

J. FRONT RETAILING Supplementary Information to Financial Results

I. J. Front Retailing Consolidated Statements [IFRS]

1. Consolidated business performance

(Millions of yen, %)

Item	Nine months ended November 30, 2018	Nine months ended November 30, 2017	Change	
			Amount	%
1. Gross sales	813,679	827,036	(13,357)	(1.6)
2. Sales revenue	333,608	342,495	(8,887)	(2.6)
3. Gross profit	155,047	155,655	(608)	(0.4)
4. Gross margin	46.48 %	45.45 %	/	Difference 1.03 %
5. SGA	121,422	121,872	(450)	(0.4)
6. Business profit	33,625	33,782	(157)	(0.5)
7. Operating profit	33,853	37,860	(4,007)	(10.6)
8. Profit before income taxes	34,898	37,727	(2,829)	(7.5)
9. Profit attributable to owners of parent	22,077	23,713	(1,636)	(6.9)
10. Total assets	1,057,636	1,022,348	35,288	/
11. Equity attributable to owners of parent	409,378	395,519	13,859	
12. Ratio of equity attributable to owners of parent to total assets	38.7 %	38.7 %	/	Difference 0.0 %
13. Interest-bearing debt	182,829	184,202	(1,373)	/

Notes: 1. Gross sales are calculated by converting sales from purchase recorded at the time of sale (*shoka shiire*) of the "Department Store Business" and "Other (Daimaru Kogyo)" in sales revenue under IFRS into gross amount and converting the net amount of sales of the "Parco Business" into tenant transaction volume (gross amount basis).

2. Business profit is calculated by subtracting sales cost and SGA from sales revenue.

3. Results for the previous year at Items 10, 11, 12 and 13 are figures at the end of the previous consolidated fiscal year ended February 28, 2018.

2. Segment information

Three months ended November 30, 2018

(Millions of yen, %)

	Reportable segments					Other	Total	Adjustments	Consolidated
	Department Store Business	Parco Business	Real Estate Business	Credit and Finance Business	Total				
Gross sales	532,086	205,750	12,792	8,808	759,438	88,917	848,355	(34,675)	813,679
YoY % change	0.9	(2.6)	31.2	4.2	0.4	(16.1)	(1.6)	—	(1.6)
Sales revenue									
(1) Sales revenue to external customers	196,568	65,979	11,819	4,766	279,133	54,474	333,608	—	333,608
(2) Intersegment sales revenue	253	293	849	3,088	4,485	22,906	27,392	(27,392)	—
Total sales revenue	196,822	66,272	12,669	7,854	283,618	77,381	361,000	(27,392)	333,608
YoY % change	1.3	(2.9)	33.4	3.6	1.4	(16.0)	(2.9)	—	(2.6)
Segment expenses	180,982	58,132	8,181	5,885	253,181	74,723	327,905	(28,150)	299,754
Business profit	16,561	6,953	4,703	1,955	30,173	2,750	32,924	700	33,625
YoY % change	(0.7)	(15.3)	43.8	(12.5)	(0.7)	(21.1)	(2.8)	—	(0.5)
Segment profit	15,839	8,139	4,488	1,969	30,436	2,658	33,095	758	33,853
YoY % change	(9.5)	(15.8)	46.7	(9.5)	(6.1)	(32.8)	(9.0)	—	(10.6)

3. Performance by consolidated company

(Millions of yen, %)

Company name	Capital	Ownership percentage	Business	Nine months ended November 30, 2018			
				Sales revenue	Business profit	Operating profit	Profit
1. J. Front Retailing Co., Ltd.	31,974			17,394	13,966	13,891	13,923
2. Daimaru Matsuzakaya Department Stores Co. Ltd.	10,000	100.0	Department store	188,409	19,864	18,788	13,246
3. The Hakata Daimaru, Inc.	3,037	69.9	Department store	14,089	1,356	1,329	818
4. The Shimonoseki Daimaru, Inc.	480	100.0	Department store	3,367	22	29	(14)
5. Kochi Daimaru Co., Ltd.	300	100.0	Department store	3,488	24	22	17
6. Parco Co., Ltd.	34,367	65.2	Shopping complex	41,747	6,655	7,906	5,495
7. Parco (Singapore) Pte Ltd	SGD 4M	65.2	Shopping complex	116	(2)	(2)	(2)
8. Neuve A Co., Ltd.	490	65.2	Specialty store	14,190	(74)	(180)	(126)
9. Parco Space Systems Co., Ltd.	490	65.2	Space engineering & management	15,477	376	405	291
10. Parco Digital Marketing Co., Ltd.	10	65.2	Internet-related business	768	59	58	40
11. Japan Retail Advisors Co., Ltd.	10	65.2	Real estate management Consulting	—	(0)	(0)	(0)
12. JFR Card Co., Ltd.	100	100.0	Credit and finance	7,854	1,955	1,969	1,277
13. Daimaru Kogyo, Ltd.	1,800	100.0	Wholesale	25,265	1,040	1,057	758
14. Daimaru Kogyo International Trading (Shanghai) Co., Ltd.	USD 2M	100.0	Wholesale	3,611	55	89	69
15. Daimaru Kogyo (Thailand) Co., Ltd.	THB 202M	99.9	Wholesale	365	1	1	5
16. Taiwan Daimaru Kogyo, Ltd.	NTD 60M	100.0	Wholesale	472	14	16	16
17. J. Front Design & Construction Co., Ltd.	100	100.0	Design & construction Manufacture & sale of furniture	18,302	218	84	59
18. Dimples' Co., Ltd.	90	100.0	Staffing service	10,175	520	519	357
19. J. Front Foods Co., Ltd.	100	100.0	Restaurant	1,941	38	38	32
20. Consumer Product End-Use Research Institute Co., Ltd.	450	100.0	Merchandise test Quality control	786	104	104	70
21. Angel Park Co., Ltd.	400	50.2	Parking	817	454	454	327
22. JFR Service Co. Ltd.	100	100.0	Commissioned back-office service Leasing Parking management	6,372	96	97	93
23. JFR Information Center Co., Ltd.	10	100.0	Information service	4,288	385	386	265
24. Daimaru Matsuzakaya Sales Associates Co. Ltd.	90	100.0	Commissioned sales & store operations	7,302	103	105	71
25. Daimaru Matsuzakaya Tomonokai Co., Ltd.	100	100.0	Specified prepaid transaction service	120	(337)	(352)	114

4. Components of SGA

(Millions of yen, %)

Component	Nine months ended Nov 30, 2018	Nine months ended Nov 30, 2017	Change	
			Amount	%
Personnel expenses	46,437	46,868	(431)	(0.9)
Advertising expenses	8,217	8,344	(127)	(1.5)
Packaging and delivery expenses	2,226	3,335	(1,109)	(33.2)
Rent expenses	17,400	18,214	(814)	(4.5)
Depreciation	8,611	8,200	411	5.0
Operational costs	6,189	6,084	105	1.7
Other	32,341	30,824	1,517	4.9
Total	121,422	121,872	(450)	(0.4)

Note: Depreciation is included in cost of sales as well as SGA.

Nine months ended November 30, 2018: 6,188 million yen / Nine months ended November 30, 2017: 5,520 million yen

5. Components of other operating income and expense

(Millions of yen)

Component	Nine months ended Nov 30, 2018	Nine months ended Nov 30, 2017	Remarks
Other operating income	2,512	6,477	
1. Gain on sales of non-current assets	23	1,474	LY: Mainly sales of houses owned by Daimaru Matsuzakaya Department Stores
2. Gain on sales of shares of subsidiaries and associates	1,463	1,463	TY and LY: Redevelopment of Shibuya Parco
3. Compensation income	—	1,926	LY: Gain on sales of shares of Forest
4. Other	1,025	1,612	
Other operating expense	2,284	2,399	
1. Loss on disposal of non-current assets	1,184	1,078	Mainly Daimaru Matsuzakaya Department Stores and Parco
2. Impairment loss	408	260	Mainly Daimaru Matsuzakaya Department Stores and Neuve A
3. Other	690	1,060	

6. Components of finance income and costs and share of profit (loss) of entities accounted for using equity method

(Millions of yen)

Component	Nine months ended Nov 30, 2018	Nine months ended Nov 30, 2017	Change
Finance income	871	853	18
1. Interest and dividend income	871	853	18
2. Other	—	0	(0)
Finance costs	865	886	(21)
1. Interest expenses paid on loans and bonds	742	765	(23)
2. Other	123	121	2
Share of profit (loss) of entities accounted for using equity method	1,039	(100)	1,139

II. Daimaru Matsuzakaya Department Stores Non-consolidated Statements [IFRS]

1. Business performance

(Millions of yen, %)

Item	Nine months ended November 30, 2018	Nine months ended November 30, 2017	Change	
			Amount	%
1. Gross sales	487,588	479,202	8,386	1.7
2. Sales revenue	188,409	182,259	6,150	3.4
3. Gross profit	109,777	107,035	2,742	2.6
4. Gross margin	58.27 %	58.73 %	/	Difference (0.46) %
5. SGA	89,912	88,563	1,349	1.5
6. Business profit	19,864	18,471	1,393	7.5
7. Operating profit	18,788	19,139	(351)	(1.8)
8. Profit before income taxes	19,205	19,201	4	0.0
9. Profit	13,246	13,284	(38)	(0.3)
10. Total assets	513,783	499,359	14,424	/
11. Equity	194,190	189,872	4,318	/
12. Equity ratio	37.8 %	38.0 %	/	Difference (0.2) %

Notes: 1. Gross sales are calculated by converting sales from *shoka shiire* in sales revenue under IFRS into gross amount.

2. Business profit is calculated by subtracting sales cost and SGA from sales revenue.

3. Figures at Items 10, 11 and 12 are for the end of the previous business year ended February 28, 2018.

*Reference

(Millions of yen, %)

Item	Nine months ended November 30, 2018			Nine months ended November 30, 2017		
	Department Store Business	Real Estate Business	Total Daimaru Matsuzakaya	Department Store Business	Real Estate Business	Total Daimaru Matsuzakaya
1. Gross sales	474,977	12,792	487,588	469,566	9,751	479,202
2. Sales revenue	175,921	12,669	188,409	172,876	9,497	182,259
3. Gross profit	103,405	6,552	109,777	102,134	5,016	107,035
4. Gross margin	58.78 %	51.72 %	58.27 %	59.08 %	52.81 %	58.73 %
5. SGA	88,244	1,848	89,912	86,933	1,745	88,563
6. Business profit	15,160	4,703	19,864	15,201	3,270	18,471
7. Operating profit	14,459	4,329	18,788	16,079	3,059	19,139
8. Profit before income taxes	15,730	3,474	19,205	16,327	2,874	19,201
9. Profit	/	/	13,246	/	/	13,284
10. Total assets	/	/	513,783	/	/	499,359
11. Equity	/	/	194,190	/	/	189,872
12. Equity ratio	/	/	37.8 %	/	/	38.0 %

Notes: 1. Gross sales are calculated by converting sales from *shoka shiire* in sales revenue under IFRS into gross amount.

2. Business profit is calculated by subtracting sales cost and SGA from sales revenue.

3. Figures at Items 10, 11 and 12 are for the end of the previous business year ended February 28, 2018.

4. The totals of the Department Store Business and the Real Estate Business differ from the totals of Daimaru Matsuzakaya Department Stores due to intersegment eliminations.

2. Summary of gross sales (Department Store)

(1) Sales by store

(Millions of yen, %)

Store	Term	Nine months ended November 30, 2018		Nine months ended November 30, 2017		Change	
		Amount	Share	Amount	Share	Amount	%
Daimaru	Osaka Shinsaibashi	63,153	13.3	59,691	12.7	3,462	5.8
	Osaka Umeda	47,252	10.0	46,195	9.8	1,057	2.3
	Tokyo	59,258	12.5	57,401	12.2	1,857	3.2
	Kyoto	49,103	10.3	48,925	10.4	178	0.4
	Yamashina	2,591	0.5	2,688	0.7	(97)	(3.6)
	Kobe	56,059	11.8	58,614	12.5	(2,555)	(4.4)
	Suma	5,997	1.3	6,327	1.3	(330)	(5.2)
	Ashiya	4,711	1.0	4,823	1.0	(112)	(2.3)
	Sapporo	46,571	9.8	45,227	9.6	1,344	3.0
	Urawa Parco	—	—	1,295	0.3	(1,295)	—
Matsuzakaya	Nagoya	85,326	18.0	84,057	17.9	1,269	1.5
	Ueno	28,693	6.0	27,519	5.9	1,174	4.3
	Shizuoka	15,173	3.2	15,294	3.3	(121)	(0.8)
	Takatsuki	6,051	1.3	6,213	1.3	(162)	(2.6)
	Toyota	5,030	1.0	5,289	1.1	(259)	(4.9)
Total		474,977	100.0	469,566	100.0	5,411	1.2
Excluding the Urawa Parco store and the portion of the tenants around the Kobe store transferred to the Real Estate Business		474,977	—	464,839	—	10,138	2.2

Notes: 1. The Daimaru Urawa Parco store closed on July 31, 2017.

2. Sales of the Kobe store were up 1.6% compared to year-ago sales excluding the portion of the tenants around the store transferred to the Real Estate Business.

(2) YoY change in monthly sales

(%)

Month	March	April	May	June	July	August
Total all stores	4.0	4.9	0.1	4.0	(5.2)	2.6

Month	September	October	November	Nine months ended November 30, 2018
Total all stores	(3.1)	3.5	0.9	1.2

(3) Sales by merchandise category and gross margin ratio

(Millions of yen, %)

Merchandise category	Nine months ended November 30, 2018					
	Sales	YoY % change	Share	Share LY	Gross margin ratio	YoY RD
Clothing	193,159	(0.7)	40.7	41.4	25.24	(0.37)
Accessories	37,903	(2.7)	8.0	8.3	28.86	(0.61)
General goods	92,150	13.2	19.4	17.3	25.56	0.19
Household goods	19,089	(4.6)	4.0	4.3	25.11	(0.40)
Foods	100,769	(1.3)	21.2	21.7	15.51	(0.32)
Other	31,904	(2.3)	6.7	7.0	18.05	2.24
Total	474,977	1.2	100.0	100.0	23.04	(0.04)

(4) Duty-free sales

(Millions of yen, %)

	Amount	YoY change	Sales share	
Daimaru	Osaka Shinsaibashi	22,560	25.0	35.7
	Osaka Umeda	3,873	32.3	8.2
	Tokyo	2,680	10.4	4.5
	Kyoto	3,242	50.4	6.6
	Kobe	1,554	18.7	2.8
	Sapporo	4,682	32.6	10.1
	Matsuzakaya	Nagoya	2,656	68.1
Ueno		731	34.5	2.5
Shizuoka		136	27.4	0.9
Total	42,118	29.1	8.9	

Note: Sales share is the duty-free sales percentage of total sales of each store.

3. Components of SGA

(Millions of yen, %)

Component	Nine months ended Nov 30, 2018	Nine months ended Nov 30, 2017	Change	
			Amount	%
Personnel expenses	19,094	19,252	(158)	(0.8)
Advertising expenses	6,593	6,424	169	2.6
Packaging and delivery expenses	1,717	2,167	(450)	(20.8)
Rent expenses	12,875	13,426	(551)	(4.1)
Depreciation	6,849	6,250	599	9.6
Operational costs	7,590	7,047	543	7.7
Other	35,191	33,994	1,197	3.5
Total	89,912	88,563	1,349	1.5

Note: Depreciation is included in cost of sales as well as SGA.

Nine months ended November 30, 2018: 2,447 million yen / Nine months ended November 30, 2017: 2,000 million yen

4. Components of other operating income and expense

(Millions of yen)

Component	Nine months ended Nov 30, 2018	Nine months ended Nov 30, 2017	Remarks
Other operating income	522	2,098	
1. Gain on sales of non-current assets	22	1,474	LY: Sales of houses
2. Other	500	624	
Other operating expense	1,598	1,431	
1. Loss on disposal of non-current assets	791	668	Sales floor renovation, etc.
2. Impairment loss	295	—	Underutilized real estate and Yamashina store
3. Other	512	763	

5. Components of finance income and costs

(Millions of yen)

Component	Nine months ended Nov 30, 2018	Nine months ended Nov 30, 2017	Change
Finance income	1,199	941	258
1. Interest and dividend income	1,199	941	258
Finance costs	782	879	(97)
1. Interest expenses	782	879	(97)