

To whom it may concern

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Notice Regarding Recognition of Loss on Business Liquidation and Impairment Losses,
and Revision to Earnings Forecasts

J. FRONT RETAILING Co., Ltd. (the “Company”) hereby announces that it expects that damage will arise in the course of the Company’s consolidated subsidiaries executing their business and that it expects to recognize a loss on business liquidation and impairment losses. In light of this, the Company has revised its consolidated earnings forecasts for the fiscal year ended February 28, 2023 from those announced on December 27, 2022. The details are provided below. The Company does not plan to change the forecast for the annual dividend of ¥31 per share as a result of the aforementioned revision to earnings forecasts.

1. Recognition of loss on business liquidation and impairment losses, and reasons for the losses

1) Recognition of loss on business liquidation

The Company expects to recognize the costs relating to a store closure, which are being reviewed as stated in the “Notice Regarding Closure of Matsumoto PARCO of PARCO CO., LTD.” released on February 27, 2023, as a loss on business liquidation (approximately ¥1.9 billion).

2) Recognition of impairment losses

Sales revenue of the consolidated subsidiaries Daimaru Matsuzakaya Department Stores Co. Ltd. and PARCO CO., LTD. has been on a path of recovery overall. However, after carefully reviewing the future outlook for some stores, the Company expects to recognize impairment losses (approximately ¥3.6 billion).

2. Revision to earnings forecasts, and reason for the revision

Based on the above, the Company has revised the earnings forecasts from the previous forecasts (announced on December 27, 2022) mainly because operating profit, profit before tax, and profit attributable to owners of parent are expected to be lower than the previous forecasts.

Revision to the consolidated earnings forecasts for the fiscal year ended February 28, 2023 (from March 1, 2022 to February 28, 2023)

	Gross sales	Sales revenue	Business profit	Operating profit
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Previous forecasts (A)	975,000	346,000	24,000	23,500
Revised forecasts (B)	998,000	359,000	24,800	19,000
Change (B-A)	23,000	13,000	800	(4,500)
Percentage of change (%)	2.4	3.8	3.3	(19.1)
(Reference) Actual earnings results of the previous fiscal year (The fiscal year ended February 28, 2022)	865,919	331,484	11,718	9,380

	Profit before tax	Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	Millions of yen	Yen
Previous forecasts (A)	20,500	16,000	61.05
Revised forecasts (B)	16,800	14,700	56.09
Change (B-A)	(3,700)	(1,300)	
Percentage of change (%)	(18.0)	(8.1)	
(Reference) Actual earnings results of the previous fiscal year (The fiscal year ended February 28, 2022)	6,190	4,321	16.50

- *1. Of sales revenue, sales from purchase recorded at the time of sale (shoka shiire) of the “Department Store Business” have been converted into gross amount and the net amount of sales of the “SC 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.

Reasons for the revision

Sales revenue and business profit are expected to exceed the previous forecasts due to gross sales exceeding the plan mainly in the Department Store Business as a result of the effect of key strategies and measures, as the impact from repeated outbreaks of the novel coronavirus disease (COVID-19), restrictions on movement and other factors diminishes.

However, operating profit is expected to be lower than the previous forecast by approximately ¥4.5 billion mainly because the above loss on business liquidation and impairment losses are expected to be recognized.

Based on the above, profit before tax and profit attributable to owners of parent are each expected to decrease from the previous forecast.

(Caution regarding forward-looking statements)

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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