

J. FRONT RETAILING Supplementary Information to Financial Results

1. Consolidated Results of Operations (Actual Results and Full Year Forecast)

(Unit: Millions of yen, %)

Item	Six months ended Aug 31, 2016		Full year ending Feb 28, 2017			
	Amount	YoY	Amount	YoY		
1. Consolidated net sales	539,297	(5.9)	1,117,000	(4.0)		
2. Consolidated gross margin	21.23 %	Change	0.23 %	21.14 %	0.04 %	
3. Consolidated gross profit	114,486	(4.9)	236,100	(3.8)		
4. Consolidated SGA	95,485	(3.2)	191,100	(3.2)		
5. Consolidated operating income	19,000	(12.5)	45,000	(6.3)		
6. Consolidated operating margin	3.5 %	Change	(0.3) %	4.0 %	Change	(0.1) %
7. Consolidated ordinary income	17,694	(23.3)	44,000	(8.2)		
8. Consolidated ordinary income margin	3.3 %	Change	(0.7) %	3.9 %	Change	(0.2) %
9. Consolidated profit attributable to owners of parent	12,836	(14.5)	25,500	(3.1)		
10. Consolidated profit margin	2.4 %	Change	(0.2) %	2.3 %	Change	0.0 %
11. Consolidated total assets	1,023,966	4,820	1,046,700	27,554		
12. Consolidated equity	391,640	7,941	400,600	16,901		
13. Consolidated equity margin	38.2 %	Change	0.6 %	38.3 %	Change	0.7 %
14. Consolidated interest-bearing debt	183,680	2,758	195,000	14,078		
15. Consolidated financial balance	(152)	105	(600)	85		
16. Number of consolidated subsidiaries	29 companies	0 companies	26 companies	(3) companies		
17. Number of equity method associates	8 companies	0 companies	8 companies	0 companies		
18. Cash flows from operating activities	15,970	(3,174)	36,000	(799)		
19. Cash flows from investing activities	(11,650)	17,203	(43,000)	(3,259)		
20. Cash flows from financing activities	(1,822)	(3,755)	5,000	6,041		
21. Return on equity (ROE)	3.3 %	Change	(0.7) %	6.5 %	Change	(0.4) %
22. Return on assets (ROA)	1.9 %	Change	(0.2) %	4.4 %	Change	(0.3) %
23. Return on investment (ROI)	3.1 %	Change	(1.1) %	7.6 %	Change	(1.0) %
24. Interest-bearing debt to equity ratio	0.47 times	Change	0.00 times	0.49 times	Change	0.02 times
25. Interest-bearing debt to cash flow ratio	11.50 times	Change	2.11 times	5.42 times	Change	0.50 times

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

2. YoY changes for six months ended Aug 31, 2016 and full year ending Feb 28, 2017 in Items 11, 12, 13, 14, 16 and 17 are comparisons with the previous year-end.

3. Full-year forecast of YoY decrease of three companies in Item 16 results from the following:

As of September 1, 2016, Daimaru COM Development Inc. was merged into Daimaru Matsuzakaya Department Stores Co. Ltd., and JFR Office Support Co., Ltd. and JFR Consulting Co. Ltd. were merged into JFR Service Co. Ltd.

2. Financial Results by Consolidated Company (Actual Results and Full Year Forecast)

(Unit: Millions of yen, %)

Company name	Capital	Ownership percentage	Business	Six months ended Aug 31, 2016				Full year ending Feb 28, 2017			
				Net sales	Operating income	Ordinary income	Profit	Net sales	Operating income	Ordinary income	Profit
1. J. Front Retailing Co., Ltd.	30,000			7,280	5,650	5,713	5,203	13,600	10,300	10,370	9,800
2. Daimaru Matsuzakaya Department Stores Co., Ltd.	10,000	100.0	Department store	311,762	8,718	8,175	4,843	648,900	23,200	21,800	13,400
3. The Hakata Daimaru, Inc.	3,037	69.9	Department store	25,830	714	566	363	54,800	2,210	1,915	1,180
4. The Shimonoseki Daimaru, Inc.	480	100.0	Department store	7,200	82	45	(103)	14,900	340	263	25
5. Kochi Daimaru Co., Ltd.	300	100.0	Department store	5,993	50	53	24	12,600	210	216	100
6. Parco Co., Ltd.	34,367	64.9	Shopping complex	119,880	5,943	5,844	2,836	242,600	11,700	12,200	5,500
7. Parco (Singapore) Pte Ltd	SGD 4M	64.9	Shopping complex	32	(23)	(22)	(22)	55	(88)	(87)	(87)
8. Neuve A Co., Ltd.	490	64.9	Specialty store	10,458	154	176	3	22,097	654	674	278
9. Parco Space Systems Co., Ltd.	490	64.9	Space engineering & management	10,687	408	417	254	20,394	630	650	406
10. Parco-City Co., Ltd.	10	64.9	Internet-related business	485	47	48	29	880	82	83	60
11. Daimaru Kogyo, Ltd.	1,800	100.0	Wholesale	21,797	487	460	313	49,000	1,330	1,336	890
12. Daimaru Kogyo International Trading (Shanghai) Co., Ltd.	USD 2M	100.0	Wholesale	1,525	18	24	18	3,000	30	30	24
13. Daimaru Kogyo (Thailand) Co., Ltd.	THB 202M	99.9	Wholesale	396	5	11	11	800	10	13	12
14. Taiwan Daimaru Kogyo, Ltd.	NTD 60M	100.0	Wholesale	165	(9)	(9)	(9)	200	(20)	(19)	(18)
15. JFR Card Co., Ltd.	100	100.0	Credit	5,268	1,285	1,217	807	11,000	2,785	2,648	1,620
16. J. Front Design & Construction Co., Ltd.	100	100.0	Design & construction Manufacture & sale of furniture	18,023	653	657	440	38,000	1,617	1,628	1,000
17. JFR Online Co. Ltd.	100	100.0	Direct marketing	4,530	(236)	(247)	(260)	8,600	(761)	(773)	(750)
18. Dimples' Co., Ltd.	90	100.0	Staffing service	5,936	335	337	219	12,300	665	666	414
19. J. Front Foods Co., Ltd.	100	100.0	Restaurant	1,375	33	27	18	2,700	63	57	45
20. Daimaru COM Development Inc.	50	100.0	Real estate leasing Tenant service	1,058	190	208	130	1,058	190	208	130
21. Consumer Product End-Use Research Institute Co., Ltd.	450	100.0	Merchandise test Quality control	506	46	47	29	1,030	105	106	64
22. JFR Plaza Inc.	NTD 185M	90.0	General merchandise retail	310	(95)	(99)	(99)	800	(105)	(116)	(116)
23. Forest Co., Ltd.	90	72.9	Direct marketing	6,355	66	102	53	12,700	187	224	110
24. Angel Park Co., Ltd.	400	50.2	Parking	562	320	341	228	1,150	624	660	436
25. JFR Office Support Co., Ltd.	100	100.0	Commissioned back-office service	1,016	67	78	50	1,016	67	78	50
26. JFR Service Co. Ltd.	100	100.0	Leasing Parking management	2,550	58	59	34	5,858	115	147	59
27. JFR Consulting Co. Ltd.	100	100.0	Consulting	87	(5)	(5)	(6)	87	(5)	(5)	(6)
28. JFR Information Center Co., Ltd.	10	100.0	Information service	2,458	214	215	141	5,412	324	326	208
29. Daimaru Matsuzakaya Sales Associates Co. Ltd.	90	100.0	Commissioned sales & store operations	4,842	105	106	66	9,756	210	211	128
30. Daimaru Matsuzakaya Tomonokai Co., Ltd.	100	100.0	Specified prepaid transaction service	1,152	(218)	117	36	2,441	(528)	134	14

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

(Unit: Millions of yen, %)

Item	Six months ended Aug 31, 2016		Full year ending Feb 28, 2017	
	Amount	YoY	Amount	YoY
1. Net sales	311,762	(6.2)	648,900	(4.2)
2. Gross margin	23.47 %	Change (0.04) %	23.38 %	Change (0.15) %
3. Gross profit	73,185	(6.3)	151,700	(4.8)
4. SGA	64,467	(3.6)	128,500	(3.6)
5. Operating income	8,718	(22.7)	23,200	(11.4)
6. Operating margin	2.8 %	Change (0.6) %	3.6 %	Change (0.3) %
7. Ordinary income	8,175	(24.3)	21,800	(10.9)
8. Ordinary income margin	2.6 %	Change (0.6) %	3.4 %	Change (0.2) %
9. Profit	4,843	168.7	13,400	24.7
10. Profit margin	1.6 %	Change 1.1 %	2.1 %	Change 0.5 %
11. Total assets	362,102	2,040	370,500	10,438
12. Equity	97,329	1,105	103,400	7,176
13. Interest-bearing debt	79,813	(269)	81,400	1,318
14. Financial balance	(24)	(112)	(450)	(47)
15. Cash flows from operating activities	6,878	(100)	22,700	8,141
16. Cash flows from investing activities	(6,965)	641	(22,000)	(12,176)
17. Cash flows from financing activities	(263)	5	(1,000)	4,988
18. Return on equity (ROE)	5.0 %	Change 3.1 %	13.4 %	Change 2.2 %
19. Return on assets (ROA)	2.4 %	Change (0.7) %	6.4 %	Change (0.8) %
20. Return on investment (ROI)	4.6 %	Change (1.5) %	12.1 %	Change (1.8) %

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

2. YoY changes for six months ended Aug 31, 2016 and full year ending Feb 28, 2017 in Items 11, 12 and 13 are comparisons with the previous year-end.

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

(Unit: Millions of yen, %)

Store	Term	Six months ended Aug 31, 2016		Full year ending Feb 28, 2017	
		Amount	YoY	Amount	YoY
Daimaru	Osaka Shinsaibashi	35,217	(23.8)	72,520	(20.4)
	Osaka Umeda	31,000	(2.6)	64,320	(1.4)
	Tokyo	36,515	2.2	75,280	2.9
	Urawa Parco	1,591	(16.9)	3,310	(12.4)
	Kyoto	32,169	(5.1)	67,160	(4.1)
	Yamashina	1,871	(4.0)	3,830	(3.5)
	Kobe	39,442	(3.5)	82,950	(2.5)
	Suma	4,422	(5.6)	9,080	(4.8)
	Ashiya	3,323	(4.8)	6,840	(4.1)
	Sapporo	28,901	(3.6)	61,250	(2.3)
Matsuzakaya	Nagoya	58,179	(5.4)	123,010	(1.5)
	Ueno	20,607	(1.7)	41,180	(1.0)
	Shizuoka	10,358	(3.8)	21,470	(2.5)
	Takatsuki	4,263	(5.7)	8,610	(5.0)
	Toyota	3,899	(3.2)	8,090	(3.1)
Total		311,762	(6.2)	648,900	(4.2)

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