

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, 2019	YoY		Nine months ended November 30, 2018
		Amount	%	
1. Gross sales	840,400	26,721	3.3	813,679
2. Revenue	361,767	28,159	8.4	333,608
3. Gross profit	155,113	66	0.0	155,047
[Impact of the adoption of IFRS 16]	[983]	[983]	[—]	[—]
4. Gross margin	42.88 %	Difference (3.60) %		46.48 %
5. Selling, general and administrative expenses (SGA)	117,503	(3,919)	(3.2)	121,422
6. Business profit	37,610	3,985	11.9	33,625
[Impact of the adoption of IFRS 16]	[3,416]	[3,416]	[—]	[—]
7. Operating profit	37,042	3,189	9.4	33,853
8. Profit before tax	34,897	(1)	(0.0)	34,898
9. Profit attributable to owners of parent	20,997	(1,080)	(4.9)	22,077
10. Total assets	1,284,227	254,654		1,029,573
[Of which: right-of-use assets]	[209,657]	[209,657]		[—]
11. Equity attributable to owners of parent	409,703	(2,997)		412,700
12. Ratio of equity attributable to owners of parent to total assets	31.9 %	Difference (8.2) %		40.1 %
13. Interest-bearing liabilities	414,720	240,342		174,378
[Of which: lease liabilities]	[227,048]	[227,048]		[—]

Notes: 1. Gross sales are calculated by converting sales from purchase recorded at the time of sale (*shoka shire*) of the "Department Store Business" and "Other (Daimaru Kogyo)," which are recognized as 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 cost of sales and SGA from revenue.
3. Results for the previous year in Items 10, 11, 12 and 13 are figures at the end of the previous consolidated fiscal year (February 28, 2019).

2. Segment information

Nine months ended November 30, 2019

(Millions of yen, %)

	Reportable segments					Other	Total	Adjustments	Consolidated
	Department Store Business	Parco Business	Real Estate Business	Credit and Finance Business	Total				
Gross sales	525,748	233,611	13,315	9,084	781,760	101,117	882,877	(42,477)	840,400
YoY % change	(1.2)	13.5	4.1	3.1	2.9	13.7	4.1	—	3.3
(1) Revenue to external customers	193,091	87,562	12,472	5,139	298,266	63,500	361,767	—	361,767
(2) Intersegment revenue	345	467	794	2,878	4,486	32,674	37,160	(37,160)	—
Total revenue	193,437	88,029	13,266	8,018	302,752	96,175	398,928	(37,160)	361,767
YoY % change	(1.7)	32.8	4.7	2.1	6.7	24.3	10.5	—	8.4
Segment expenses	179,404	77,899	6,077	6,112	269,494	91,956	361,451	(36,727)	324,724
Business profit	20,160	7,463	4,944	1,870	34,439	3,853	38,292	(682)	37,610
YoY % change	21.7	7.3	5.1	(4.4)	14.1	40.1	16.3	—	11.9
Segment profit	14,032	10,130	7,189	1,905	33,258	4,218	37,476	(433)	37,042
YoY % change	(11.4)	24.5	60.2	(3.2)	9.3	58.7	13.2	—	9.4

3. Performance by consolidated company

(Millions of yen, %)

Company name	Nine months ended November 30, 2019				Capital	Ownership percentage	Business
	Revenue	Business profit	Operating profit	Profit			
1. J. Front Retailing Co., Ltd.	32,847	29,029	29,055	29,158	31,974		
2. Daimaru Matsuzakaya Department Stores Co. Ltd.	186,293	24,088	21,373	13,793	10,000	100.0	Department store Real Estate Business
3. The Hakata Daimaru, Inc.	13,763	1,056	916	519	3,037	69.9	Department store
4. The Shimonoseki Daimaru, Inc.	3,271	(55)	(1,080)	(1,597)	480	100.0	Department store
5. Kochi Daimaru Co., Ltd.	3,288	16	14	4	300	100.0	Department store
6. Parco Co., Ltd.	63,733	7,057	9,944	5,861	34,367	65.2	Shopping complex
7. Parco (Singapore) Pte Ltd	37	(26)	(11)	(10)	SGD 4M	65.2	Shopping complex
8. Neuve A Co., Ltd.	12,906	(287)	(510)	(733)	490	65.2	Specialty store
9. Parco Space Systems Co., Ltd.	16,510	742	710	493	490	65.2	Space engineering & management
10. Parco Digital Marketing Co., Ltd.	902	116	111	76	10	65.2	Internet-related business
11. Japan Retail Advisors Co., Ltd.	—	(0)	(0)	(0)	10	65.2	Real estate management Consulting
12. JFR Card Co., Ltd.	8,018	1,870	1,905	1,236	100	100.0	Credit and finance
13. Daimaru Kogyo, Ltd.	22,447	749	787	553	1,800	100.0	Wholesale
14. Daimaru Kogyo International Trading (Shanghai) Co., Ltd.	3,045	37	53	41	USD 2M	100.0	Wholesale
15. Daimaru Kogyo (Thailand) Co., Ltd.	268	4	5	10	THB 202M	99.9	Wholesale
16. Taiwan Daimaru Kogyo, Ltd.	393	11	12	12	NTD 60M	100.0	Wholesale
17. J. Front Design & Construction Co., Ltd.	33,925	1,806	1,770	1,197	100	100.0	Design & construction Manufacture & sale of furniture
18. Dimples' Co., Ltd.	10,004	452	427	294	90	100.0	Staffing service
19. J. Front Foods Co., Ltd.	1,828	34	(13)	(14)	100	100.0	Restaurant
20. Consumer Product End-Use Research Institute Co., Ltd.	782	95	91	61	100	100.0	Merchandise test Quality control
21. Angel Park Co., Ltd.	846	451	451	325	400	50.2	Parking
22. JFR Service Co. Ltd.	6,471	89	90	64	100	100.0	Commissioned back-office service Leasing Parking management
23. JFR Information Center Co., Ltd.	6,064	442	444	301	10	100.0	Information service
24. Daimaru Matsuzakaya Sales Associates Co. Ltd.	7,086	25	25	17	90	100.0	Commissioned sales & store operations
25. Daimaru Matsuzakaya Tomonokai Co., Ltd.	68	(375)	(401)	52	100	100.0	Specified prepaid transaction service

4. Components of SGA

(Millions of yen, %)

Component	Nine months ended Nov 30, 2019	YoY		Nine months ended Nov 30, 2018
		Amount	%	
		Personnel expenses	41,539	
Advertising expenses	9,168	951	11.6	8,217
Packaging and delivery expenses	2,369	143	6.4	2,226
Rent expenses	1,754	(15,646)	(89.9)	17,400
[Of which: decrease related to the impact of IFRS 16]	[(15,808)]	[(15,808)]	[—]	[—]
Depreciation	23,235	14,624	169.8	8,611
[Of which: increase related to the impact of IFRS 16]	[13,375]	[13,375]	[—]	[—]
Operational costs	6,809	620	10.0	6,189
Other	32,626	285	0.9	32,341
Total	117,503	(3,919)	(3.2)	121,422
[Of which: impact of IFRS 16]	[(2,432)]	[(2,432)]	[—]	[—]

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

Nine months ended November 30, 2019: 14,716 million yen / Nine months ended November 30, 2018: 6,188 million yen

5. Components of other operating income and other operating expenses

(Millions of yen)

Component	Nine months ended Nov 30, 2019	Nine months ended Nov 30, 2018	Remarks
Other operating income	7,692	2,512	
Gain on sales of fixed assets	2,719	23	Mainly Daimaru Matsuzakaya Department Stores (poorly performing rental real estate)
Compensation income	3,323	1,463	Mainly redevelopment of Shibuya Parco
Other	1,649	1,025	
Other operating expenses	8,259	2,284	
Loss on disposal of fixed assets	3,101	1,184	Mainly Daimaru Matsuzakaya Department Stores
Impairment loss	577	408	Mainly Parco
Other	4,580	690	Mainly Daimaru Matsuzakaya Department Stores

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

(Millions of yen)

Component	Nine months ended Nov 30, 2019	YoY	Nine months ended Nov 30, 2018
Finance income	840	(31)	871
Interest income and dividend income	840	(31)	871
Finance costs	4,262	3,397	865
Interest expenses and interest on bonds	4,217	3,475	742
Other	45	(78)	123
Share of profit (loss) of investments accounted for using equity method	1,277	238	1,039

II. Daimaru Matsuzakaya Department Stores Non-consolidated Statements 【IFRS】

1. Business performance

(Millions of yen, %)

Item	Nine months ended November 30, 2019	YoY		Nine months ended November 30, 2018
		Amount	%	
		1. Gross sales	482,904	
[Of which: real estate rental income]	[17,423]	[1,834]	[11.8]	[15,589]
2. Revenue	186,293	(2,116)	(1.1)	188,409
3. Gross profit	109,131	(646)	(0.6)	109,777
4. Gross margin	58.58 %	Difference 0.31 %	/	58.27 %
5. SGA	85,043	(4,869)	(5.4)	89,912
6. Business profit	24,088	4,224	21.3	19,864
[Impact of the adoption of IFRS 16]	[2,137]	[2,137]	[—]	[—]
7. Operating profit	21,373	2,585	13.8	18,788
8. Profit before tax	19,876	671	3.5	19,205
9. Profit	13,793	547	4.1	13,246
10. Total assets	620,497	120,375	/	500,122
[Of which: right-of-use assets]	[108,941]	[108,941]	/	[—]
11. Equity	191,065	(6,486)	/	197,551
12. Equity ratio	30.8 %	Difference (8.7) %	/	39.5 %

Notes 1. Sales from shoka shiire of revenue under IFRS have been converted into gross amount to calculate gross sales.

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

3. Results for the previous year in Items 10, 11 and 12 are figures at the end of the previous business year (February 28, 2019).

Reference

(Millions of yen, %)

Item	Nine months ended November 30, 2019				Nine months ended November 30, 2018	
	Department Store Business	YoY	Real Estate Business	YoY	Department Store Business	Real Estate Business
	1. Gross sales	469,776	(1.1)	13,315	4.1	474,977
[Of which: real estate rental income]	[4,426]	[39.6]	[13,185]	[4.6]	[3,170]	[12,600]
2. Revenue	173,212	(1.5)	13,266	4.7	175,921	12,669
3. Gross profit	102,492	(0.9)	6,825	4.2	103,405	6,552
4. Gross margin	59.17 %	0.39	51.45 %	(0.27)	58.78 %	51.72 %
5. SGA	83,347	(5.5)	1,881	1.8	88,244	1,848
6. Business profit	19,145	26.3	4,944	5.1	15,160	4,703
[Impact of the adoption of IFRS 16]	[2,036]	[—]	[102]	[—]	[—]	[—]
7. Operating profit	14,184	(1.9)	7,189	66.1	14,459	4,329
8. Profit before tax	13,712	(12.8)	6,164	77.4	15,730	3,474

Notes 1. Gross sales are calculated by converting sales from *shoka shiire*, which are recognized as revenue under IFRS, into gross amount.

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

3. The sum of the Department Store Business and the Real Estate Business differs from the sum of Daimaru Matsuzakaya Department Stores due to intersegment eliminations.

2. Summary of gross sales (Department Store)

(1) Sales by store

(Millions of yen, %)

Store	Period	Nine months ended November 30, 2019	Share	YoY		Nine months ended November 30, 2018	Share
				Amount	%		
				Daimaru Osaka Shinsaibashi	65,854		
Osaka Umeda	46,635	10.0	(617)	(1.3)	47,252	10.0	
Tokyo	58,732	12.5	(526)	(0.9)	59,258	12.5	
Kyoto	48,975	10.4	(128)	(0.3)[0.3]	49,103	10.3	
Yamashina	413	0.1	(2,178)	(84.0)	2,591	0.5	
Kobe	54,424	11.6	(1,635)	(2.9)[(1.2)]	56,059	11.8	
Suma	5,760	1.2	(237)	(4.0)	5,997	1.3	
Ashiya	3,278	0.7	(1,433)	(30.4)	4,711	1.0	
Sapporo	46,949	10.0	378	0.8	46,571	9.8	
Matsuzakaya Nagoya	85,689	18.2	363	0.4[1.7]	85,326	18.0	
Ueno	27,951	6.0	(742)	(2.6)	28,693	6.0	
Shizuoka	14,424	3.1	(749)	(4.9)	15,173	3.2	
Takatsuki	5,815	1.2	(236)	(3.9)	6,051	1.3	
Toyota	4,872	1.0	(158)	(3.2)	5,030	1.0	
Total	469,776	100.0	(5,201)	(1.1)[(0.6)]	474,977	100.0	
Excluding the Yamashina store	469,363	—	(3,023)	(0.6)[(0.1)]	472,386	—	

- Notes: 1. The Daimaru Yamashina store closed on March 31, 2019.
2. The Daimaru Ashiya store has decreased sales floor area since March 18, 2019.
3. The tenants around the Daimaru Kobe and Kyoto stores are being transferred to the Real Estate Business beginning in March 2018 and June 2019, respectively. Figures in square brackets in the Daimaru Kobe and Kyoto stores are actual percentage changes excluding year-ago actual sales of the tenants after transferring to the Real Estate Business.
4. The 2nd floor of the south wing of the Matsuzakaya Nagoya store has been changed to be operated under lease since March 20, 2019. Figures in square brackets in the Matsuzakaya Nagoya store are actual percentage changes after deducting this year and last year actual sales of the 2nd floor of the south wing.
5. The new main building of the Daimaru Shinsaibashi store opened on September 20, 2019 and the north wing of the Daimaru Shinsaibashi store has been temporarily closed since September 28, 2019. For this reason, the rental space of the Daimaru Shinsaibashi store increased compared to before.
6. Figures in square brackets in Total and Excluding the Yamashina store are actual percentage changes including changes shown in Notes 3 and 4 above.

Reference: Transaction volume (sum of product sales and tenant sales of the Shinsaibashi store) (Millions of yen, %)

Store	Period	Three months ended November 30, 2019	YoY		Three months ended November 30, 2018
			Amount	%	
			Daimaru Osaka Shinsaibashi	26,327	

Note: The amounts shown above are the sum of product sales from kaitori (purchase on a no-return policy) and shoka shiire and transaction volume (sales) of tenants on a fixed-term lease of the Daimaru Shinsaibashi store.

(2) YoY change in monthly sales

(%)

Month	March	April	May	June	July	August
Total all stores	0.3	0.0	0.3	(0.8)	(4.4)	(1.5)

Month	September	October	November	Nine months ended November 30, 2019
Total all stores	31.4	(19.8)	(9.3)	(1.1)

(3) Sales by merchandise category and gross margin ratio

(Millions of yen, %)

Merchandise category	Sales	YoY % change	Share	Share LY	Gross margin ratio	YoY RD
Clothing	191,534	(3.4)	40.8	41.7	24.82	(0.52)
Accessories	31,187	(5.6)	6.6	7.0	28.21	(0.58)
General goods	101,915	10.6	21.7	19.4	25.47	(0.12)
Household goods	17,939	(6.0)	3.8	4.0	24.65	(0.30)
Foods	95,957	(4.8)	20.4	21.2	15.51	0.00
Other	31,242	(1.7)	6.7	6.7	20.30	2.25
Total	469,776	(1.1)	100.0	100.0	22.98	(0.06)

Note: Merchandise classification has been partially changed beginning in the current period and this change has been applied retrospectively to the year-ago results.

(4) Duty-free sales

(Millions of yen, %)

	Amount	YoY	Sales share
Daimaru Osaka Shinsaibashi	26,743	18.5	40.6
Osaka Umeda	4,005	3.4	8.6
Tokyo	2,426	(9.5)	4.1
Kyoto	3,138	(3.2)	6.4
Kobe	1,429	(8.0)	2.6
Sapporo	4,594	(1.9)	9.8
Matsuzakaya Nagoya	2,880	8.4	3.4
Ueno	814	11.4	2.9
Shizuoka	137	0.9	1.0
Total	46,170	9.6	9.8

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

Reference: Shinsaibashi store duty-free sales percentage of the sum of product sales and tenant transaction volume

(Millions of yen, %)

	Three months ended November 30, 2019	YoY	Share of transaction volume
Daimaru Osaka Shinsaibashi	8,775	15.4	33.3

3. Components of SGA

(Millions of yen, %)

Component	Nine months ended Nov 30, 2019	YoY		Nine months ended Nov 30, 2018
		Amount	%	
		Personnel expenses	14,533	
Advertising expenses	7,525	932	14.1	6,593
Packaging and delivery expenses	1,801	84	4.9	1,717
Rent expenses	352	(12,523)	(97.3)	12,875
Depriciation	17,913	11,064	161.5	6,849
Operational costs	8,793	1,203	15.8	7,590
Other	34,123	(1,068)	(3.0)	35,191
Total	85,043	(4,869)	(5.4)	89,912

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

Nine months ended November 30, 2019: 4,735million yen / Nine months ended November 30, 2018: 2,447 million yen

4. Components of other operating income and other operating expenses

(Millions of yen)

Component	Nine months ended Nov 30, 2019	Nine months ended Nov 30, 2018	Remarks
Other operating income	3,739	522	
Gain on sales of fixed assets	2,391	22	Poorly performing rental real estate
Other	1,348	500	Compensation income of Real Estate Business, etc.
Other operating expenses	6,454	1,598	
Loss on disposal of fixed assets	2,665	791	Construction to rent the north wing of the Shinsaibashi store, etc.
Impairment loss	—	295	LY: Underutilized real estate and Yamashina store
Other	3,788	512	Mainly contribution for Shinsaibashi station public facilities, etc.

5. Components of finance income and finance costs

(Millions of yen)

Component	Nine months ended Nov 30, 2019	YoY	Nine months ended Nov 30, 2018
Finance income	1,046	(153)	1,199
Interest income and dividend income	1,046	(153)	1,199
Finance costs	2,542	1,760	782
Interest expenses	2,542	1,760	782