

J. FRONT RETAILING Supplementary Information to Financial Results

1. Consolidated Results of Operations (Actual and Forecast)

(Unit: Millions of yen, %)

| Item | Actual (fiscal year ended Feb 29, 2016) | | Forecast (fiscal year ending Feb 28, 2017) | | | |
|---|--|-------------------|--|----------------|-------------------------------|---------------------|
| | | | Six months ending Aug 31, 2016 | | Full year ending Feb 28, 2017 | |
| | Amount | YoY | Amount | YoY | Amount | YoY |
| 1. Consolidated net sales | 1,163,564 | 1.2 | 570,500 | (0.5) | 1,175,000 | 1.0 |
| 2. Consolidated gross margin | 21.10 % | Change (0.10) % | 21.07 % | Change 0.07 % | 21.06 % | Change (0.04) % |
| 3. Consolidated gross profit | 245,532 | 0.7 | 120,200 | (0.1) | 247,400 | 0.8 |
| 4. Consolidated SGA | 197,494 | (2.0) | 98,400 | (0.3) | 197,400 | (0.0) |
| 5. Consolidated operating income | 48,038 | 13.9 | 21,800 | 0.4 | 50,000 | 4.1 |
| 6. Consolidated operating margin | 4.1 % | Change 0.4 % | 3.8 % | Change 0.0 % | 4.3 % | Change 0.2 % |
| 7. Consolidated ordinary income | 47,910 | 18.4 | 20,000 | (13.3) | 48,000 | 0.2 |
| 8. Consolidated ordinary income margin | 4.1 % | Change 0.6 % | 3.5 % | Change (0.5) % | 4.1 % | Change 0.0 % |
| 9. Consolidated net income | 26,313 | 31.8 | 13,400 | (10.7) | 28,000 | 6.4 |
| 10. Consolidated net income margin | 2.3 % | Change 0.6 % | 2.3 % | Change (0.3) % | 2.4 % | Change 0.1 % |
| 11. Consolidated total assets | 1,019,146 | 651 | 1,033,000 | 13,854 | 1,056,900 | 37,754 |
| 12. Consolidated equity | 383,699 | 7,813 | 393,300 | 9,601 | 404,300 | 20,601 |
| 13. Consolidated equity ratio | 37.6 % | Change 0.7 % | 38.1 % | Change 0.5 % | 38.3 % | Change 0.7 % |
| 14. Consolidated interest-bearing debt | 180,922 | 12,464 | 182,000 | 1,078 | 195,000 | 14,078 |
| 15. Consolidated financial balance | (685) | (11) | (350) | (93) | (850) | (165) |
| 16. Number of consolidated subsidiaries | 29 companies | 0 companies | 29 companies | 0 companies | 29 companies | 0 companies |
| 17. Number of equity method associates | 8 companies | 0 companies | 8 companies | 0 companies | 8 companies | 0 companies |
| 18. Cash flows from operating activities | 36,799 | (7,851) | 22,000 | 2,856 | 45,000 | 8,201 |
| 19. Cash flows from investing activities | (39,741) | (23,469) | (19,000) | 9,853 | (53,000) | (13,259) |
| 20. Cash flows from financing activities | (1,041) | 26,546 | (3,500) | (5,433) | 5,000 | 6,041 |
| 21. Return on equity (ROE) | 6.9 % | Change 1.5 % | | | 7.1 % | Change 0.2 % |
| 22. Return on assets (ROA) | 4.7 % | Change 0.5 % | | | 4.8 % | Change 0.1 % |
| 23. Return on investment (ROI) | 8.6 % | Change 1.3 % | | | 8.2 % | Change (0.4) % |
| 24. Interest-bearing debt to equity ratio (D/E ratio) | 0.47 times | Change 0.02 times | | | 0.48 times | Change 0.01 times |
| 25. Interest-bearing debt to cash flow ratio | 4.92 times | Change 1.15 times | | | 4.33 times | Change (0.59) times |

Notes: 1. Consolidated net income, consolidated operating income and consolidated ordinary income are used to calculate ROE, ROA and ROI, respectively.

2. Forecast YoY changes in Items 11, 12, 13, 14, 16 and 17 are comparisons with the previous year-end.

3. Mainly as the inventory valuation method of Daimaru Matsuzakaya Department Stores Co. Ltd. has been changed to the specific identification method from the first quarter of the current fiscal year, the change has been applied retrospectively to all financial data.

2-1. Financial Results by Consolidated Company (Actual)

(Unit: Millions of yen, %)

| Company name | Capital | Ownership percentage | Business | Actual (fiscal year ended Feb 29, 2016) | | | |
|--|----------|----------------------|--|---|------------------|-----------------|------------|
| | | | | Net sales | Operating income | Ordinary income | Net income |
| 1. J. Front Retailing Co., Ltd. | 30,000 | | | 12,213 | 9,194 | 9,201 | 6,872 |
| 2. Daimaru Matsuzakaya Department Stores Co. Ltd. | 10,000 | 100.0 | Department store | 677,511 | 26,173 | 24,474 | 10,747 |
| 3. The Hakata Daimaru, Inc. | 3,037 | 69.9 | Department store | 56,747 | 2,439 | 2,191 | 1,142 |
| 4. The Shimonoseki Daimaru, Inc. | 480 | 100.0 | Department store | 15,694 | 390 | 315 | (89) |
| 5. Kochi Daimaru Co., Ltd. | 300 | 100.0 | Department store | 13,269 | 242 | 255 | 123 |
| 6. Parco Co., Ltd. | 34,367 | 64.9 | Shopping complex | 249,366 | 11,731 | 11,727 | 5,932 |
| 7. Parco (Singapore) Pte Ltd | SGD 4M | 64.9 | Shopping complex | — | (82) | (74) | (74) |
| 8. Neuve A Co., Ltd. | 490 | 64.9 | Specialty store | 21,473 | 694 | 694 | 269 |
| 9. Parco Space Systems Co., Ltd. | 490 | 64.9 | Space engineering & management | 19,969 | 433 | 458 | 22 |
| 10. Parco-City Co., Ltd. | 10 | 64.9 | Internet-related business | 866 | 32 | 32 | 29 |
| 11. Daimaru Kogyo, Ltd. | 1,800 | 100.0 | Wholesale | 56,283 | 1,253 | 1,252 | 832 |
| 12. Daimaru Kogyo International Trading (Shanghai) Co., Ltd. | USD 2M | 100.0 | Wholesale | 3,572 | 81 | 101 | 75 |
| 13. Daimaru Kogyo (Thailand) Co., Ltd. | THB 202M | 99.9 | Wholesale | 844 | 1 | 9 | 9 |
| 14. Taiwan Daimaru Kogyo, Ltd. | NTD 60M | 100.0 | Wholesale | 187 | (23) | (22) | (22) |
| 15. JFR Card Co., Ltd. | 100 | 100.0 | Credit | 10,455 | 2,703 | 2,577 | 1,561 |
| 16. J. Front Design & Construction Co., Ltd. | 100 | 100.0 | Design & construction Manufacture & sale of furniture | 38,714 | 1,300 | 1,284 | 760 |
| 17. JFR Online Co. Ltd. | 100 | 100.0 | Direct marketing | 11,623 | (394) | (394) | (690) |
| 18. Dimples' Co., Ltd. | 90 | 100.0 | Staffing service | 11,707 | 617 | 621 | 381 |
| 19. J. Front Foods Co., Ltd. | 100 | 100.0 | Restaurant | 2,781 | 0 | (2) | (235) |
| 20. Daimaru COM Development Inc. | 50 | 100.0 | Real estate leasing Tenant service | 2,179 | 372 | 387 | 221 |
| 21. Consumer Product End-Use Research Institute Co., Ltd. | 450 | 100.0 | Merchandise test Quality control | 1,026 | 91 | 93 | 53 |
| 22. JFR Plaza Inc. | NTD 185M | 90.0 | General merchandise retail | 503 | (227) | (237) | (268) |
| 23. Forest Co., Ltd. | 90 | 72.9 | Direct marketing | 12,656 | 131 | 135 | 62 |
| 24. Angel Park Co., Ltd. | 400 | 50.2 | Parking | 1,152 | 620 | 660 | 424 |
| 25. JFR Office Support Co., Ltd. | 100 | 100.0 | Commissioned back-office service | 2,039 | 193 | 235 | 128 |
| 26. JFR Service Co. Ltd. | 100 | 100.0 | Leasing Parking management | 4,988 | 175 | 177 | 107 |
| 27. JFR Consulting Co. Ltd. | 100 | 100.0 | Consulting | 204 | (8) | (8) | (8) |
| 28. JFR Information Center Co., Ltd. | 10 | 100.0 | Information service | 4,704 | 345 | 348 | 206 |
| 29. Daimaru Matsuzakaya Sales Associates Co. Ltd. | 90 | 100.0 | Commissioned sales & store operations | 9,774 | 160 | 159 | 89 |
| 30. Daimaru Matsuzakaya Tomonokai Co., Ltd. | 100 | 100.0 | Specified prepaid transaction service | 2,403 | (479) | 142 | (34) |

2-2. Financial Results by Consolidated Company (Forecast)

(Unit: Millions of yen, %)

| Company name | Capital | Ownership percentage | Business | Six months ending Aug 31, 2016 | | | | Full year ending Feb 28, 2017 | | | |
|--|----------|----------------------|--|--------------------------------|------------------|-----------------|------------|-------------------------------|------------------|-----------------|------------|
| | | | | Net sales | Operating income | Ordinary income | Net income | Net sales | Operating income | Ordinary income | Net income |
| 1. J. Front Retailing Co., Ltd. | 30,000 | | | 7,330 | 5,700 | 5,700 | 5,600 | 13,100 | 9,800 | 9,800 | 9,700 |
| 2. Daimaru Matsuzakaya Department Stores Co. Ltd. | 10,000 | 100.0 | Department store | 326,200 | 10,000 | 8,900 | 4,700 | 677,700 | 26,500 | 24,500 | 14,500 |
| 3. The Hakata Daimaru, Inc. | 3,037 | 69.9 | Department store | 27,400 | 971 | 830 | 497 | 57,400 | 2,670 | 2,380 | 1,371 |
| 4. The Shimonoseki Daimaru, Inc. | 480 | 100.0 | Department store | 7,700 | 171 | 96 | 62 | 15,700 | 400 | 272 | 157 |
| 5. Kochi Daimaru Co., Ltd. | 300 | 100.0 | Department store | 6,300 | 144 | 155 | 84 | 13,300 | 300 | 315 | 152 |
| 6. Parco Co., Ltd. | 34,367 | 64.9 | Shopping complex | 125,200 | 6,450 | 6,300 | 3,700 | 251,700 | 12,150 | 12,500 | 7,050 |
| 7. Parco (Singapore) Pte Ltd | SGD 4M | 64.9 | Shopping complex | — | (37) | (37) | (37) | — | (96) | (96) | (96) |
| 8. Neuve A Co., Ltd. | 490 | 64.9 | Specialty store | 11,116 | 405 | 403 | 201 | 23,030 | 905 | 901 | 486 |
| 9. Parco Space Systems Co., Ltd. | 490 | 64.9 | Space engineering & management | 10,402 | 356 | 368 | 256 | 20,113 | 565 | 587 | 405 |
| 10. Parco-City Co., Ltd. | 10 | 64.9 | Internet-related business | 525 | 25 | 25 | 23 | 1,000 | 60 | 60 | 55 |
| 11. Daimaru Kogyo, Ltd. | 1,800 | 100.0 | Wholesale | 28,000 | 759 | 764 | 521 | 56,500 | 1,380 | 1,386 | 937 |
| 12. Daimaru Kogyo International Trading (Shanghai) Co., Ltd. | USD 2M | 100.0 | Wholesale | 1,565 | 9 | 9 | 7 | 3,350 | 28 | 28 | 22 |
| 13. Daimaru Kogyo (Thailand) Co., Ltd. | THB 202M | 99.9 | Wholesale | 685 | 4 | 5 | 5 | 1,230 | 7 | 10 | 10 |
| 14. Taiwan Daimaru Kogyo, Ltd. | NTD 60M | 100.0 | Wholesale | 210 | (12) | (12) | (12) | 380 | (15) | (15) | (15) |
| 15. JFR Card Co., Ltd. | 100 | 100.0 | Credit | 5,400 | 1,470 | 1,413 | 876 | 11,000 | 3,000 | 2,864 | 1,760 |
| 16. J. Front Design & Construction Co., Ltd. | 100 | 100.0 | Design & construction Manufacture & sale of furniture | 18,000 | 600 | 605 | 389 | 36,300 | 1,300 | 1,310 | 842 |
| 17. JFR Online Co. Ltd. | 100 | 100.0 | Direct marketing | 5,340 | (130) | (130) | (130) | 12,700 | 10 | 10 | 8 |
| 18. Dimples' Co., Ltd. | 90 | 100.0 | Staffing service | 6,350 | 360 | 361 | 230 | 12,600 | 650 | 652 | 406 |
| 19. J. Front Foods Co., Ltd. | 100 | 100.0 | Restaurant | 1,442 | 50 | 47 | 27 | 2,800 | 80 | 78 | 45 |
| 20. Daimaru COM Development Inc. | 50 | 100.0 | Real estate leasing Tenant service | 1,070 | 178 | 175 | 95 | 2,100 | 335 | 330 | 172 |
| 21. Consumer Product End-Use Research Institute Co., Ltd. | 450 | 100.0 | Merchandise test Quality control | 508 | 46 | 47 | 29 | 1,030 | 105 | 106 | 64 |
| 22. JFR Plaza Inc. | NTD 185M | 90.0 | General merchandise retail | 404 | (65) | (69) | (69) | 1,030 | (75) | (83) | (83) |
| 23. Forest Co., Ltd. | 90 | 72.9 | Direct marketing | 6,740 | 74 | 75 | 39 | 13,300 | 164 | 168 | 101 |
| 24. Angel Park Co., Ltd. | 400 | 50.2 | Parking | 580 | 319 | 339 | 226 | 1,150 | 620 | 656 | 432 |
| 25. JFR Office Support Co., Ltd. | 100 | 100.0 | Commissioned back-office service | 981 | 23 | 38 | 15 | 1,986 | 52 | 84 | 43 |
| 26. JFR Service Co. Ltd. | 100 | 100.0 | Leasing Parking management | 2,039 | 18 | 18 | 8 | 4,142 | 37 | 38 | 16 |
| 27. JFR Consulting Co. Ltd. | 100 | 100.0 | Consulting | 107 | 2 | 2 | 1 | 221 | 11 | 11 | 9 |
| 28. JFR Information Center Co., Ltd. | 10 | 100.0 | Information service | 2,425 | 148 | 149 | 95 | 5,300 | 250 | 252 | 156 |
| 29. Daimaru Matsuzakaya Sales Associates Co. Ltd. | 90 | 100.0 | Commissioned sales & store operations | 4,816 | 95 | 94 | 55 | 9,632 | 200 | 199 | 115 |
| 30. Daimaru Matsuzakaya Tomonokai, Co., Ltd. | 100 | 100.0 | Specified prepaid transaction service | 1,159 | (195) | 98 | 56 | 2,448 | (471) | 130 | 69 |

3-1. Daimaru Matsuzakaya Department Stores Results of Operations (Actual and Forecast)

(Unit: Millions of yen, %)

| Item | Actual (fiscal year ended Feb 29, 2016) | | Forecast (fiscal year ending Feb 28, 2017) | | | |
|--|--|-----------------|--|----------------|-------------------------------|-----------------|
| | | | Six months ending Aug 31, 2016 | | Full year ending Feb 28, 2017 | |
| | Amount | YoY | Amount | YoY | Amount | YoY |
| 1. Net sales | 677,511 | 0.9 | 326,200 | (1.9) | 677,700 | 0.0 |
| 2. Gross margin | 23.53 % | Change (0.04) % | 23.51 % | Change 0.00 % | 23.48 % | Change (0.05) % |
| 3. Gross profit | 159,406 | 0.7 | 76,700 | (1.8) | 159,100 | (0.2) |
| 4. SGA | 133,232 | (3.6) | 66,700 | (0.2) | 132,600 | (0.5) |
| 5. Operating income | 26,173 | 30.0 | 10,000 | (11.3) | 26,500 | 1.2 |
| 6. Operating margin | 3.9 % | Change 0.9 % | 3.1 % | Change (0.3) % | 3.9 % | Change 0.0 % |
| 7. Ordinary income | 24,474 | 33.0 | 8,900 | (17.6) | 24,500 | 0.1 |
| 8. Ordinary income margin | 3.6 % | Change 0.9 % | 2.7 % | Change (0.5) % | 3.6 % | Change 0.0 % |
| 9. Net income | 10,747 | (9.0) | 4,700 | 160.8 | 14,500 | 34.9 |
| 10. Net income margin | 1.6 % | Change (0.2) % | 1.4 % | Change 0.9 % | 2.1 % | Change 0.5 % |
| 11. Total assets | 360,062 | (5,642) | 361,100 | 1,038 | 371,200 | 11,138 |
| 12. Equity | 96,224 | 1,356 | 97,500 | 1,276 | 103,900 | 7,676 |
| 13. Interest-bearing debt | 80,082 | (1,807) | 79,500 | (582) | 80,300 | 218 |
| 14. Financial balance | (403) | 61 | 0 | (88) | (400) | 3 |
| 15. Cash flows from operating activities | 14,559 | (14,883) | 11,100 | 4,122 | 28,500 | 13,941 |
| 16. Cash flows from investing activities | (9,824) | (4,335) | (8,800) | (1,194) | (24,800) | (14,976) |
| 17. Cash flows from financing activities | (5,988) | 18,539 | (2,300) | (2,032) | (3,700) | 2,288 |
| 18. Return on equity (ROE) | 11.2 % | Change (1.6) % | | | 14.5 % | Change 3.3 % |
| 19. Return on assets (ROA) | 7.2 % | Change 1.7 % | | | 7.2 % | Change 0.0 % |
| 20. Return on investment (ROI) | 13.9 % | Change 3.9 % | | | 13.6 % | Change (0.3) % |

Notes: 1. Net income, operating income and ordinary income are used to calculate ROE, ROA and ROI, respectively.

2. Forecast YoY changes in Items 11, 12 and 13 are comparisons with the previous year-end.

3. As the inventory valuation method has been changed to the specific identification method from the first quarter of the current fiscal year, the change has been applied retrospectively to all financial data.

3-2. Daimaru Matsuzakaya Department Stores Sales by Store (Actual and Forecast)

(Unit: Millions of yen, %)

| Store | Term | Actual (fiscal year ended Feb 29, 2016) | | Forecast (fiscal year ending Feb 28, 2017) | | | |
|-------------|--------------------|--|-------|--|--------|-------------------------------|--------|
| | | Amount | YoY | Six months ending Aug 31, 2016 | | Full year ending Feb 28, 2017 | |
| | | | | Amount | YoY | Amount | YoY |
| Daimaru | Osaka Shinsaibashi | 91,072 | 7.8 | 38,240 | (17.3) | 79,000 | (13.3) |
| | Osaka Umeda | 65,212 | 2.1 | 32,070 | 0.8 | 66,030 | 1.3 |
| | Tokyo | 73,169 | 4.3 | 36,940 | 3.4 | 76,400 | 4.4 |
| | Urawa Parco | 3,777 | (6.8) | 1,750 | (8.6) | 3,560 | (5.8) |
| | Kyoto | 70,000 | (0.5) | 34,040 | 0.4 | 71,150 | 1.6 |
| | Yamashina | 3,970 | (5.0) | 1,930 | (1.1) | 3,930 | (1.0) |
| | Kobe | 85,079 | (1.1) | 41,240 | 0.9 | 86,690 | 1.9 |
| | Suma | 9,537 | (5.1) | 4,500 | (3.9) | 9,250 | (3.0) |
| | Ashiya | 7,132 | (3.2) | 3,430 | (1.8) | 7,070 | (0.9) |
| | Sapporo | 62,710 | 2.2 | 30,120 | 0.5 | 64,150 | 2.3 |
| Matsuzakaya | Nagoya | 124,834 | (0.6) | 61,750 | 0.4 | 128,610 | 3.0 |
| | Ueno | 41,577 | (4.0) | 20,980 | 0.1 | 42,030 | 1.1 |
| | Shizuoka | 22,027 | (4.0) | 10,910 | 1.3 | 22,730 | 3.2 |
| | Takatsuki | 9,061 | (4.8) | 4,360 | (3.6) | 8,880 | (2.0) |
| | Toyota | 8,346 | (1.3) | 3,940 | (2.2) | 8,220 | (1.5) |
| Total | | 677,511 | 0.9 | 326,200 | (1.9) | 677,700 | 0.0 |

Note: 1. The south wing of Matsuzakaya Ueno store temporarily closed on March 11, 2014 for rebuilding.

2. The main building of Daimaru Shinsaibashi store temporarily closed on December 30, 2015 for rebuilding.