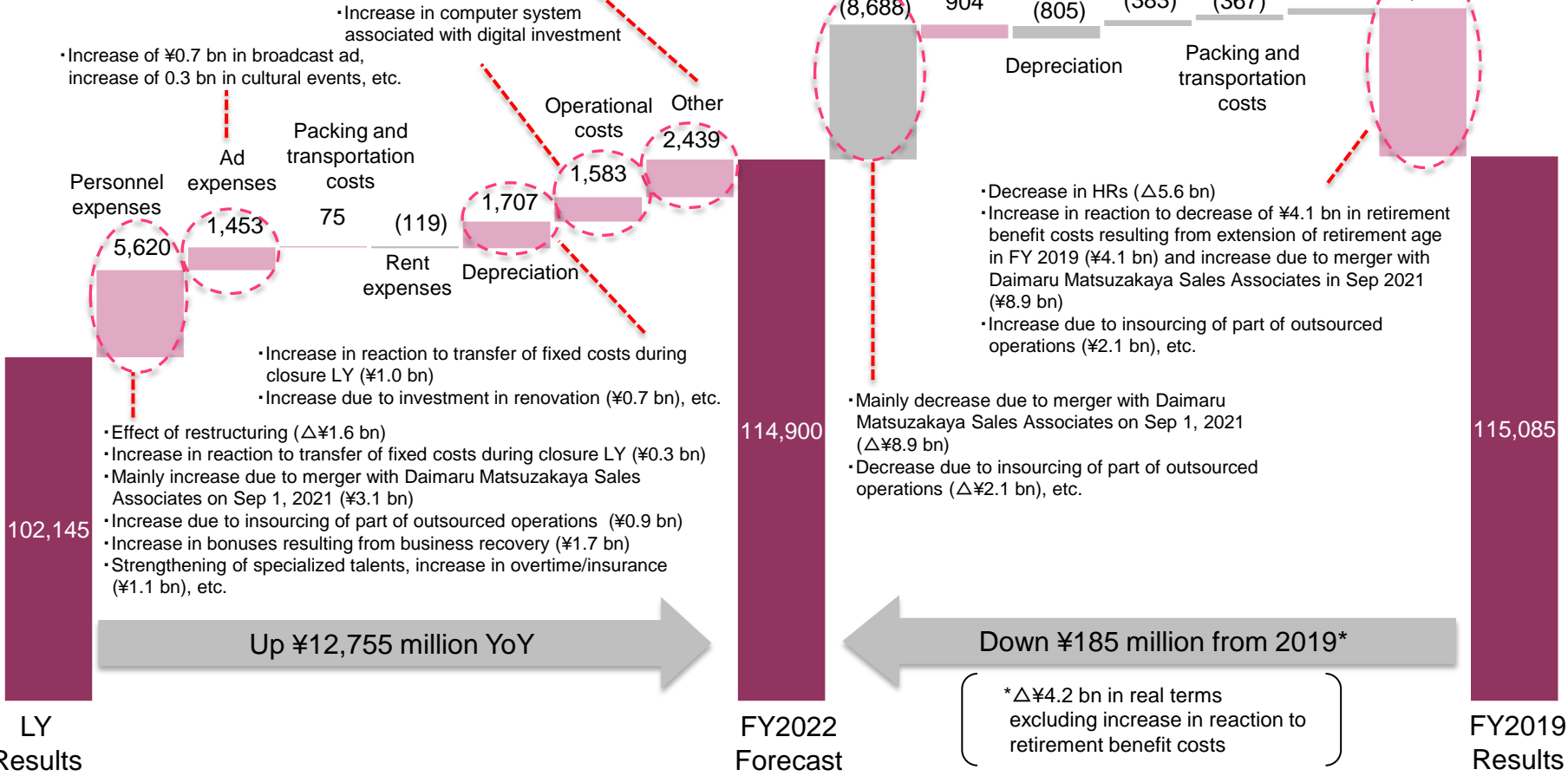
Fiscal year ending February 28, 2023	H1		H2		Full year	
	Results	YoY %	Results	YoY %	Results	YoY %
Gross sales	317,400	28.1	348,100	13.0	665,500	19.7
Revenue	106,300	22.9	116,700	11.9	223,000	16.9
SGA	61,500	13.7	65,000	8.8	126,500	11.2
Business profit	4,500	—	6,000	81.5	10,500	483.9
Operating profit	3,500	—	5,000	—	8,500	—



## FY2021 SGA analysis

(Millions of yen)

- Increase in reaction to transfer of fixed costs during closure LY (¥0.8 bn)
- Increase in commissions due to sales increase (¥2.2 bn)
- Increase in repair expenses resulting from renovation (¥1.8 bn)
- Increase in supplies expenses (¥0.5 bn)
- Decrease due to merger with Daimaru Matsuzakaya Sales Associates on Sep 1, 2021 (Δ¥3.1 bn)
- Decrease due to insourcing of part of outsourced operations (Δ¥0.9 bn), etc.



- Increase in computer system associated with digital investment

- Increase of ¥0.7 bn in broadcast ad, increase of 0.3 bn in cultural events, etc.

- Increase in reaction to transfer of fixed costs during closure LY (¥1.0 bn)
- Increase due to investment in renovation (¥0.7 bn), etc.

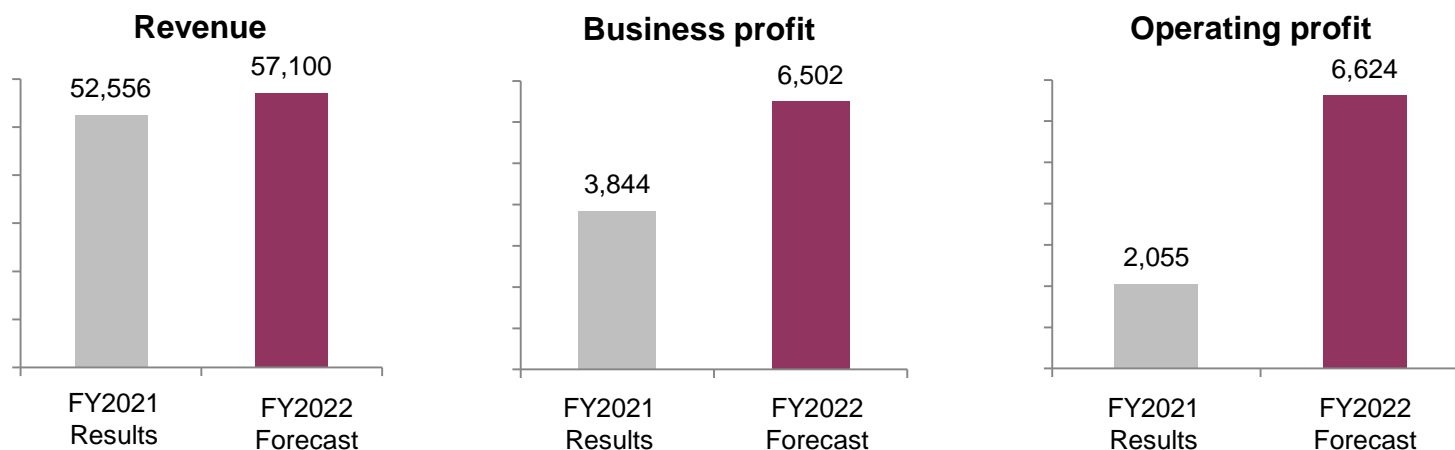
- Effect of restructuring (Δ¥1.6 bn)
- Increase in reaction to transfer of fixed costs during closure LY (¥0.3 bn)
- Mainly increase due to merger with Daimaru Matsuzakaya Sales Associates on Sep 1, 2021 (¥3.1 bn)
- Increase due to insourcing of part of outsourced operations (¥0.9 bn)
- Increase in bonuses resulting from business recovery (¥1.7 bn)
- Strengthening of specialized talents, increase in overtime/insurance (¥1.1 bn), etc.

- Decrease in HRs (Δ5.6 bn)
- Increase in reaction to decrease of ¥4.1 bn in retirement benefit costs resulting from extension of retirement age in FY 2019 (¥4.1 bn) and increase due to merger with Daimaru Matsuzakaya Sales Associates in Sep 2021 (¥8.9 bn)
- Increase due to insourcing of part of outsourced operations (¥2.1 bn), etc.

- Mainly decrease due to merger with Daimaru Matsuzakaya Sales Associates on Sep 1, 2021 (Δ¥8.9 bn)
- Decrease due to insourcing of part of outsourced operations (Δ¥2.1 bn), etc.

# Segment Performance Forecast (2) SC Business (IFRS)

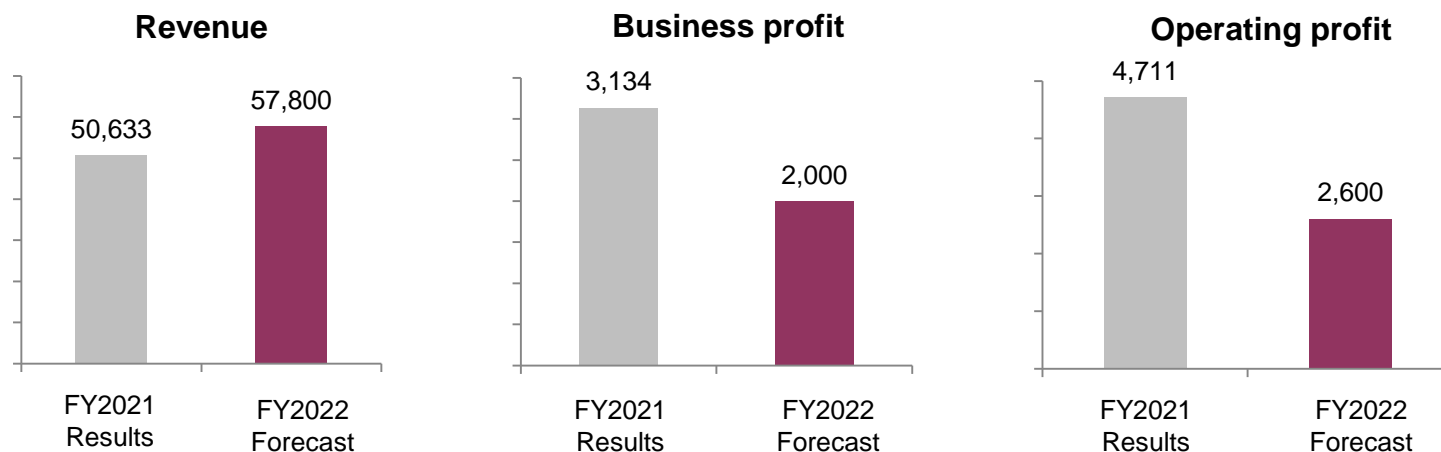
- ▶ Large-scale renovation in PARCO flagship stores such as Ikebukuro, Nagoya, Hiroshima and Sendai
- ▶ Strengthen efforts to attract more customers in entertainment and diversify revenue streams



(Millions of yen, unless otherwise stated)

Fiscal year ending February 28, 2023	H1		H2		Full year	
	Results	YoY %	Results	YoY %	Results	YoY %
Gross sales	132,277	28.5	135,211	16.4	267,488	22.0
Revenue	28,755	7.4	28,344	9.9	57,100	8.6
SGA	4,499	(15.4)	4,610	17.0	9,109	(1.6)
Business profit	4,751	74.6	1,750	55.9	6,502	69.1
Operating profit	4,824	957.6	1,800	12.5	6,624	222.3

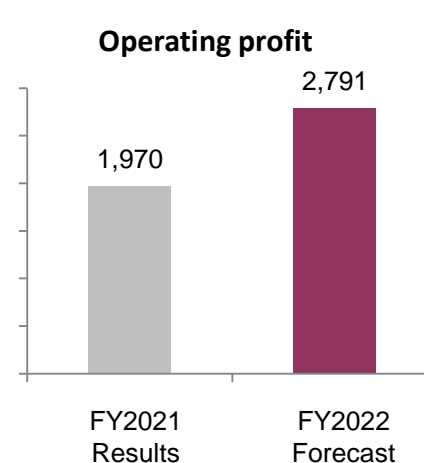
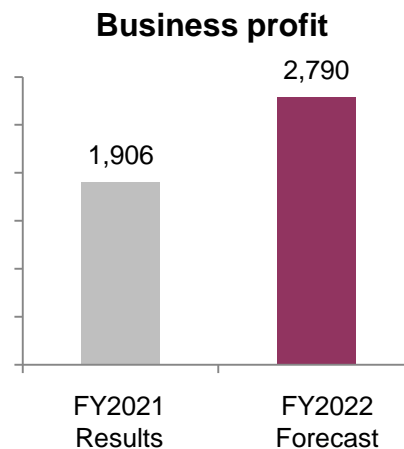
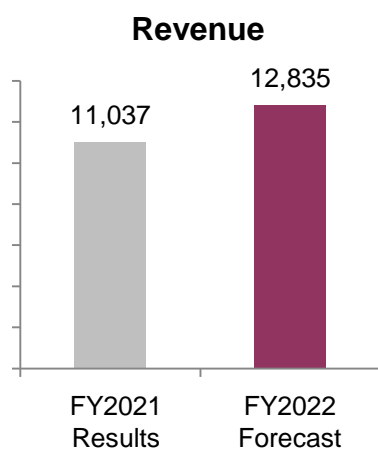
- ▶ Revenue is expected to increase in design and construction-related business due to renovation investment of Department Store and Parco
- ▶ Business profit is expected to decrease partly due to upfront expenses for new project development, operating profit is expected to decrease in reaction to sale of real estate



(Millions of yen, unless otherwise stated)

Fiscal year ending February 28, 2023	H1		H2		Full year	
	Results	YoY %	Results	YoY %	Results	YoY %
Gross sales	28,300	(2.5)	29,500	19.1	57,800	7.4
Revenue	28,300	10.0	29,500	18.5	57,800	14.2
SGA	4,000	21.1	4,400	33.0	8,400	27.1
Business profit (loss)	1,000	(42.1)	1,000	(29.0)	2,000	(36.2)
Operating profit (loss)	1,000	(44.7)	1,600	(44.9)	2,600	(44.8)

- ▶ Commission income, etc. is expected to increase due to increase in transaction volume resulting from continuing recovery of Department Store performance
- ▶ Also factored in steady increase in annual fee income and sales increase of insurance products

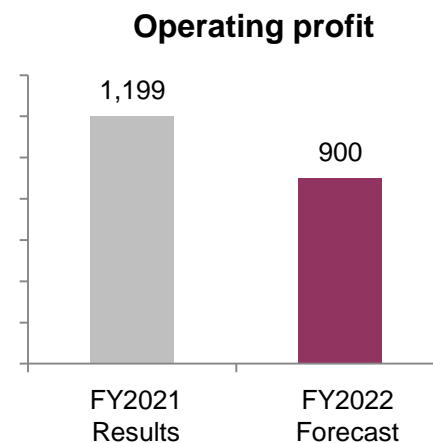
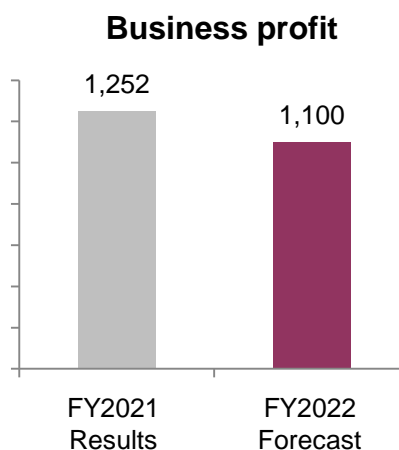
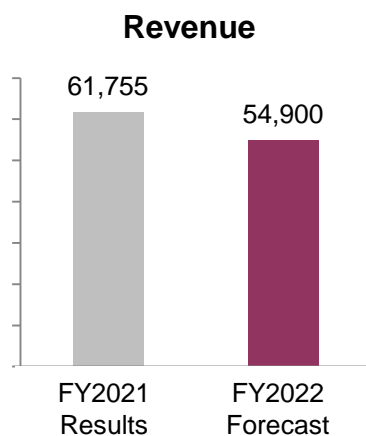


(Millions of yen, unless otherwise stated)

Fiscal year ending February 28, 2023	H1		H2		Full year	
	Results	YoY %	Results	YoY %	Results	YoY %
Gross sales	6,246	(8.6)	6,589	(14.7)	12,835	(11.8)
Revenue	6,246	26.1	6,589	8.3	12,835	16.3
SGA	4,898	9.4	5,147	10.6	10,045	10.0
Business profit	1,348	183.1	1,442	0.8	2,790	46.3
Operating profit (loss)	1,345	165.4	1,446	(1.2)	2,791	41.7

# Segment Performance Forecast (5) Other (IFRS)

▶ Expect core business Daimaru Kogyo to improve performance but affected by exclusion of Dimples' from consolidation, etc.



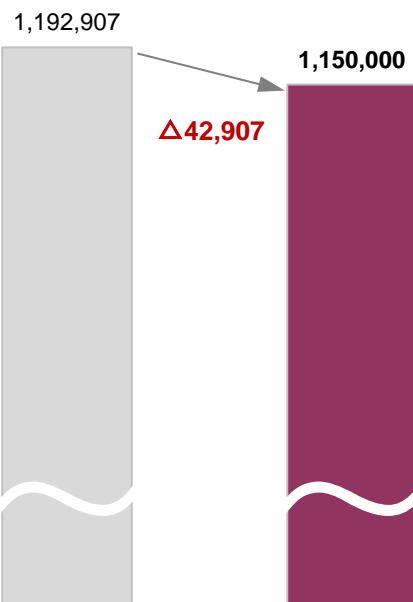
(Millions of yen, unless otherwise stated)

Fiscal year ending February 28, 2023	H1		H2		Full year	
	Results	YoY %	Results	YoY %	Results	YoY %
Gross sales	27,800	(24.3)	28,500	(22.0)	56,300	(23.1)
Revenue	28,200	(10.4)	28,700	(5.3)	56,900	(7.9)
SGA	10,400	(4.7)	9,700	(5.5)	20,100	(5.1)
Business profit (loss)	800	62.3	300	(60.5)	1,100	(12.2)
Operating profit (loss)	720	63.7	180	(76.3)	900	(25.0)

# Consolidated BS Forecast (IFRS)

- ▶ Total assets are expected to decrease ¥42.9 billion partly due to reduction of cash and deposits on hand to appropriate level
- ▶ Reduce interest-bearing liabilities (excluding lease liabilities) to ¥270.0 billion, roughly same as FY2019 level
- ▶ Ratio of equity attributable to owners of parent is expected to recover to 30% level

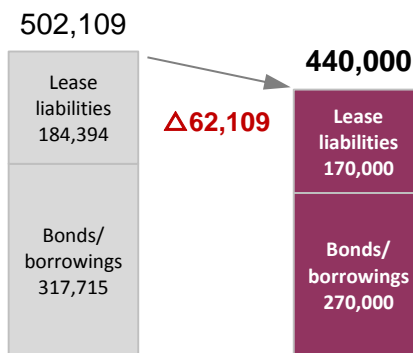
### Total assets



Feb 28, 2022

Feb 28, 2023  
(Forecast)

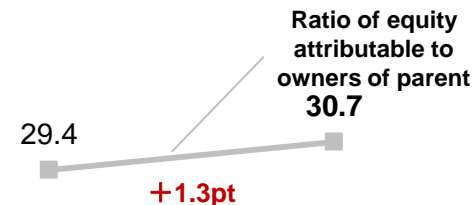
### Interest-bearing liabilities



Feb 28, 2022

Feb 28, 2023  
(Forecast)

### Equity attributable to owners of parent



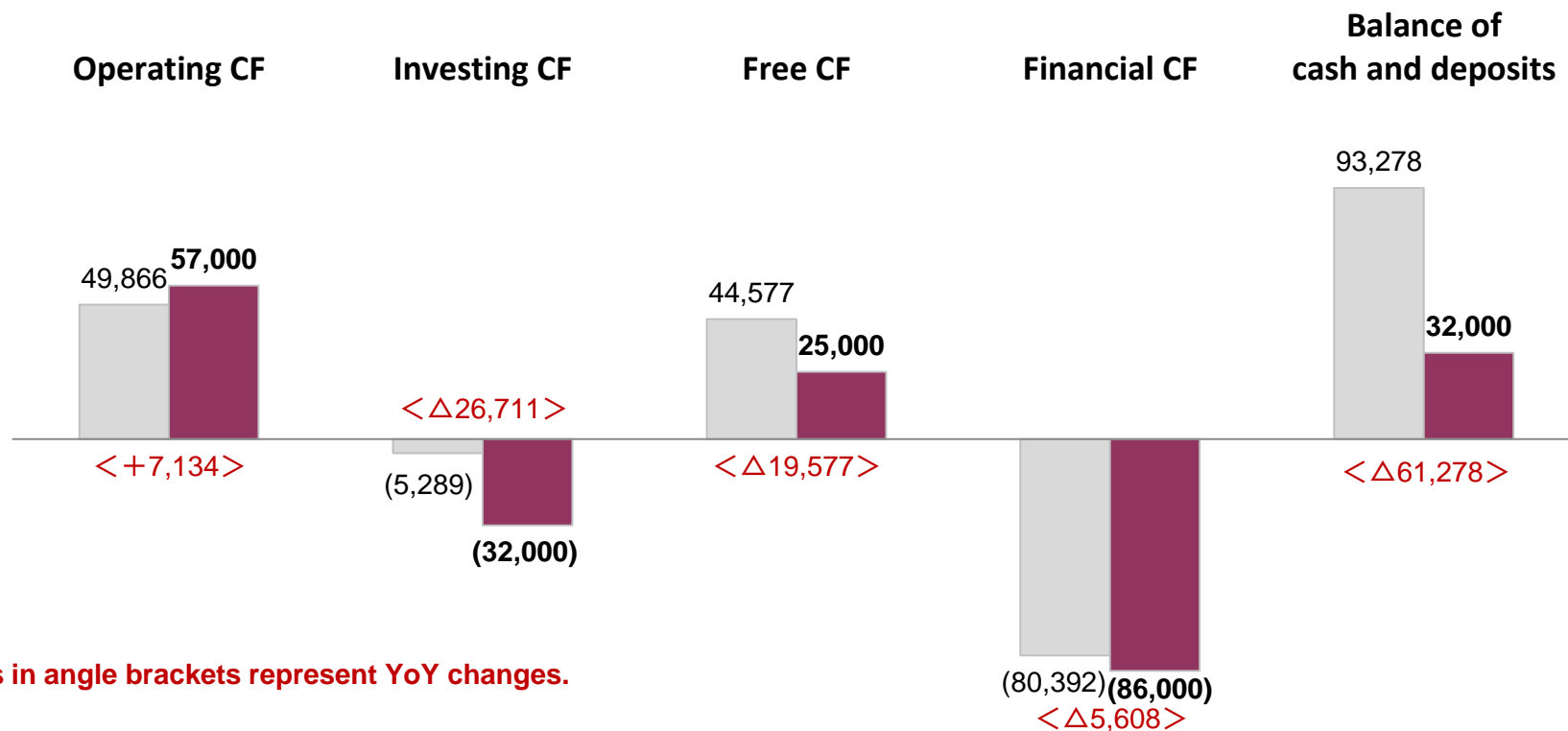
Feb 28, 2022

Feb 28, 2023  
(Forecast)

(Millions of yen)

# Consolidated CF Forecast (IFRS)

- ▶ Operating CF is expected to increase ¥7.1 billion YoY due to profit increase
- ▶ Mainly Department Store and SC plan aggressive capital investment to ensure profit in future
- ▶ Free CF is expected to decrease ¥19.5 YoY due to significant increase in investment expenditure



Figures in angle brackets represent YoY changes.

■ Results FY ended February 28, 2022

■ Forecast FY ending February 28, 2023

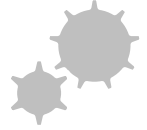
(Millions of yen)



FY2021 - FY2023

# Progress of Medium-term Business Plan





# “Change gear” for full recovery and regrowth



## For full recovery

Accelerate Department Store / SC business model transformation

Management restructuring

## For regrowth

Strengthen systems/initiatives to change business portfolio

Investment for future

- ▶ Customer touch points through app are steadily expanding and deepening and sophistication of CRM is greatly improving



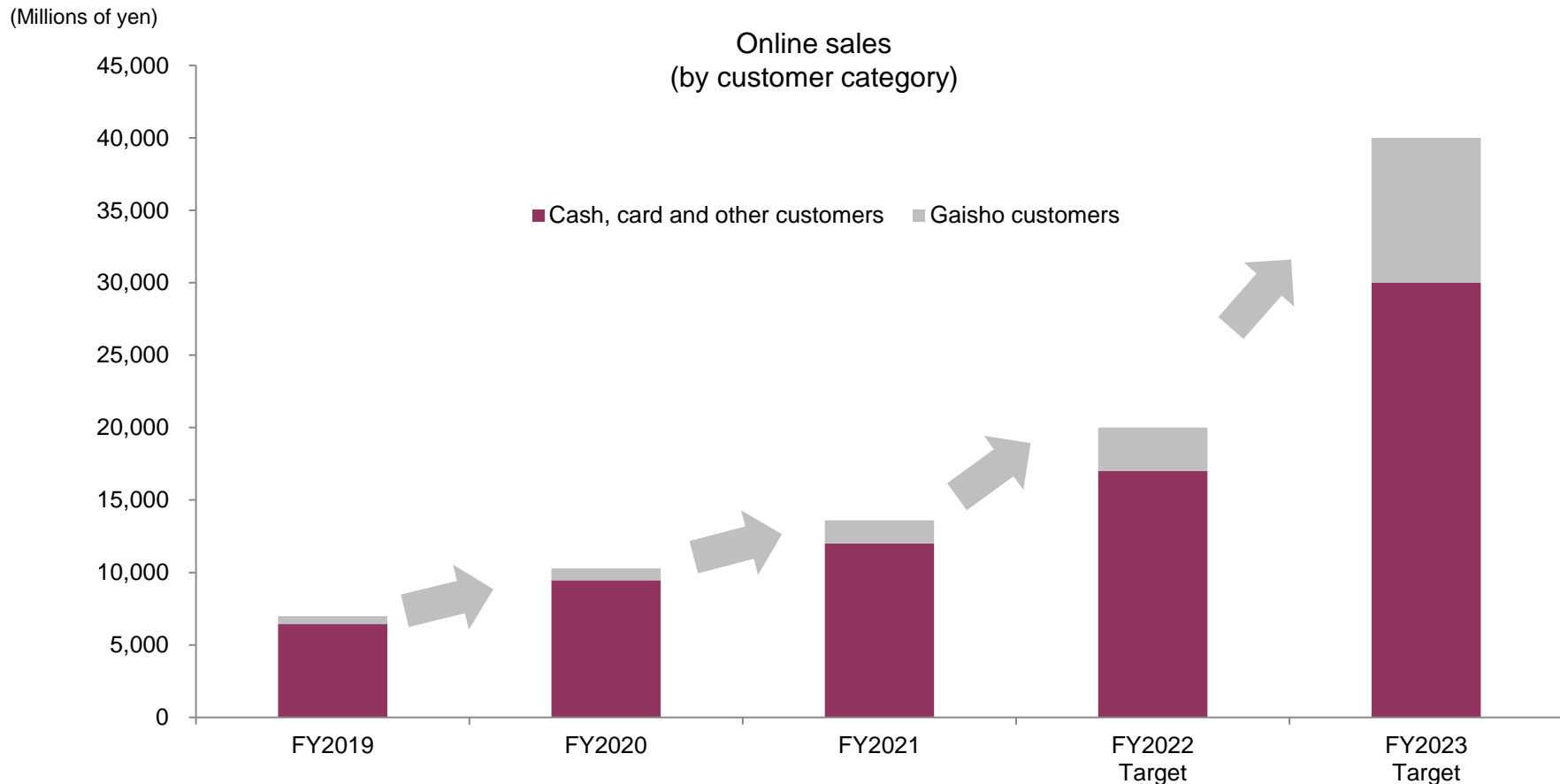
KPI	FY2021 Results	YoY
Sales to app users	¥187.7 bn	+37.6 %
Share of total sales of Department Store	38.8 %	+5.8 points
Number of app users	1.3 mn people	+0.44 mn people
Spend per the company-issued card user who became app user*	+15.3 %	

\*Selected users who became app users in H1 FY2021 and compared sales between before (Sep 2020 – Jan) and after (Sep 2021 - Jan) becoming app users

Promote strengthening of customer base and sophistication of data usage in conjunction with the company-issued cards

# Department Store — Expand OMO

▶ Launch the Company's unique OMO websites, further evolve connaislign



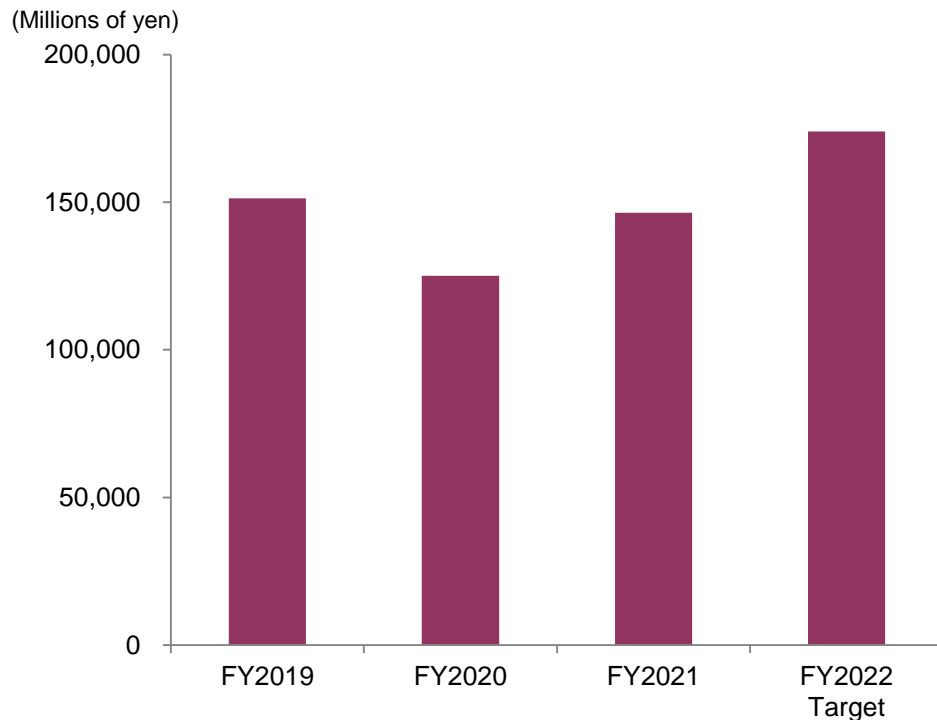
Aim to achieve online sales of ¥40.0 billion in FY2023  
by improving website UI, expanding product mix, and securing highly rare content

# Department Store — Deepen Prime Life Strategy

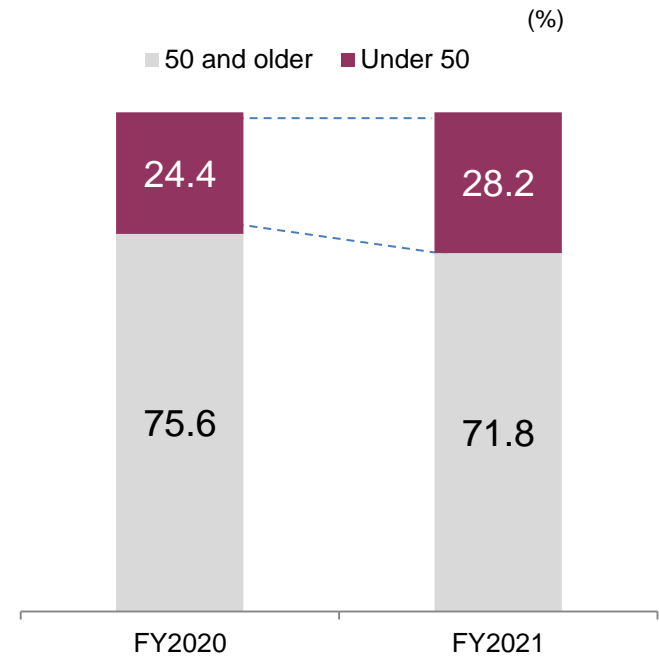


- ▶ Develop and deeply cultivate young affluent customers by improving content and using digital sales
- ▶ Luxury mall GINZA SIX performs well due to significant increase in purchase share of customers in their 20s

Credit sales



Sales share by age group



Expand product mix such as luxury online/offline and strengthen services in stores  
 Aim to achieve ¥200.0 billion level of *gaisho* sales early



Daimaru  
Kobe



GINZA  
SIX

- ✓ Expanded space for luxury items and watches, created lounge
- ✓ Greatly expanded Louis Vuitton as freestanding boutique with 3 floors (near the department store)
- ✓ Strengthen lead from digital media

- ✓ Total sales in December were above FY2019 level, record high
- ✓ Customers in their 30s are spending most briskly
- ✓ Large purchases by customers in their 20s are remarkably increasing

Focus on strengthening prime content of flagship stores in FY2022

- ▶ Need to radically overhaul content provided in stores and floor allocation
- ▶ Expand content that provides excitement to daily life and brings fulfilling lifestyles

Direction of overhaul

Expand prime content

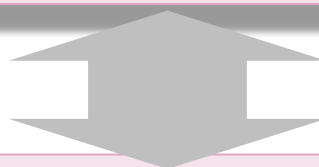
(luxury, art, jewelry/watches)

Redesign and expand content by shifting focus to lifestyle

e.g. cosmetics ⇒ beauty/wellness

Introduce new content by shifting focus to experience

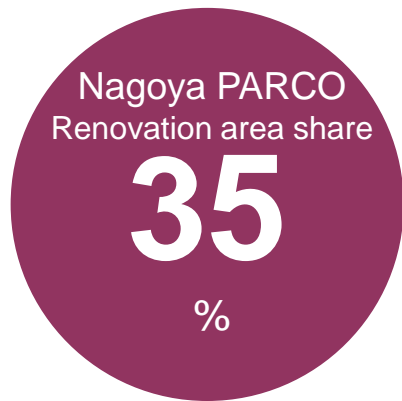
e.g. education, entertainment, incubation



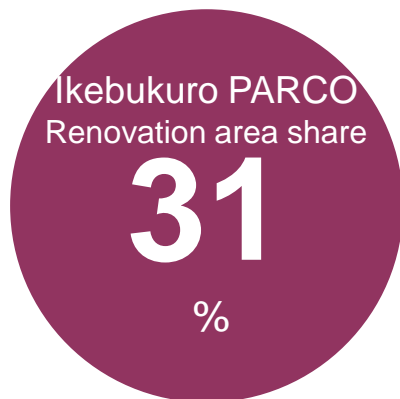
Decrease originally curated space by half /  
decrease women's volume zone clothing

Launch new hybrid model for Nagoya store by end of FY2023

- ▶ Large-scale renovation with focus on 5 stores including Ikebukuro, Nagoya, Sendai, Hiroshima, Urawa for revenue improvement



- ✓ Large-scale renovation with genderless and ageless as keywords
- ✓ First renewal of entrance center zone on 1st floor of west wing in 17 years
- ✓ Baycrew's on four floors of south wing, strengthen entertainment in east wing



- ✓ Remodel 1st basement floor and 1st ground floor, which are directly connected to station
- ✓ Change 1st and 2nd floors of main building, which mainly carry ladies items, to unisex floors
- ✓ Expand game and animation culture that have strong affinity with local area

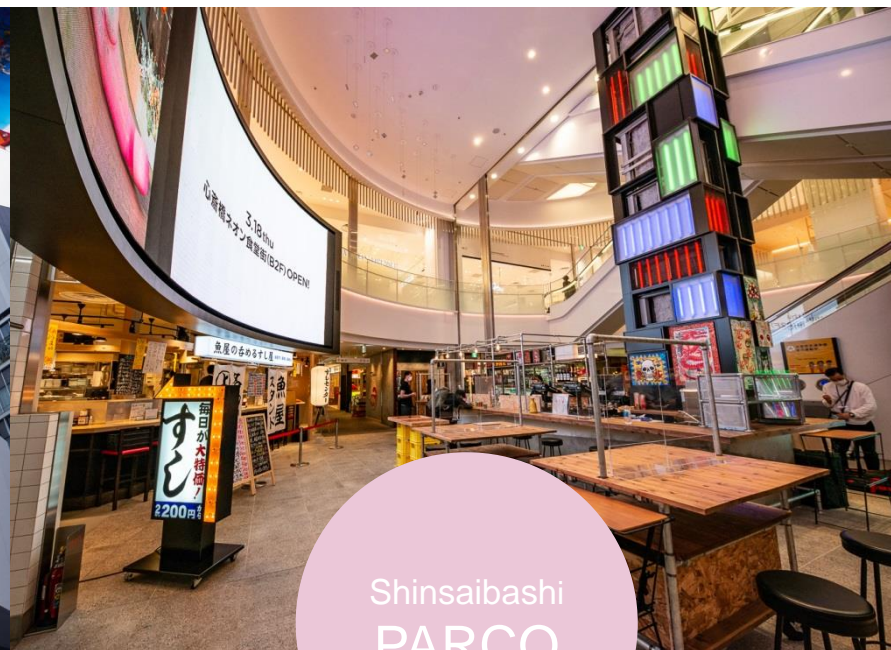
\*Renovation area share is cumulative total during period of current Medium-term Plan.

Accelerate category portfolio transformation  
such as update and reduction of apparel and expansion of luxury and entertainment





Shibuya  
PARCO



Shinsaibashi  
PARCO

- ✓ One and only next generation commercial space
- ✓ 3D promotion using SNS and entire building
- ✓ New challenge as symbolic store of PARCO

- ✓ Promote acquisition of nouveau riche customers
- ✓ Wellness mall as new motivation to visit the store
- ✓ Synergy with adjacent department store



Further seek potential of Shibuya/Shinsaibashi that maintain strong sales since opening

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

### Business model reform

HR restructuring

Cost restructuring

Reduce fixed costs ¥10.0 bn or more compared to FY2019  
(FY2021 – 2023 cumulative total target )

FY2021 results  $\Delta$ ¥4.3 billion  
(Plan at beginning of year  $\Delta$ ¥3.0 billion)

\*Including cost, compared to 2019

In view of progress above plan, consider revising up target

# Reorganization of Holding Company

▶ Create new divisions and actively invest and fuse Parco's HRs to strengthen promotion of the Group strategy

(Newly created division)

(Purpose)

**Business Portfolio  
Transformation Promotion Div**



Prepare/implement plans concerning business portfolio transformation to realize discontinuous growth, etc.

**CRE Planning Div**



Develop CRE strategy concerning real estate development and real estate held by the Group, strengthen collaboration with Parco Developer, etc.

**Digital Promotion Div**



Increase revenue across the Group using digital, improve environment to use integrated DB, etc.



Ensure effectiveness and speed up to promote medium- to long-term strategy

## Developer Business

- ▶ Consider promoting large-scale complex development in prime locations where the Group's flagship stores are located
- ▶ Develop mixed use including non-commercial such as residence, hotel, office, as well as commercial
- ▶ Accelerate promotion of initiatives through alliance with outside companies and hiring of specialized talents



Invest ¥30.0 billion under current Medium-term Plan for dramatic growth in FY2024 and beyond  
Promote strategy through collaboration between newly created CRE Planning Div and Developer Business

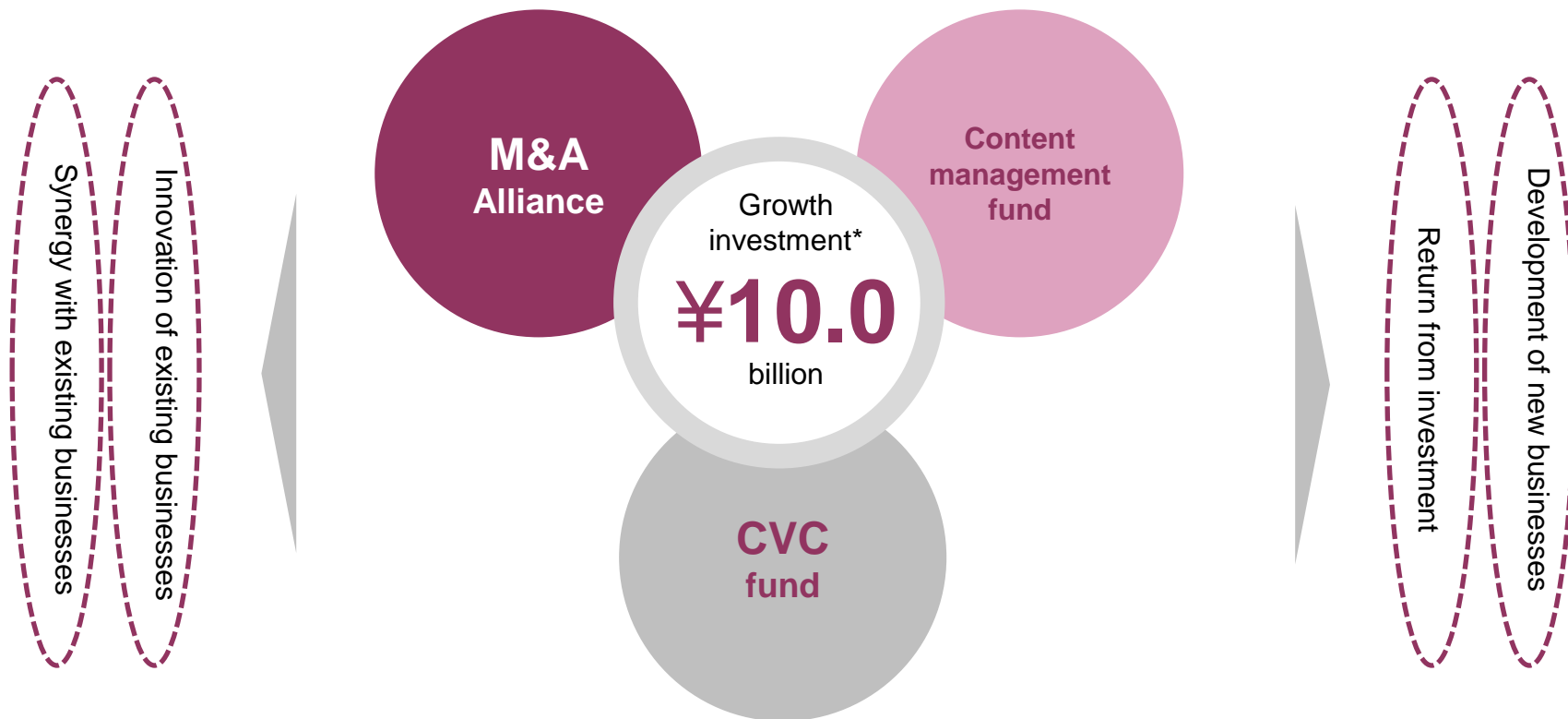
## Payment and Finance Business

- ▶ Promote expansion of acquisition of users of new cards, which were issued in January last year, in collaboration with Department Store
- ▶ While expanding insurance products, consider providing new financial products through alliance
- ▶ Curb outflow to outside the company by consolidating the Group's merchant contracts through expansion of merchant business



Likely to recover operating profit to ¥3.0 billion level under current Medium-term Plan  
Achieve ¥5.0 billion level early after FY2024 and develop scheme for further growth

## Investment in business development



\*Including capital investment and growth investment of ¥90.0 bn planned during period of current Medium-term Business Plan

Full-scale examination/development of next growth pole under strengthened system

## Investment in human capital

### Set up of HR portfolio andpool

- Select young HRs who lead next generation
  - Tough assignment
  - Project assignment
  - External education

### HR development (Support for growth)

- New development plan
- Recurrent education, reskilling
  - JFR College

### Hiring of specialized talents

- Hire professional career
- Ratio of holding company's HRs from inside/outside: 50 : 50
- Acquire HRs who have diverse experiences/values

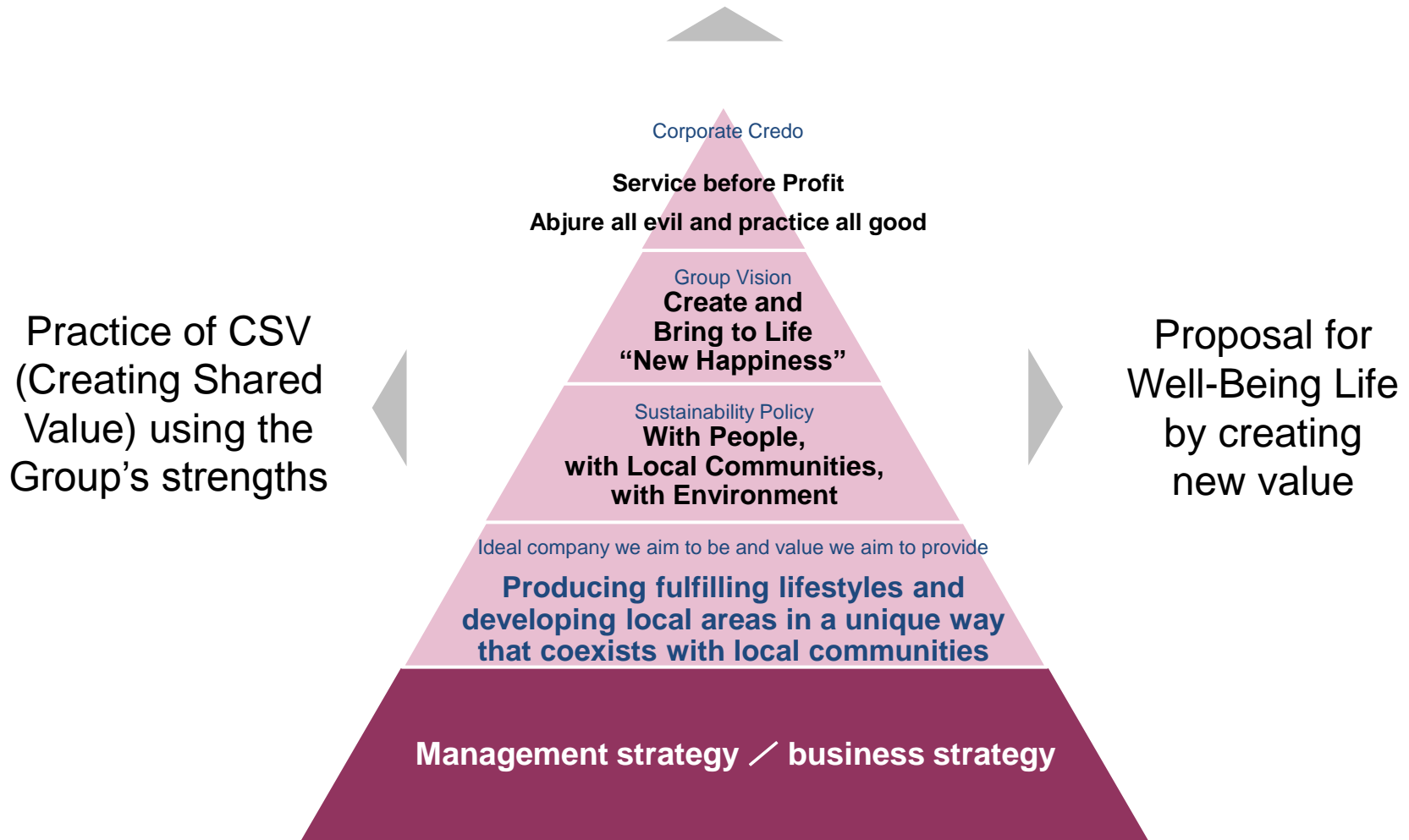
### Talent Management System

- Visualize HRs
- Grasp organization condition

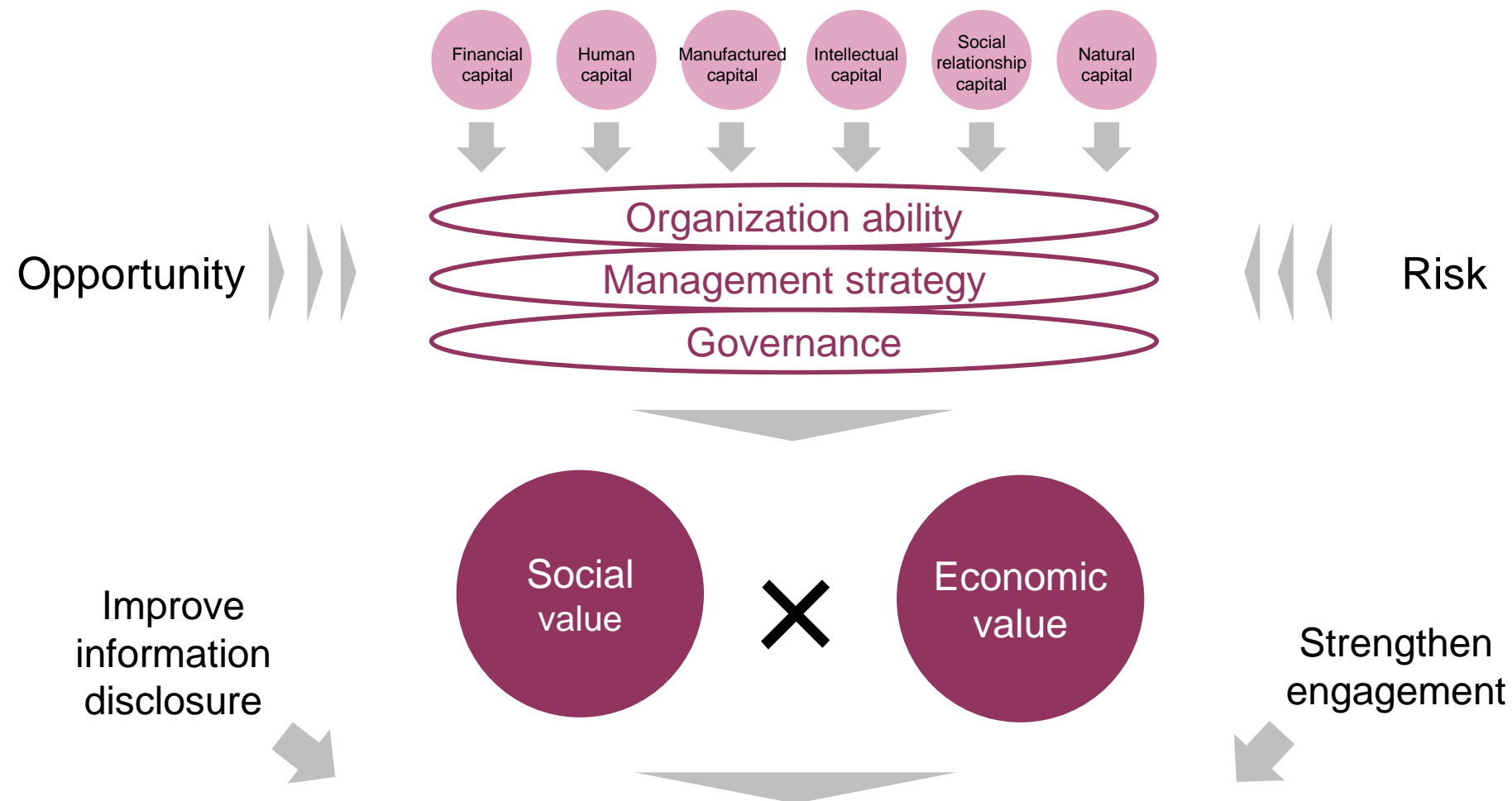


Take serious action to develop HRs who play a role in value creation in medium to long term with eye to future

Integrate corporate strategy / business strategy  
with sustainability management



## Practice of Corporate Credo = CSV





# Appendix



# FY2021 Results by Segment

(Retroactive adjustments due to merger with DMSA)

(Millions of yen)

	Q1	Q2	H1	Q3	Q4	H2	FY2021
<b>Gross sales</b>	<b>190,665</b>	<b>211,483</b>	<b>402,148</b>	<b>221,199</b>	<b>251,933</b>	<b>473,132</b>	<b>875,281</b>
Department Store	114,793	132,957	247,750	141,357	166,736	308,094	555,845
SC	50,440	52,539	102,979	55,528	60,663	116,192	219,172
Developer	14,874	14,143	29,017	12,362	12,413	24,776	53,794
Payment and Finance	3,398	3,434	6,832	4,115	3,608	7,724	14,556
Other	17,987	18,726	36,714	17,715	18,816	36,532	73,246
Consolidation adjustments	(10,828)	(10,317)	(21,146)	(9,881)	(10,306)	(20,187)	(41,333)
<b>Revenue</b>	<b>74,097</b>	<b>83,236</b>	<b>157,333</b>	<b>80,146</b>	<b>94,004</b>	<b>174,151</b>	<b>331,484</b>
Department Store	39,700	46,783	86,484	46,178	58,077	104,255	190,739
SC	13,786	12,978	26,764	12,580	13,211	25,792	52,556
Developer	11,640	14,096	25,737	12,707	12,188	24,895	50,633
Payment and Finance	2,335	2,617	4,953	2,978	3,105	6,084	11,037
Other	15,806	15,651	31,457	14,446	15,850	30,297	61,755
Consolidation adjustments	(9,172)	(8,891)	(18,064)	(8,746)	(8,428)	(17,174)	(35,239)
<b>Business profit (loss)</b>	<b>1,298</b>	<b>2,356</b>	<b>3,654</b>	<b>5,228</b>	<b>2,835</b>	<b>8,063</b>	<b>11,718</b>
Department Store	(929)	(578)	(1,507)	1,566	1,740	3,306	1,798
SC	1,486	1,235	2,721	1,555	(432)	1,122	3,844
Developer	818	907	1,726	1,070	337	1,408	3,134
Payment and Finance	68	408	476	649	780	1,430	1,906
Other	224	268	492	322	437	759	1,252
Consolidation adjustments	(368)	115	(253)	64	(28)	35	(217)
<b>Operating profit (loss)</b>	<b>(3,819)</b>	<b>2,430</b>	<b>(1,388)</b>	<b>5,796</b>	<b>4,973</b>	<b>10,769</b>	<b>9,380</b>
Department Store	(3,979)	(586)	(4,566)	1,757	(1,785)	(28)	(4,594)
SC	(955)	1,411	456	1,647	(48)	1,599	2,055
Developer	876	931	1,807	1,298	1,604	2,903	4,711
Payment and Finance	75	431	506	664	798	1,463	1,970
Other	193	246	439	328	431	759	1,199
Consolidation adjustments	(29)	(3)	(33)	99	3,972	4,072	4,039

\*As Daimaru Matsuzakaya Department Stores absorbed and merged Daimaru Matsuzakaya Sales Associates on September 1, 2021, the previous year's figures have been retroactively adjusted.



# Transfer of Fixed Costs Resulting from Closure (FY2021 and FY2020)

(Millions of yen)

		Transfer to cost			Transfer to SGA			Total (effect on business profit)		
		FY2021	FY2020	Change	FY2021	FY2020	Change	FY2021	FY2020	Change
Consolidated	Personnel expenses	243	1,124	(881)	464	2,171	(1,707)	707	3,295	(2,588)
	Rent expenses	20	19	1	21	45	(24)	41	64	(23)
	Depreciation	597	2,018	(1,421)	1,064	3,100	(2,036)	1,661	5,118	(3,457)
	Other	352	836	(484)	382	2,158	(1,776)	734	2,993	(2,259)
	<b>Total</b>	<b>1,213</b>	<b>3,998</b>	<b>(2,785)</b>	<b>1,932</b>	<b>7,475</b>	<b>(5,543)</b>	<b>3,146</b>	<b>11,473</b>	<b>(8,327)</b>
Daimaru Matsuzakaya Department Stores	Personnel expenses	0	0	0	354	1,216	(862)	354	1,216	(862)
	Rent expenses	20	9	11	15	31	(16)	35	40	(5)
	Depreciation	236	527	(291)	991	2,521	(1,530)	1,227	3,048	(1,821)
	Other	264	364	(100)	931	2,928	(1,997)	1,195	3,292	(2,097)
	<b>Total</b>	<b>521</b>	<b>900</b>	<b>(379)</b>	<b>2,292</b>	<b>6,697</b>	<b>(4,405)</b>	<b>2,814</b>	<b>7,597</b>	<b>(4,783)</b>
Parco SC	Personnel expenses	50	246	(196)	14	80	(66)	64	326	(262)
	Rent expenses	0	0	0	0	0	0	0	0	0
	Depreciation	360	1,471	(1,111)	24	108	(84)	384	1,579	(1,195)
	Other	86	459	(373)	14	129	(115)	100	588	(488)
	<b>Total</b>	<b>497</b>	<b>2,177</b>	<b>(1,680)</b>	<b>52</b>	<b>318</b>	<b>(266)</b>	<b>550</b>	<b>2,496</b>	<b>(1,946)</b>

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