Translation

April 9, 2019

Consolidated Financial Results
for the Fiscal Year Ended February 28, 2019
(under IFRS)

Company name: **J. FRONT RETAILING Co., Ltd.**
Listing: First Section of the Tokyo Stock Exchange and Nagoya Stock Exchange
Securities code: 3086
URL: http://www.j-front-retailing.com/
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Scheduled date of ordinary general shareholders meeting: May 23, 2019
Scheduled date to commence dividend payments: May 7, 2019
Scheduled date to file Annual Securities Report: May 27, 2019
Preparation of supplementary material on financial results: Yes
Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the fiscal year ended February 28, 2019 (from March 1, 2018 to February 28, 2019)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Gross sales		Sales revenue		Business profit		Operating profit		Profit before tax	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2019	1,125,153	(1.2)	459,840	(2.1)	45,514	(1.6)	40,891	(17.5)	42,126	(12.7)
February 28, 2018	1,138,981	0.4	469,915	3.8	46,247	3.0	49,546	18.7	48,271	13.3

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Fiscal year ended	Millions of yen	%	Millions of yen	%	Yen	Yen
February 28, 2019	27,358	(4.0)	27,507	(27.3)	104.55	104.52
February 28, 2018	28,486	5.3	37,811	8.6	108.92	108.86

	Profit/shareholders' equity	Operating profit/ total assets	Operating profit/ sales revenue
Fiscal year ended	%	%	%
February 28, 2019	6.8	4.0	8.9
February 28, 2018	7.5	4.9	10.5

* 1. Of sales revenue, 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 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.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
February 28, 2019	1,029,573	468,485	412,700	40.1	1,576.68
February 28, 2018	1,022,348	450,887	395,519	38.7	1,511.91

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 28, 2019	34,870	(26,836)	(21,274)	25,659
February 28, 2018	57,079	(19,030)	(31,048)	38,883

2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended February 28, 2018	–	16.00	–	19.00	35.00	9,153	32.1	2.3
Fiscal year ended February 28, 2019	–	17.00	–	18.00	35.00	9,157	33.5	2.2
Fiscal year ending February 29, 2020 (Forecast)	–	18.00	–	18.00	36.00		33.7	

Note: Dividends for the fiscal year ended February 28, 2018
Ordinary dividends: ¥33.00
Commemorative dividends: ¥2.00
Dividends for the fiscal year ended February 28, 2019
Ordinary dividends: ¥35.00
Commemorative dividends: –

3. Consolidated earnings forecasts for the fiscal year ending February 29, 2020 (from March 1, 2019 to February 29, 2020)

(Percentages indicate year-on-year changes.)

	Gross sales		Sales revenue		Business profit		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First six months ending August 31, 2019	557,000	1.8	229,000	0.8	24,000	(1.1)	23,600	(2.6)	22,400	(10.6)
Fiscal year ending February 29, 2020	1,188,000	5.6	500,000	8.7	49,500	8.8	48,500	18.6	45,500	8.0

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
First six months ending August 31, 2019	13,800	(13.3)	52.72
Fiscal year ending February 29, 2020	28,000	2.3	106.97

* **Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates
  a. Changes in accounting policies required by IFRS: Yes
  b. Changes in accounting policies due to other reasons: None
  c. Changes in accounting estimates: None

(3) Number of issued shares (common shares)
  a. Total number of issued shares at the end of the period (including treasury shares)

As of February 28, 2019	270,565,764 shares
As of February 28, 2018	270,565,764 shares

  b. Number of shares of treasury shares at the end of the period

As of February 28, 2019	8,812,617 shares
As of February 28, 2018	8,963,580 shares

  c. Average number of shares during the period

For the fiscal year ended February 28, 2019	261,673,471 shares
For the fiscal year ended February 28, 2018	261,541,599 shares

<Reference> Non-consolidated performance
Non-consolidated performance for the fiscal year ended February 28, 2019
(from March 1, 2018 to February 28, 2019)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2019	18,770	27.0	13,926	31.1	13,987	41.4	13,897	62.0
February 28, 2018	14,776	8.3	10,622	1.8	9,892	1.5	8,579	(1.4)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
February 28, 2019	53.12	–
February 28, 2018	32.80	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2019	415,927	310,329	74.6	1,186.13
February 28, 2018	421,361	305,802	72.6	1,169.25

Reference: Equity
As of February 28, 2019: ¥310,329 million
As of February 28, 2018: ¥305,802 million

<Reason for difference compared with the previous fiscal year’s actual non-consolidated performance>
Operating revenue increased as a result of increases provided by dividend income from subsidiaries and consulting fee income.
Also, profit increased mainly because of the reversal effect of loss on valuation of shares of subsidiaries and associates in the previous fiscal year.

* **Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.**

* **Proper use of earnings forecasts, and other special matters**

(Caution regarding forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. These statements do not purport that the Company pledges to realize such statements. Actual business and other results may differ substantially due to various factors. Please refer to “1. Operating results (1) Analysis of operating results” on page 2 of the material attached to this financial results report for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

(How to obtain supplementary material on financial results)

Supplementary material on financial results was disclosed on the same day on TDnet.

[Attached Material]

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1. Operating results

(1) Analysis of operating results

A. Operating results for the current fiscal year

In the fiscal year under review, although the Japanese economy remained on a gradual track of recovery due to increased capital investment and improvement in the employment environment mainly fueled by the robust momentum of domestic corporate earnings, there was lack of stability in the second half of the year as exemplified by corporate earnings improvement which has stalled due to increased concerns about economic slowdown on the back of growing uncertainty in the overseas economy. There were up and down trends in personal spending. The upturn reflects positive signs such as robust luxury goods consumption amidst continued improvement in the employment and income environments. On the other hand, unease as to what lies ahead brought about by the increased burden of social security, as well as the impact of unseasonable weather and large-scale natural disasters, negatively affected personal spending.

Amid this environment, the J. Front Retailing Group (hereinafter the "Group") has worked to realize its Group Vision, "Create and Bring to Life 'New Happiness,'" by undertaking the initiatives for the second year of the "FY 2017–FY 2021 Medium-term Business Plan." Such initiatives included, in pursuit of reform of our business portfolio, (i) the "Multi Service Retailer Strategy" to expand business fields; (ii) the "Urban Dominant Strategy" to grow along with the community centered on stores; (iii) the "ICT (Internet, Communication, and Technology) Strategy, which looks toward the IoT era," when all manner of things will be connected to the Internet; (iv) innovation of existing business including Department Store Business and PARCO Business, (v) rebuilding of corporate social responsibility (CSR) from the perspective of environment, social, and governance (ESG); and (vi) strengthening of our foundations of business that support growth.
(i) As part of the initiatives to expand business fields under the "Multi Service Retailer Strategy," we proceeded with the preparations for opening of unlicensed preschools that provide high-quality infant childcare service. In addition, in the three key businesses with high management efficiency (the Credit Finance Business, the personnel recruitment business and the design and construction business), we formulated new plans for the achievement of the Medium-term Business Plan under the new management system, and at the same time, worked to strengthen the personnel and organizational foundations that allow for the steady promotion of the strategy in terms of both proactive and defensive aspects.
(ii) Under the "Urban Dominant Strategy," we worked to increase the charm of the communities through such efforts as development of areas surrounding the flagship stores based on each area strategy in addition to holding of events in collaboration with the communities. We also worked to expand the real estate leasing business taking advantage of the Group's favorable locations in the urban areas. In addition, we steadily promoted redevelopment of the new main building of the Daimaru Shinsaibashi store planned to open in fall 2019 and new Shibuya PARCO, with an eye towards the success of the large-scale redevelopment projects following GINZA SIX and Ueno Frontier Tower.
(iii) Under the "ICT Strategy, which looks toward the IoT era," we started building a customer database to utilize customer data held by each Group company integrally as the Group's common asset in order to establish the "Lifetime Service Hub concept" under which we aim to strengthen lifetime relationships with customers and maximize their lifetime value through provision of new products and services. At the same time, we continued with IT infrastructure development efforts at each Group company with a primary focus on improved security, whereby promoted the ICT Strategy in terms of both proactive and defensive aspects.
(iv) As part of the initiatives to innovate the Group's core Department Store Business and PARCO Business, we not only developed new arranging sales areas in the Department Store Business and worked to improve profitability through such efforts as expanding the product and service lineup to respond to inbound tourism demand and the affluent customer market, but also promoted development of the new main building of the Daimaru Shinsaibashi store to realize the new department store business model. In addition, in the PARCO Business, we promoted initiatives to bring in new tenants in response to the changes of the times including experience-focused consumption and services and to improve communication with customers with the smartphone app "POCKET PARCO" serving as the starting point, while continuing with projects for developing new Shibuya PARCO, Kinshicho PARCO, etc.
(v) As part of our ESG initiatives, namely "environment, social and governance," toward realization of sustainable society, we positioned ESG as the concept of the highest priority in the Group' business activities and formulated the "Sustainability Policy" as the overall ESG policy. In addition, we identified

five priority issues toward “realization of sustainable society” such as “contribution to low-carbon society” and started Group-wide initiatives including formulation of action plans to achieve medium- to long-term goals.
(vi) As part of our initiatives to strengthen our foundations of business and in terms of the financial policy, we worked to conduct operation management based on separate balance sheet for each of the flagship department stores and realize capital optimization at each operating company, with the aim of building the management structure with high capital efficiency. In addition, we worked to increase free cash flows by taking steps to boost investment efficiency and improve earnings through business management based on investment criteria and business withdrawal criteria. Furthermore, we took measures to prepare for the new lease accounting standards based on the International Financial Reporting Standards (IFRS) in the interest of implementing effective management based on appropriate asset evaluation.
In the Group’s administrative systems innovation which aims for improved management efficiency, we promoted automation of processes in the sales and back-office divisions by expanding the application of robotic process automation (RPA). We also worked on infrastructure development in the office environment including enhanced information security and introduction of business tools for improved productivity.
In reforming personnel affairs with respect to the Group’s organizations, the Human Resources Strategy Unit was newly established in May to transform the central concept of its personnel affairs policy into the “human resource power” that generates new value toward achievement of discontinuous growth and further strengthen the Group-wide initiatives to that end. In addition, with an eye toward achievement of the goals set in the Medium-term Business Plan, we continued with efforts to acquire specialized human resources who are capable of playing a leading role in new business fields, optimally allocate each of the human resources within the Group depending on their capabilities, competence, aspiration and motivation and foster organizational culture that enables transformation into an inventive makeup. We worked to strengthen the compliance system by, for example, creating manuals for preventing recurrence of incidents of violation of laws and regulations and providing training as part of our compliance management initiatives. Efforts have also been made to strengthen the operational aspects and thoroughly implement improvement measures based on the regular and real-time activity reports.

As a result of various measures including those mentioned above, consolidated sales revenue for the fiscal year under review was ¥459,840 million, down 2.1% year on year, due mainly to the effect of the sales decline from sale of a consolidated subsidiary in the previous fiscal year and the weak sales in the wholesale business and the design and construction business, despite the sales increase in the Department Store Business, the Real Estate Business and the Credit Finance Business. Both revenue and profit declined with operating profit amounting to ¥40,891 million, down 17.5% year on year, due to an increase in selling, general and administrative expenses including expenses for renewal of POS cash registers in the Department Store Business and recording of loss following the decision to cease operations of a rural store in the PARCO Business, in addition to the decline as a pullback after recording of gain on sales of non-current assets and proceeds from sales of shares of a consolidated subsidiary in the previous fiscal year, despite a profit increase in the Real Estate Business. Profit before tax was ¥42,126 million, down 12.7% year on year, and profit attributable to owners of parent was ¥27,358 million, down 4.0% year on year. In addition, profit/shareholders’ equity (ROE) was 6.8%, down 0.7 percentage points year on year, and the ratio of equity attributable to owners of parent to total assets was 40.1%, up 1.4 percentage points year on year.
J. Front Retailing Co., Ltd. (hereinafter the “Company”) has decided to pay year-end dividend of ¥18 per share. As a result, the annual dividend with the addition of an interim dividend of ¥17 per share is ¥35 per share, marking eight consecutive years of ordinary dividend increases excluding commemorative dividends (¥1 each for the interim and year-end dividends) paid in the previous fiscal year.

Business results by segment
<Department Store Business>
We have set the cornerstones of the store strategy as strengthening of ability to attract many customers and expansion of the customer base and worked to increase value provided by stores and to heighten their profitability. As part of the initiatives to strengthen the ability to attract many customers, we opened “KiKiYOCOCHO” as a new arranging sales area comprised of “Cosmetics,” “Foods” and “Goods” on the women’s clothing floor of the Daimaru Sapporo store. Moreover, under the “Urban Dominant

Strategy," we worked to increase the charm and create the lively atmosphere of the areas in which each of the stores is located through such efforts as development of areas surrounding the stores with particular focus on the priority areas in addition to holding of events in collaboration with the communities and the local governments.
The initiatives to expand the customer base included prior introduction of a mobile app to the Daimaru Tokyo store to increase the number of ID customers and building of a foundation for the new customer strategy to strengthen the relationships with customers. We also continued efforts to acquire new customer accounts in response to the expanding affluent customer market and promoted building and maintenance of the operation support system that utilizes ICT with an eye toward establishment of a new out-of-store sales business model. In addition, we worked to strengthen the ability to attract many customers through expansion of the cosmetic sales space in a flagship store, information distribution utilizing social networking services (SNSs) and expansion of sales areas able to handle mobile payment to ensure handling of the increased number of overseas visitors to Japan.
It should be added that we closed the Daimaru Yamashina store as of March 31, 2019, based on the judgment of it being difficult to anticipate improvement in its earnings amidst recent changes in the economic environment and fiercer competitions.
Despite various measures including those mentioned above, sales revenue saw only a slight increase to ¥275,441 million, up 0.4% year on year, due mainly to shortened operating hours and/or temporary store closing necessitated by frequent occurrence of natural disasters, etc. in the areas where the stores are located and struggles in the clothing sales. Operating profit was ¥24,194 million, down 9.2% year on year, due to depreciation associated with the redevelopment of the Daimaru Shinsaibashi store, investment for the purpose of securing safety and peace of mind, including investment in store facilities such as renewal of POS cash registers, air-conditioning systems and elevators, and an increase in the selling, general and administrative expenses following the up-front investment aimed at future growth, in addition to the decline as a pullback after recording of gain on sales of non-current assets in the previous fiscal year.

<PARCO Business>
We promoted renovation to strengthen the growth areas such as food products and wining and dining, health and beauty and the areas related to experience-focused consumption in the store business, with an eye toward strengthening of the PARCO store brands. We also promoted introduction of "UP NEXT," a space for cultivating and fostering new shops and brands. The customer relationship management (CRM) strategy has been in constant motion through such efforts as enhancement of the functions of the "POCKET PARCO" smartphone app in pursuit of further strengthened relationships with customers. In addition, we opened Harajuku ZERO GATE and Sannomiya ZERO GATE and continued working on development projects for the opening of Kinshicho PARCO, new Shibuya PARCO, SAN-A Urasoe Nishi-Kaigan PARCO CITY, north wing of the Daimaru Shinsaibashi store, among others, with an eye toward realization of a new commercial facility model.
It should be added that we decided to cease operations of Utsunomiya PARCO as of May 31, 2019, in light of, among others, changes in the commercial environment surrounding the store; we also decided to cease operations of Kumamoto PARCO as of February 29, 2020, the expiration date of the building lease agreement, in light of, among others, aging of the building and changes in the commercial environment surrounding the store.
Despite various measures including those mentioned above, sales revenue was ¥89,969 million, down 1.8% year on year, due mainly to closing of unprofitable stores in the specialty store business and struggles in the clothing sales and rural and suburban stores. Operating profit was ¥5,445 million, down 53.7% year on year, due to a decrease in gross profit following the decrease in sales revenue and recording of loss, etc. following the decision to cease operations of the above two stores.

<Real Estate Business>
We worked to strengthen the real estate lease business through efforts to increase the leased floor area mainly in the priority areas such as Ueno, Nagoya, Kyoto, Shinsaibashi and Kobe. GINZA SIX and Ueno Frontier Tower opened in FY 2017 as part of the large-scale redevelopment projects performed well and contributed to the improvement of the business results throughout this fiscal year. We also worked to

develop the areas surrounding the Daimaru Kyoto store and the Daimaru Kobe store. In addition, we steadily worked on initiatives to effectively utilize assets and expand business by, for example, commercial development of Nippon Life Sakaemachi Building (provisional name) with the aim of contributing to the increased charm of the Nagoya Sakae area and joint promotion of the development of Nishiki 3-chome District 25 with Nagoya City Government.
As a result of various measures including those mentioned above, sales revenue was ¥16,995 million, up 26.6% year on year and operating profit was ¥4,664 million, up 12.9% year on year, despite the decline as a pullback after recording of gain on sales of non-current assets in the previous fiscal year.

<Credit Finance Business>
We proactively worked on acquisition of new cardholders and initiatives to increase the credit card utilization rate and the transaction volume. As a result of these efforts, sales revenue was ¥10,573 million, up 3.9% year on year, due to increases in revenues from the affiliated store fees and interest income from installment sales. However, operating profit was ¥2,360 million, down 13.9% year on year, due to increased costs to renew issued cards and payment commissions as well as increases in expenses for up-front investment in strengthening of the system to realize medium- to long-term growth centered around payment and financial services and recruitment of specialized human resources.

<Other Businesses>
Personnel recruitment business Dimples' recorded increases in both revenue and profit thanks to increases in sales and gross profit associated with increased outsourcing contracts from non-Group customers, while design and construction contracting business J. Front Design & Construction recorded decreased revenue due mainly to an impact from the decline as a pullback after recording of large projects in the previous fiscal year, but recorded increased profit thanks to thorough profit management. However, wholesale business Daimaru Kogyo recorded significant decreases in both revenue and profit due to struggles in the mainstay electronic devices division. As a result, sales revenue in the Other Businesses was ¥104,250 million, down 11.5% year on year, and operating profit was ¥3,507 million, down 26.1% year on year.

B. Consolidated earnings forecasts for the next fiscal year
In our full-year consolidated earnings forecasts for the fiscal year ending February 29, 2020, we project gross sales of ¥1,188,000 million, sales revenue of ¥500,000 million; business profit of ¥49,500 million; operating profit of ¥48,500 million; profit before tax of ¥45,500 million; and profit attributable to owners of parent of ¥28,000 million.
Our forecast for basic earnings per share is ¥106.97.

(2) Analysis of financial position

A. Position of assets, liabilities, and equity

Total assets as of February 28, 2019 was ¥1,029,573 million, up ¥7,225 million compared with February 28, 2018. Total liabilities was ¥561,087 million, down ¥10,373 million. Interest-bearing debt was ¥174,378 million, down ¥9,824 million.

Total equity was ¥468,485 million, up ¥17,598 million compared with February 28, 2018.

B. Cash flow position for the current fiscal year

The balance of cash and cash equivalents (hereinafter "cash") as of February 28, 2019 was ¥25,659 million, down ¥13,224 million compared with February 28, 2018.

Cash flow positions in the current fiscal year and the factors for these were as follows.

Net cash provided by operating activities was ¥34,870 million. In comparison with the previous fiscal year, cash provided decreased by ¥22,209 million, largely reflecting an increase in inventories and trade and other receivables.

Net cash used in investing activities was ¥26,836 million. In comparison with the previous fiscal year, cash used increased by ¥7,806 million, largely reflecting an increase in purchase of property, plant and equipment.

Net cash used in financing activities was ¥21,274 million. In comparison with the previous fiscal year, cash used decreased by ¥9,774 million, largely reflecting a decrease in repayments of non-current borrowings.

<Reference> Trends in cash flow indicators

		Fiscal year ended February 28, 2017	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019
Ratio of equity attributable to owners of parent to total assets	(%)	36.7	38.7	40.1
Market value ratio of equity attributable to owners of parent to total assets	(%)	44.9	49.9	31.3
Interest-bearing debt to cash flow ratio	(%)	610.0	322.7	500.1
Interest coverage ratio	(times)	25.3	51.5	32.8

Ratio of equity attributable to owners of parent to total assets: total equity attributable to owners of parent / total assets

Market value ratio of equity attributable to owners of parent to total assets: market capitalization / total assets

Interest-bearing debt to cash flow ratio: interest-bearing debt / cash flow

Interest coverage ratio: cash flow / paid interest

Notes:
1. All indicators are calculated based on consolidated financial figures.
2. Market capitalization is calculated by multiplying the closing stock price at the end of the period by the number of issued shares at the end of the period (excluding treasury shares).
3. The figure used for cash flow is "net cash provided by (used in) operating activities."
4. Interest-bearing debt consists of current borrowings, commercial papers, current portion of bonds, bonds and non-current borrowings recorded on the consolidated statement of financial position. Furthermore, regarding the paid interest, we use the interest paid recorded on the consolidated statement of cash flows.
5. The date for transition to IFRS is March 1, 2016, and IFRS has been adopted from the fiscal year ended February 28, 2018. Therefore, data from the fiscal year ended February 29, 2016 and earlier has not been presented.

(3) Basic policy on profit distribution and dividends for the current fiscal year and the next fiscal year

The Company's basic policy is to return profits appropriately in accordance with a targeted consolidated dividend payout ratio of 30% or more, with the aim of maintaining and enhancing the Company's sound financial standing while keeping profit levels, future capital investment, cash flow trends and other such factors in consideration. The Company also considers carrying out purchases of its own shares as appropriate in accordance with such aims as improving capital efficiency and implementing a flexible capital policy.

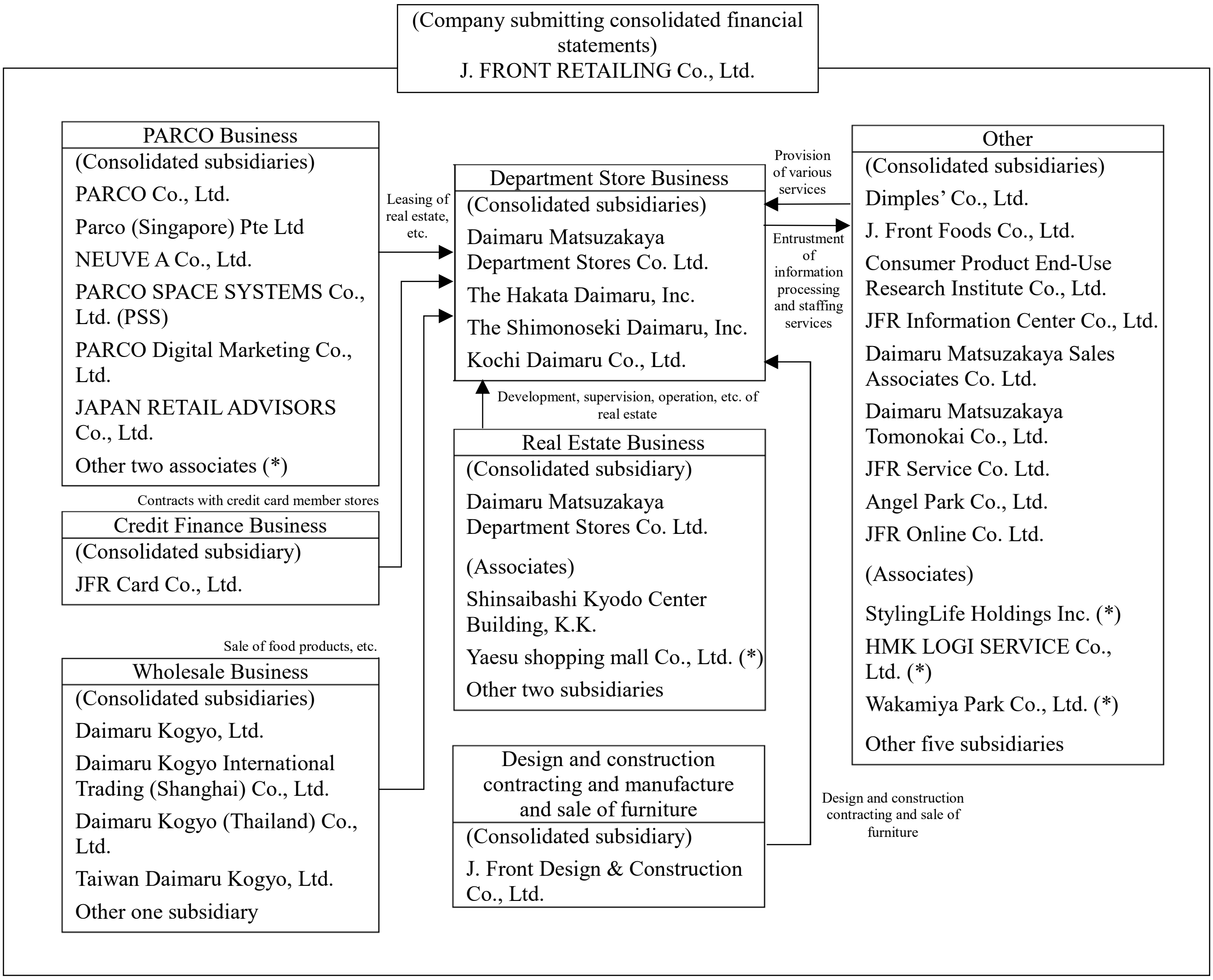
With respect to internal reserves, the Company intends to enhance corporate value by using them for such purposes as investing in store refurbishments and business expansions to strengthen sales, as well as strengthening the Company's financial standing.

The Company has decided to pay an annual dividend of ¥35 per share in the current fiscal year, comprising an interim dividend of ¥17 per share and a year-end dividend of ¥18 per share.

For the next fiscal year, the Company plans to pay an annual dividend of ¥36 per share, comprising an interim dividend of ¥18 per share and a year-end dividend of ¥18 per share.

2. Overview of the corporate group

The corporate group consists of the Company, 33 subsidiaries and seven associates. Its principal business is the Department Store Business, and its other businesses include the PARCO Business, the Real Estate Business, the Credit Finance Business, wholesaling, and design and construction contracting. The following is a business organization chart of the Group's main consolidated subsidiaries and equity method companies.



Notes: 1. Companies marked with an asterisk (*) are equity method associates.
2. In segment information, wholesaling, design and construction contracting, manufacture and sale of furniture, etc. are shown together as "Other." The other businesses are categorized in accordance with the segments.

3. Basic rational on selection of accounting standard

The Group voluntarily applies International Financial Reporting Standards from the fiscal year ended February 28, 2018 for the purpose of implementing effective management based on appropriate asset evaluation, applying business management that gives emphasis to the profit of the current period and improving the convenience of overseas investors by improving the international comparability of financial information.

4. Consolidated financial statements and significant notes thereto

(1) Consolidated statement of financial position

	As of February 28, 2018	As of February 28, 2019
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	38,883	25,659
Trade and other receivables	125,649	132,943
Other financial assets	4,067	7,324
Inventories	33,755	38,349
Other current assets	6,076	7,004
Assets held for sale	6,732	—
Total current assets	215,164	211,281
Non-current assets		
Property, plant and equipment	458,877	471,238
Goodwill	523	523
Investment property	195,608	197,162
Intangible assets	3,588	4,489
Investments accounted for using equity method	16,425	17,616
Other financial assets	100,016	96,225
Deferred tax assets	7,286	8,280
Other non-current assets	24,857	22,754
Total non-current assets	807,183	818,291
Total assets	1,022,348	1,029,573

	As of February 28, 2018	As of February 28, 2019
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	46,230	31,320
Trade and other payables	141,343	138,938
Other financial liabilities	30,811	32,252
Income tax payables	9,202	8,174
Provisions	202	1,851
Other current liabilities	64,561	62,490
Total current liabilities	292,351	275,028
Non-current liabilities		
Bonds and borrowings	137,972	143,058
Other financial liabilities	34,240	38,486
Retirement benefit liabilities	29,909	29,003
Provisions	4,595	5,176
Deferred tax liabilities	61,161	60,455
Other non-current liabilities	11,231	9,880
Total non-current liabilities	279,109	286,059
Total liabilities	571,460	561,087
Equity		
Capital	31,974	31,974
Share premium	211,864	212,210
Treasury shares	(15,244)	(15,090)
Other components of equity	15,772	14,745
Retained earnings	151,151	168,861
Total equity attributable to owners of parent	395,519	412,700
Non-controlling interests	55,368	55,784
Total equity	450,887	468,485
Total liabilities and equity	1,022,348	1,029,573

(2) Consolidated statement of profit or loss and consolidated statement of comprehensive income

(Consolidated statement of income)

	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019
	Millions of yen	Millions of yen
Sales revenue	469,915	459,840
Cost of sales	(256,979)	(247,443)
Gross profit	212,935	212,396
Selling, general and administrative expense	(166,688)	(166,882)
Other operating income	8,967	3,237
Other operating expense	(5,668)	(7,860)
Operating profit	49,546	40,891
Finance income	1,090	1,104
Finance costs	(1,194)	(1,170)
Share of profit (loss) of investments accounted for using equity method	(1,171)	1,301
Profit before tax	48,271	42,126
Income tax expense	(16,415)	(12,950)
Profit	31,855	29,176
Profit attributable to:		
Owners of parent	28,486	27,358
Non-controlling interests	3,368	1,817
Profit	31,855	29,176
Earnings per share		
Basic earnings per share (Yen)	108.92	104.55
Diluted earnings per share (Yen)	108.86	104.52

(Consolidated statement of comprehensive income)

	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019
	Millions of yen	Millions of yen
Profit	31,855	29,176
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	3,464	(471)
Remeasurements of defined benefit plans	2,298	(1,220)
Share of other comprehensive income of entities accounted for using equity method	(3)	33
Total items that will not be reclassified to profit or loss	5,758	(1,657)
Items that may be reclassified to profit or loss		
Cash flow hedges	57	58
Exchange differences on translation of foreign operations	69	(71)
Share of other comprehensive income of entities accounted for using equity method	70	2
Total items that may be reclassified to profit or loss	197	(10)
Other comprehensive income, net of tax	5,955	(1,668)
Comprehensive income	37,811	27,507
Comprehensive income attributable to:		
Owners of parent	34,450	25,631
Non-controlling interests	3,360	1,875
Comprehensive income	37,811	27,507

(3) Consolidated statement of changes in equity

	Equity attributable to owners of parent					
				Other components of equity		
	Capital	Share premium	Treasury shares	Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at March 1, 2017	30,000	209,551	(11,281)	(154)	(66)	12,832
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	92	111	3,471
Total comprehensive income	—	—	—	92	111	3,471
Issuance of new shares	1,974	1,974	—	—	—	—
Purchase of treasury shares	—	—	(3,963)	—	—	—
Disposal of treasury shares	—	(0)	0	—	—	—
Dividends	—	—	—	—	—	—
Changes in ownership interests in subsidiaries	—	(56)	—	—	—	—
Share-based payment transactions	—	395	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	(60)	(472)
Other	—	—	—	18	—	—
Total transactions with owners	1,974	2,313	(3,962)	18	(60)	(472)
Balance at February 28, 2018	31,974	211,864	(15,244)	(43)	(15)	15,831
Effect of changes in accounting policies	—	—	—	—	—	—
Balance reflecting changes in accounting policies	31,974	211,864	(15,244)	(43)	(15)	15,831
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	(70)	60	(530)
Total comprehensive income	—	—	—	(70)	60	(530)
Issuance of new shares	—	—	—	—	—	—
Purchase of treasury shares	—	—	(8)	—	—	—
Disposal of treasury shares	—	(0)	0	—	—	—
Dividends	—	—	—	—	—	—
Changes in ownership interests in subsidiaries	—	1	—	—	—	—
Share-based payment transactions	—	343	162	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	(466)
Other	—	—	—	29	(49)	—
Total transactions with owners	—	345	154	29	(49)	(466)
Balance at February 28, 2019	31,974	212,210	(15,090)	(83)	(5)	14,834

	Equity attributable to owners of parent					
	Other components of equity					
	Remeasure-ments of defined benefit plans	Total	Retained earnings	Total	Non-controlling interests	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at March 1, 2017	–	12,610	127,690	368,571	52,872	421,444
Profit	–	–	28,486	28,486	3,368	31,855
Other comprehensive income	2,287	5,963	–	5,963	(7)	5,955
Total comprehensive income	2,287	5,963	28,486	34,450	3,360	37,811
Issuance of new shares	–	–	–	3,948	–	3,948
Purchase of treasury shares	–	–	–	(3,963)	–	(3,963)
Disposal of treasury shares	–	–	–	0	–	0
Dividends	–	–	(7,846)	(7,846)	(911)	(8,757)
Changes in ownership interests in subsidiaries	–	–	–	(56)	56	–
Share-based payment transactions	–	–	–	395	–	395
Transfer from other components of equity to retained earnings	(2,287)	(2,820)	2,820	–	–	–
Other	–	18	–	18	(10)	8
Total transactions with owners	(2,287)	(2,801)	(5,025)	(7,502)	(865)	(8,367)
Balance at February 28, 2018	–	15,772	151,151	395,519	55,368	450,887
Effect of changes in accounting policies	–	–	487	487	–	487
Balance reflecting changes in accounting policies	–	15,772	151,639	396,006	55,368	451,374
Profit	–	–	27,358	27,358	1,817	29,176
Other comprehensive income	(1,186)	(1,727)	–	(1,727)	58	(1,668)
Total comprehensive income	(1,186)	(1,727)	27,358	25,631	1,875	27,507
Issuance of new shares	–	–	–	–	–	–
Purchase of treasury shares	–	–	–	(8)	–	(8)
Disposal of treasury shares	–	–	–	0	–	0
Dividends	–	–	(9,417)	(9,417)	(942)	(10,359)
Changes in ownership interests in subsidiaries	–	–	–	1	(516)	(515)
Share-based payment transactions	–	–	–	505	–	505
Transfer from other components of equity to retained earnings	1,186	719	(719)	–	–	–
Other	–	(19)	–	(19)	–	(19)
Total transactions with owners	1,186	699	(10,136)	(8,937)	(1,459)	(10,396)
Balance at February 28, 2019	–	14,745	168,861	412,700	55,784	468,485

(4) Consolidated statement of cash flows

	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019
	Millions of yen	Millions of yen
Cash flows from (used in) operating activities		
Profit before tax	48,271	42,126
Depreciation and amortization expense	18,683	19,907
Impairment loss	2,576	2,514
Finance income	(1,090)	(1,104)
Finance costs	1,194	1,170
Share of loss (profit) of investments accounted for using equity method	1,171	(1,301)
Loss (gain) on sales of non-current assets	(3,103)	(23)
Loss on disposals of non-current assets	1,609	1,641
Decrease (increase) in inventories	(354)	(4,594)
Decrease (increase) in trade and other receivables	(3,557)	(7,500)
Increase (decrease) in trade and other payables	(1,971)	(2,087)
Increase (decrease) in retirement benefit liabilities	(1,850)	(905)
Decrease (increase) in retirement benefit assets	(3,455)	1,334
Other, net	12,474	(462)
Subtotal	70,597	50,714
Interest received	131	98
Dividends received	330	330
Interest paid	(1,108)	(1,063)
Income taxes paid	(14,833)	(17,662)
Income taxes refund	1,961	2,453
Net cash flows from (used in) operating activities	57,079	34,870
Cash flows from (used in) investing activities		
Purchase of property, plant and equipment	(17,708)	(28,954)
Proceeds from sales of property, plant and equipment	2,089	9
Purchase of investment property	(8,993)	(4,250)
Proceeds from sales of investment property	1,810	32
Purchase of investment securities	(1,946)	(1,040)
Proceeds from sales of investment securities	2,857	8,826
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	1,839	–
Other, net	1,020	(1,459)
Net cash flows from (used in) investing activities	(19,030)	(26,836)
Cash flows from (used in) financing activities		
Net increase (decrease) in current borrowings	950	(9,849)
Net increase (decrease) in commercial papers	(32,799)	(1,000)
Proceeds from non-current borrowings	16,500	20,350
Repayments of non-current borrowings	(28,960)	(19,360)
Proceeds from issuance of bonds	34,838	–
Redemption of bonds	(12,000)	–
Purchase of treasury shares	(15)	(9)
Dividends paid	(7,822)	(9,389)
Dividends paid to non-controlling interests	(911)	(942)
Other, net	(827)	(1,073)
Net cash flows from (used in) financing activities	(31,048)	(21,274)
Net increase (decrease) in cash and cash equivalents	7,000	(13,240)
Cash and cash equivalents at beginning of period	31,867	38,883
Effect of exchange rate changes on cash and cash equivalents	15	16
Cash and cash equivalents at end of period	38,883	25,659

(5) Notes to consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Changes in accounting policies)

Significant accounting policies applied in these financial statements are consistent with those applied in the financial statements for the fiscal year ended February 28, 2018 except for the following:

The Group has applied the following standards from the first quarter of the fiscal year ended February 28, 2019.

IFRS		Description of new and amended standards
IFRS 15	Revenue from Contracts with Customers	Amendments to accounting treatment for revenue recognition

The Group has applied IFRS 15 “Revenue from Contracts with Customers” (issued in May 2014) and “Clarifications to IFRS 15” (issued in April 2016) (collectively, “IFRS 15”) from the first quarter of the fiscal year ended February 28, 2019. In the application of IFRS 15, the Group has adopted a method recognized as a transitional measure under which cumulative effects from the adoption of standards are recognized on the initial application date.

With the application of IFRS 15, based on the following five-step approach, revenue is recognized as the amount of consideration to which the Group expects to be entitled in exchange for the transfer of goods or services promised to customers (not including interests and dividend income based on IFRS 9 “Financial Instruments” and leases payments based on IAS 17 “Leases.”)

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

The Group, under a holding company structure, develops business such PARCO Business, Real Estate Business and Credit Finance Business with Department Store Business at its core. The Department Store Business carries out the sale of clothing, general goods, household goods, food products and others. With regard to these sales of goods, since it is determined that performance obligation is satisfied at the time of delivery of goods when customers gain control of such goods, the Group mainly recognizes revenue at the time of delivery of such goods. Furthermore, revenue is measured at the amount of consideration promised in contracts between customers, less any discounts, rebates and sales returns, etc.

Effects of application of standards to the Group

In the Group, primarily the Department Store Business and PARCO Business operate a Customer Royalty Program which provides customers point rewards that can be exchanged as discounts for future purchases.

Although under IAS 18 “Revenue,” revenue was recognized less the estimated fair value of such point rewards, under IFRS 15, in accordance to the above five-step approach, transaction price is allocated to point rewards and goods based on their ratio to stand-alone selling price. When adopting this method, the amount allocated to the goods sold, on the average, is higher than the amount less the fair value of point rewards.

Consequently, in comparison with the case where the previous accounting standard has been applied, at the beginning of the first quarter of the fiscal year ended February 28, 2019, other current liabilities and deferred tax assets decreased by ¥705 million and ¥107 million, respectively, and retained earnings and deferred tax liabilities increased by ¥487 million and ¥111 million, respectively. Please note that impact on earnings is not significant.

(Segment information, etc.)

(1) Overview of reportable segments

The reportable segments of the Group are constituent units of the Group for which separate financial information is obtainable. These segments are periodically examined by the Board of Directors for the purpose of deciding the allocation of management resources and evaluating business results.

The Group is comprised, under a holding company structure, of the reportable segments "Department Store Business," "PARCO Business," "Real Estate Business" and "Credit Finance Business," with the Department Store Business at its core.

The Department Store Business carries out the sale of clothing, general goods, household goods, food products and others. The PARCO Business undertakes development, management, supervision and operation of shopping centers. The Real Estate Business carries out development, supervision, operation, etc. of real estate. The Credit Finance Business undertakes issuance and administration of credit cards.

(2) Segment revenue and business results

Revenue and business results by reportable segments of the Group are as follows. Inter-segment transactions are generally based on prevailing market prices.

Fiscal year ended February 28, 2018

	Reportable segments					Other	Total	Adjustments	Consolidated
	Department Store Business	PARCO Business	Real Estate Business	Credit Finance Business	Total				
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
External revenue	273,937	91,254	12,761	5,881	383,834	86,080	469,915	—	469,915
Inter-segment revenue	371	366	665	4,295	5,699	31,765	37,465	(37,465)	—
Total	274,308	91,621	13,427	10,176	389,534	117,845	507,380	(37,465)	469,915
Segment profit	26,659	11,752	4,131	2,742	45,285	4,744	50,030	(483)	49,546
Finance income									1,090
Finance costs									(1,194)
Share of profit (loss) of investments accounted for using equity method									(1,171)
Profit before tax									48,271
Segment assets	424,093	259,502	183,675	71,123	938,395	114,908	1,053,303	(30,955)	1,022,348
Other items									
Depreciation	10,250	5,662	2,089	6	18,009	931	18,940	(256)	18,683
Impairment loss	396	458	—	—	855	104	959	1,617	2,576
Amounts invested in entities accounted for using equity method	2,768	37	—	—	2,805	166	2,971	13,454	16,425
Capital expenditures	6,153	15,309	7,450	27	28,939	887	29,827	(3,232)	26,594

Notes:

1. The "Other" category is a business segment not included as a reportable segment. It includes wholesaling, design and construction contracting, manufacture and sale of furniture, parking, leasing, etc.
2. Capital expenditures are the amount of the increase in property, plant and equipment, investment property and intangible assets.
3. Adjustments are made as follows.
   (1) The adjustment for segment profit includes an inter-segment elimination and corporate income and expenses not attributable to any reportable segment. Corporate income and expenses are mainly income and expenses of the company submitting consolidated financial statements that are not attributable to any reportable segment.
   (2) The adjustment for segment assets includes elimination of segment receivables, unrealized adjustments on non-current assets, and assets of the company submitting consolidated financial statements that are not attributable to any reportable segment.
   (3) The adjustment for depreciation consists of inter-segment transfers.
   (4) The adjustment for impairment loss consists of impairment loss of the company submitting consolidated financial statements that are not attributable to any reportable segment.
   (5) The adjustment for amounts invested in entities accounted for using equity method consists of investments in entities accounted for using equity method of the company submitting consolidated financial statements that are not attributable to any reporting segment.
   (6) The adjustment for capital expenditures consists mainly of inter-segment unrealized profit.
4. Segment profit is adjusted to operating profit in the consolidated financial statements.

Fiscal year ended February 28, 2019

	Reportable segments					Other	Total	Adjustments	Consolidated
	Department Store Business	PARCO Business	Real Estate Business	Credit Finance Business	Total				
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
External revenue	275,140	89,406	15,826	6,361	386,734	73,105	459,840	—	459,840
Inter-segment revenue	300	563	1,168	4,212	6,244	31,144	37,389	(37,389)	—
Total	275,441	89,969	16,995	10,573	392,979	104,250	497,229	(37,389)	459,840
Segment profit	24,194	5,445	4,664	2,360	36,665	3,507	40,173	717	40,891
Finance income									1,104
Finance costs									(1,170)
Share of profit (loss) of investments accounted for using equity method									1,301
Profit before tax									42,126
Segment assets	420,059	273,056	187,937	75,862	956,915	125,454	1,082,370	(52,796)	1,029,573
Other items									
Depreciation	10,984	5,970	2,453	12	19,420	812	20,232	(325)	19,907
Impairment loss	295	2,219	—	—	2,514	—	2,514	—	2,514
Amounts invested in entities accounted for using equity method	2,939	43	—	—	2,983	166	3,150	14,466	17,616
Capital expenditures	15,582	18,376	3,571	15	37,545	1,446	38,992	74	39,066

Notes:

1. The "Other" category is a business segment not included as a reportable segment. It includes wholesaling, design and construction contracting, manufacture and sale of furniture, parking, leasing, etc.
2. Capital expenditures are the amount of the increase in property, plant and equipment, investment property and intangible assets.
3. Adjustments are made as follows.
   (1) The adjustment for segment profit includes an inter-segment elimination and corporate income and expenses not attributable to any reportable segment. Corporate income and expenses are mainly income and expenses of the company submitting consolidated financial statements that are not attributable to any reportable segment.
   (2) The adjustment for segment assets includes elimination of segment receivables, unrealized adjustments on non-current assets, and assets of the company submitting consolidated financial statements that are not attributable to any reportable segment.
   (3) The adjustment for depreciation consists of inter-segment transfers.
   (4) The adjustment for amounts invested in entities accounted for using equity method consists of investments in entities accounted for using equity method of the company submitting consolidated financial statements that are not attributable to any reporting segment.
   (5) The adjustment for capital expenditures consists mainly of inter-segment unrealized profit.
4. Segment profit is adjusted to operating profit in the consolidated financial statements.

(Per share information)

(1) Basic earnings per share and diluted earnings per share

	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019
Basic earnings per share (Yen)	108.92	104.55
Diluted earnings per share (Yen)	108.86	104.52

(2) Basis for calculation of basic earnings per share and diluted earnings per share

1) Profit attributable to ordinary equity holders

	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019
Profit attributable to owners of parent (Millions of yen)	28,486	27,358
Profit not attributable to owners of parent (Millions of yen)	—	—
Profit used to calculate basic earnings per share (Millions of yen)	28,486	27,358
Adjustment to profit (Millions of yen)	—	—
Profit used to calculate diluted earnings per share (Millions of yen)	28,486	27,358

2) Average number of shares during the period

	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019
Average number of ordinary shares during the period (Thousands of shares)	261,541	261,673
Increase in the number of ordinary shares		
Officer remuneration BIP trust	151	79
Average number of diluted ordinary shares	261,693	261,752

Note: The calculation of basic earnings per share and diluted earnings per share excludes the number of Company's shares owned by the officer remuneration BIP trust from the average number of ordinary shares during the period because such shares are treated as the Company's treasury shares.

(Significant subsequent events)

No items to report.

5. Other

Changes in executives

(1) Changes in representatives

No items to report.

(2) Changes in other executives (scheduled to be effective as of May 23, 2019)

An internal decision was made at the Board of Directors meeting held on April 9, 2019 to make changes in executives as described below.

・ Candidates for new Directors

MURATA Soichi	Director (Present post Managing Executive Officer, Senior Executive General Manager of Administration Unit and in charge of Compliance)
UCHIDA Akira	Director (Outside)

・ Retiring Directors

DOI Zenichi	Director
SAWADA Taro	Director and Managing Executive Officer, Senior Executive General Manager of Management Strategy Unit and in charge of Risk Management and Director of Daimaru Matsuzakaya Department Stores Co. Ltd.