

J. FRONT RETAILING Supplementary Information to Financial Results(IFRS)

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

(Unit: Millions of yen, %)

Item	Six months ended Aug 31, 2017		Full year ending Feb 28, 2018	
	Amount	YoY	Amount	YoY
1. Consolidated revenue	234,510	6.0	472,000	4.3
2. Consolidated gross profit	104,988	0.4	212,900	0.2
3. Consolidated gross margin	44.77 %	Difference (2.49) %	45.11 %	Difference (1.87) %
4. Consolidated SGA	82,210	(0.3)	167,100	(0.3)
5. Consolidated operating profit	26,680	24.1	49,000	17.4
6. Consolidated profit before income taxes	25,918	21.3	47,000	10.3
7. Consolidated profit attributable to owners of parent	16,315	17.8	28,500	5.4
8. Consolidated total assets	1,034,346	29,277	1,035,000	29,931
9. Equity attributable to owners of parent	382,459	13,888	390,000	21,429
10. Equity ratio attributable to owners of parent	37.0 %	Difference 0.3 %	37.7 %	Difference 1.0 %
11. Consolidated interest-bearing debt	200,868	(5,084)	195,000	(10,952)
12. Consolidated financial balance	43	24	(500)	(484)
13. Number of consolidated subsidiaries	26 companies	(1) company	25 companies	(2) companies
14. Number of equity method associates	8 companies	0 companies	8 companies	0 companies
15. Cash flows from operating activities	41,654	25,687	53,000	16,592
16. Cash flows from investing activities	(7,773)	3,873	(34,500)	(3,905)
17. Cash flows from financing activities	(9,357)	(7,535)	(20,500)	(18,403)
18. Return on equity attributable to owners of parent (ROE)	4.3 %	Difference 0.3 %	7.5 %	Difference (0.1) %
19. Return on assets (ROA)	2.6 %	Difference 0.4 %	4.8 %	Difference 0.6 %
20. Return on investment (ROI)	4.5 %	Difference 0.6 %	8.1 %	Difference 0.5 %
21. Interest-bearing debt to equity attributable to owners of parent ratio (D/E ratio)	0.53 times	Difference (0.04) times	0.50 times	Difference (0.06) times
22. Interest-bearing debt to cash flow ratio	4.82 times	Difference (7.82) times	3.68 times	Difference (1.98) times

Notes: 1. Consolidated profit attributable to owners of parent, consolidated operating profit and consolidated profit before income taxes are used to calculate ROE, ROA and ROI, respectively.

2. YoY changes for six months ended Aug 31, 2017 and full year ending Feb 28, 2018 in Items 8, 9, 10, 11, 13 and 14 are comparisons with the previous year-end.

3. YoY decrease of one company in current six-month period and YoY decrease of two companies in full year forecast in Item 13 result from the following:

On August 31, 2017, the Company transferred all shares of Forest Co., Ltd. to Edion Corporation.

At the end of December 2017, JFR Plaza Inc. is scheduled to complete liquidation. (As of the end of June 2017, the company was dissolved and is currently being liquidated.)

Reference

(Unit: Millions of yen, %)

Gross sales	558,304	0.9	1,142,000	0.7
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Note: Of revenue under IFRS, 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 amount (gross amount basis) to calculate gross sales.

Business profit	22,778	3.1	46,500	3.6
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Note: Business profit = Operating profit under IFRS - Other operating revenue, etc. under IFRS + Other operating expenses, etc. under IFRS

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, 2017				Full year ending Feb 28, 2018			
				Revenue	Operating profit	Profit before income taxes	Profit	Revenue	Operating profit	Profit before income taxes	Profit
1. J. Front Retailing Co., Ltd.	31,974			7,931	7,593	7,737	7,616	14,700	11,900	12,000	11,900
2. Daimaru Matsuzakaya Department Stores Co., Ltd.	10,000	100.0	Department store	123,464	13,599	13,800	9,659	255,500	25,600	25,500	17,700
3. The Hakata Daimaru, Inc.	3,037	69.9	Department store	9,606	805	716	493	19,900	2,140	1,950	1,350
4. The Shimonoseki Daimaru, Inc.	480	100.0	Department store	2,447	88	53	34	5,000	120	50	20
5. Kochi Daimaru Co., Ltd.	300	100.0	Department store	2,559	75	83	55	5,200	190	200	130
6. Parco Co., Ltd.	34,367	64.9	Shopping complex	27,828	6,522	6,706	4,682	57,492	10,978	10,877	7,560
7. Parco (Singapore) Pte Ltd	SGD 4M	64.9	Shopping complex	72	(30)	(30)	(30)	165	(85)	(85)	(85)
8. Neuve A Co., Ltd.	490	64.9	Specialty store	10,597	(192)	(196)	(128)	21,535	40	34	3
9. Parco Space Systems Co., Ltd.	490	64.9	Space engineering & management	10,273	299	307	207	21,736	709	723	482
10. Parco Digital Marketing Co., Ltd.	10	64.9	Internet-related business	398	39	39	23	866	78	78	57
11. Japan Retail Advisors Co., Ltd.	10	64.9	Real estate management Consulting	—	(0)	(0)	(0)	—	(27)	(27)	(27)
12. JFR Card Co., Ltd.	100	100.0	Credit and finance	4,962	1,306	1,233	849	10,280	2,870	2,720	1,760
13. Daimaru Kogyo, Ltd.	1,800	100.0	Wholesale	18,417	1,177	1,183	844	33,680	2,260	2,266	1,600
14. Daimaru Kogyo International Trading (Shanghai) Co., Ltd.	USD 2M	100.0	Wholesale	2,026	1	3	(0)	4,020	53	57	40
15. Daimaru Kogyo (Thailand) Co., Ltd.	THB 202M	99.9	Wholesale	366	(1)	(0)	(0)	770	3	6	5
16. Taiwan Daimaru Kogyo, Ltd.	NTD 60M	100.0	Wholesale	228	(6)	(6)	(6)	510	(6)	(6)	(6)
17. J. Front Design & Construction Co., Ltd.	100	100.0	Design & construction Manufacture & sale of furniture	18,872	56	57	44	37,550	960	963	600
18. Dimples' Co., Ltd.	90	100.0	Staffing service	6,372	343	344	237	12,970	685	686	460
19. J. Front Foods Co., Ltd.	100	100.0	Restaurant	1,368	11	10	13	2,730	25	25	27
20. Consumer Product End-Use Research Institute Co., Ltd.	450	100.0	Merchandise test Quality control	506	56	56	37	1,030	120	121	77
21. Angel Park Co., Ltd.	400	50.2	Parking	557	312	330	228	1,120	610	640	440
22. JFR Service Co. Ltd.	100	100.0	Commissioned back-office service Leasing Parking management	4,046	57	90	60	7,750	110	168	105
23. JFR Information Center Co., Ltd.	10	100.0	Information service	2,823	225	226	154	5,330	341	341	223
24. Daimaru Matsuzakaya Sales Associates Co. Ltd.	90	100.0	Commissioned sales & store operations	5,004	61	61	40	9,890	139	139	84
25. Daimaru Matsuzakaya Tomonokai Co., Ltd.	100	100.0	Specified prepaid transaction service	102	(216)	133	92	200	(462)	238	153
26. JFR Plaza Inc.	NTD 185M	100.0	General merchandise retail	209	488	488	488	209	488	488	488
27. JFR Online Co. Ltd.	100	100.0	Direct marketing	—	50	50	50	—	50	50	50
28. Forest Co., Ltd.	90	100.0	Direct marketing	6,377	37	37	25	6,377	37	37	25

Notes: 1. JFR Plaza Inc. was dissolved as of June 30, 2017.

2. All business of JFR Online Co. Ltd. was transferred to Feel Life Inc., a wholly owned subsidiary of Senshukai Co., Ltd., as of March 1, 2017.

3. The Company transferred all shares of Forest Co., Ltd. to Edion Corporation on August 31, 2017.

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

(Unit: Millions of yen, %)

Item	Six months ended Aug 31, 2017		Full year ending Feb 28, 2018	
	Amount	YoY	Amount	YoY
1. Revenue	123,464	4.5	255,500	5.5
2. Gross profit	71,699	3.2	147,700	3.7
3. SGA	59,190	0.5	122,300	1.7
4. Operating profit	13,599	44.4	25,600	27.6
5. Profit before income taxes	13,800	44.6	25,500	27.9
6. Profit	9,659	35.9	17,700	18.6
7. Total assets	495,412	5,315	497,500	7,403
8. Equity	180,386	7,344	184,200	11,158
9. Equity ratio	36.4 %	Difference 1.1 %	37.0 %	Difference 1.7 %
10. Interest-bearing debt	77,692	(3,451)	72,100	(9,043)
11. Financial balance	200	71	(100)	28
12. Cash flows from operating activities	12,224	5,346	30,500	8,874
13. Cash flows from investing activities	(4,542)	2,423	(13,200)	7,166
14. Cash flows from financing activities	(7,667)	(7,404)	(17,300)	(15,708)
15. Return on equity (ROE)	5.5 %	Difference 1.1 %	9.9 %	Difference 0.9 %
16. Return on assets (ROA)	2.8 %	Difference 0.8 %	5.2 %	Difference 1.0 %
17. Return on investment (ROI)	5.4 %	Difference 1.5 %	10.0 %	Difference 1.9 %

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

2. YoY changes for six months ended Aug 31, 2017 and full year ending Feb 28, 2018 in Items 7, 8, 9 and 10 are comparisons with the previous year-end.

Reference

(Unit: Millions of yen, %)

Gross sales	321,597	3.2	669,300	3.4
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Note: Sales from *shoka shiire* of revenue under IFRS have been converted into gross amount to calculate gross sales.

Business profit	12,509	18.0	26,200	18.4
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Note: Business profit = Operating profit under IFRS - Other operating revenue, etc. under IFRS + Other operating expenses, etc. under IFRS

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

As the Real Estate Business has been changed to be independently managed from the current period, the summary of gross sales of the Department Store Business is presented.

(Unit: Millions of yen, %)

Store	Term	Six months ended Aug 31, 2017		Full year ending Feb 28, 2018	
		Amount	YoY	Amount	YoY
Daimaru	Osaka Shinsaibashi	38,962	10.8	80,760	9.6
	Osaka Umeda	31,219	1.0	64,410	1.5
	Tokyo	38,597	6.0	78,910	5.9
	Kyoto	32,680	1.6	68,240	1.5
	Yamashina	1,845	(1.4)	3,780	(0.8)
	Kobe	39,164	(0.8)	82,370	0.0
	Suma	4,313	(2.5)	8,770	(2.5)
	Ashiya	3,285	(1.2)	6,780	(0.4)
	Sapporo	30,053	4.2	64,410	3.9
	Urawa Parco	1,295	(18.6)	1,295	(60.3)
Matsuzakaya	Nagoya	56,178	(1.2)	118,014	0.0
	Ueno	19,617	(4.1)	40,730	0.8
	Shizuoka	10,482	1.1	21,540	0.8
	Takatsuki	4,264	0.0	8,660	0.4
	Toyota	3,660	(6.1)	7,630	(5.0)
Total		315,619	1.8	656,300	2.1

Notes: 1. The portion transferred to the Real Estate Business of rent income of real estate, which had been included in net sales of each store, was deducted for the current year and previous year.

2. The Daimaru Urawa Parco store closed on the last day of July 2017.