

## J.FRONT RETAILING Supplementary Information to Financial Results 【Japanese GAAP】

### 1. Consolidated Results of Operations

(Unit: Millions of yen, %)

Item	Fiscal year ended Feb 28, 2017	
	Amount	YoY
1. Consolidated net sales	1,108,512	(4.7)
2. Consolidated gross margin	21.18 %	Change 0.08 %
3. Consolidated gross profit	234,785	(4.4)
4. Consolidated SGA	190,205	(3.7)
5. Consolidated operating profit	44,580	(7.2)
6. Consolidated operating margin	4.0 %	Change (0.1) %
7. Consolidated ordinary profit	44,425	(7.3)
8. Consolidated ordinary profit margin	4.0 %	Change (0.1) %
9. Consolidated profit attributable to owners of parent	26,950	2.4
10. Consolidated profit margin	2.4 %	Change 0.1 %
11. Consolidated total assets	1,050,109	30,963
12. Consolidated equity	406,336	22,637
13. Consolidated equity ratio	38.7 %	Change 1.1 %
14. Consolidated interest-bearing debt	187,799	6,877
15. Consolidated financial balance	(436)	249
16. Number of consolidated subsidiaries	26 companies	(3) companies
17. Number of equity method associates	9 companies	1 company
18. Cash flows from operating activities	36,239	(560)
19. Cash flows from investing activities	(30,353)	9,388
20. Cash flows from financing activities	(2,189)	(1,148)
21. Return on equity (ROE)	6.8 %	Change (0.1) %
22. Return on assets (ROA)	4.3 %	Change (0.4) %
23. Return on investment (ROI)	7.7 %	Change (0.9) %
24. Interest-bearing debt to equity ratio (D/E ratio)	0.46 times	Change (0.01) times
25. Interest-bearing debt to cash flow ratio	5.18 times	Change 0.26 times

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

2. YoY decrease of three companies in Item 16 results from the following:

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

3. YoY increase of one company in Item 17 results from the following:

As of December 20, 2016, San-A Parco, Inc was established.

## 2. Financial Results by Consolidated Company

(Unit: Millions of yen, %)

Company name	Capital	Ownership percentage	Business	Fiscal year ended Feb 28, 2017			
				Net sales	Operating profit	Ordinary profit	Profit
1. J.Front Retailing Co., Ltd.	30,000			13,646	10,433	9,750	8,702
2. Daimaru Matsuzakaya Department Stores Co. Ltd.	10,000	100.0	Department store	646,990	22,702	21,266	13,555
3. The Hakata Daimaru, Inc.	3,037	69.9	Department store	53,902	2,123	1,865	1,155
4. The Shimonoseki Daimaru, Inc.	480	100.0	Department store	14,611	272	197	(25)
5. Kochi Daimaru Co., Ltd.	300	100.0	Department store	12,490	195	204	95
6. Parco Co., Ltd.	34,367	64.9	Shopping complex	240,221	11,815	12,618	6,049
7. Parco (Singapore) Pte Ltd	SGD 4M	64.9	Shopping complex	77	(89)	(87)	(87)
8. Neuve A Co., Ltd.	490	64.9	Specialty store	21,640	435	463	105
9. Parco Space Systems Co., Ltd.	490	64.9	Space engineering & management	20,242	629	596	554
10. Parco-City Co., Ltd.	10	64.9	Internet-related business	921	70	71	62
11. Daimaru Kogyo, Ltd.	1,800	100.0	Wholesale	45,858	1,476	1,516	1,006
12. Daimaru Kogyo International Trading (Shanghai) Co., Ltd.	USD 2M	100.0	Wholesale	3,373	68	89	64
13. Daimaru Kogyo (Thailand) Co., Ltd.	THB 202M	99.9	Wholesale	738	2	10	9
14. Taiwan Daimaru Kogyo, Ltd.	NTD 60M	100.0	Wholesale	378	(21)	(21)	(21)
15. JFR Card Co., Ltd.	100	100.0	Credit	10,900	2,844	2,698	1,684
16. J.Front Design & Construction Co., Ltd.	100	100.0	Design & construction Manufacture & sale of furniture	33,624	1,403	1,412	885
17. JFR Online Co. Ltd.	100	100.0	Direct marketing	9,355	(426)	(475)	(1,240)
18. Dimples' Co., Ltd.	90	100.0	Staffing service	12,051	627	629	388
19. J.Front Foods Co., Ltd.	100	100.0	Restaurant	2,690	63	56	20
20. Consumer Product End-Use Research Institute Co., Ltd.	450	100.0	Merchandise test Quality control	1,041	116	118	70
21. JFR Plaza Inc.	NTD 185M	90.0	General merchandise retail	627	(195)	(198)	(571)
22. Forest Co., Ltd.	90	72.9	Direct marketing	12,890	198	232	131
23. Angel Park Co., Ltd.	400	50.2	Parking	1,126	621	657	439
24. JFR Service Co. Ltd.	100	100.0	Commissioned back-office service Leasing Parking management	6,193	134	166	107
25. JFR Information Center Co., Ltd.	10	100.0	Information service	4,929	365	368	228
26. Daimaru Matsuzakaya Sales Associates Co. Ltd.	90	100.0	Commissioned sales & store operations	9,696	175	177	97
27. Daimaru Matsuzakaya Tomonokai Co., Ltd.	100	100.0	Specified prepaid transaction service	2,436	(523)	150	19
28. Daimaru COM Development Inc.	—	—	Real estate leasing Tenant service	1,058	190	208	130
29. JFR Consulting Co. Ltd.	—	—	Consulting	87	(5)	(5)	(6)
30. JFR Office Support Co., Ltd.	—	—	Commissioned back-office service	1,016	67	78	50

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

### 3-1. Daimaru Matsuzakaya Department Stores Results of Operations

Item	Fiscal year ended Feb 28, 2017	
	Amount	YoY
1. Net sales	646,990	(4.5)
2. Gross margin	23.38 %	Change (0.15) %
3. Gross profit	151,288	(5.1)
4. SGA	128,586	(3.5)
5. Operating profit	22,702	(13.3)
6. Operating margin	3.5 %	Change (0.4) %
7. Ordinary profit	21,266	(13.1)
8. Ordinary profit margin	3.3 %	Change (0.3) %
9. Profit	13,555	26.1
10. Profit margin	2.1 %	Change 0.5 %
11. Total assets	371,904	11,842
12. Equity	103,624	7,400
13. Interest-bearing debt	80,993	911
14. Financial balance	(464)	(61)
15. Cash flows from operating activities	21,626	7,067
16. Cash flows from investing activities	(20,366)	(10,542)
17. Cash flows from financing activities	(1,592)	4,396
18. Return on equity (ROE)	13.6 %	Change 2.4 %
19. Return on assets (ROA)	6.2 %	Change (1.0) %
20. Return on investment (ROI)	11.8 %	Change (2.1) %

Note: Profit, operating profit and ordinary profit are used to calculate ROE, ROA and ROI, respectively.

### 3-2. Daimaru Matsuzakaya Department Stores Sales by Store

(Unit: Millions of yen, %)

Store	Term	Fiscal year ended Feb 28, 2017	
		Amount	YoY
Daimaru	Osaka Shinsaibashi	73,939	(18.8)
	Osaka Umeda	63,740	(2.3)
	Tokyo	74,804	2.2
	Urawa Parco	3,259	(13.7)
	Kyoto	67,326	(3.8)
	Yamashina	3,812	(4.0)
	Kobe	82,454	(3.1)
	Suma	8,995	(5.7)
	Ashiya	6,809	(4.5)
	Sapporo	62,261	(0.7)
Matsuzakaya	Nagoya	120,685	(3.3)
	Ueno	40,865	(1.7)
	Shizuoka	21,383	(2.9)
	Takatsuki	8,627	(4.8)
	Toyota	8,026	(3.8)
Total		646,990	(4.5)

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

## J.FRONT RETAILING Supplementary Information to Financial Results [IFRS]

YoY figures (under IFRS) for fiscal year ended Feb 28, 2017 are estimates and subject to change as a result of accounting audit.

### 1. Consolidated Results of Operations (Forecast)

(Unit: Millions of yen, %)

Item	Forecast (fiscal year ending Feb 28, 2018)			
	Six months ending Aug 31, 2017		Full year ending Feb 28, 2018	
	Amount	YoY	Amount	YoY
1. Consolidated revenue	227,000	2.4	469,000	3.5
2. Consolidated operating profit	21,000	(2.5)	44,500	6.6
3. Consolidated profit before income taxes	21,350	(0.5)	44,700	5.0
4. Consolidated profit attributable to owners of parent	12,800	(8.0)	26,500	(2.3)
5. Consolidated total assets	1,016,500	—	1,033,200	—
6. Consolidated equity	377,500	—	386,900	—
7. Consolidated interest-bearing debt	214,000	—	221,500	—
8. Cash flows from operating activities	12,500	(3,470)	31,000	(5,239)
9. Cash flows from investing activities	(17,500)	(5,850)	(40,000)	(9,647)
10. Cash flows from financing activities	3,200	5,022	6,200	8,389
11. Return on equity (ROE)			7.0 %	— %
12. Return on assets (ROA)			4.4 %	— %

Note: Consolidated profit attributable to owners of parent and consolidated operating profit are used to calculate ROE and ROA, respectively.

#### Reference

(Unit: Millions of yen, %)

Gross sales	553,500	0.1	1,148,000	1.2
-------------	---------	-----	-----------	-----

Note: Gross sales is calculated by replacing purchase amount recorded at the time of sale of Department Store Business and Other Business (Daimaru Kogyo) in revenue under IFRS with gross amount and replacing the net amount of Parco Business with tenant transaction amount (gross amount basis).  
(Parco Business has changed the calculation method of net sales under Japanese GAAP to be on a net basis from FY2017.)

Business profit	20,900	(5.6)	46,000	2.5
-----------------	--------	-------	--------	-----

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 (Forecast)

(Unit: Millions of yen, %)

Company name	Capital	Ownership percentage	Business	Six months ending Aug 31, 2017			Full year ending Feb 28, 2018		
				Revenue	Operating profit	Profit	Revenue	Operating profit	Profit
1. J.Front Retailing Co., Ltd.	30,000			7,900	6,015	6,030	14,200	10,320	10,340
2. Daimaru Matsuzakaya Department Stores Co. Ltd.	10,000	100.0	Department store	123,000	10,900	7,600	253,300	22,700	15,500
3. The Hakata Daimaru, Inc.	3,037	69.9	Department store	9,460	710	450	19,080	1,970	1,250
4. The Shimonoseki Daimaru, Inc.	480	100.0	Department store	2,440	70	36	5,080	140	25
5. Kochi Daimaru Co., Ltd.	300	100.0	Department store	2,680	80	60	5,660	250	178
6. Parco Co., Ltd.	34,367	64.9	Shopping complex	28,246	5,724	3,996	58,310	10,599	7,146
7. Parco (Singapore) Pte Ltd	SGD 4M	64.9	Shopping complex	91	(35)	(35)	197	(93)	(93)
8. Neuve A Co., Ltd.	490	64.9	Specialty store	10,827	83	49	22,601	501	307
9. Parco Space Systems Co., Ltd.	490	64.9	Space engineering & management	10,157	147	105	21,586	523	354
10. Parco Digital Marketing Co., Ltd.	10	64.9	Internet-related business	420	20	17	888	59	51
11. Japan Retail Advisors Co., Ltd.	10	64.9	Real estate management Consulting	—	(26)	(26)	—	(53)	(53)
12. JFR Card Co., Ltd.	100	100.0	Credit	4,950	1,333	864	10,200	2,900	1,738
13. Daimaru Kogyo, Ltd.	1,800	100.0	Wholesale	13,281	568	400	28,500	1,608	1,124
14. Daimaru Kogyo International Trading (Shanghai) Co., Ltd.	USD 2M	100.0	Wholesale	1,530	13	11	3,300	43	35
15. Daimaru Kogyo (Thailand) Co., Ltd.	THB 202M	99.9	Wholesale	423	10	9	800	12	12
16. Taiwan Daimaru Kogyo, Ltd.	NTD 60M	100.0	Wholesale	195	(8)	(7)	500	(8)	(7)
17. J.Front Design & Construction Co., Ltd.	100	100.0	Design & construction Manufacture & sale of furniture	19,000	728	500	37,700	1,646	1,071
18. Dimples' Co., Ltd.	90	100.0	Staffing service	6,300	342	221	12,800	686	443
19. J.Front Foods Co., Ltd.	100	100.0	Restaurant	1,430	21	20	2,835	44	47
20. Consumer Product End-Use Research Institute Co., Ltd.	450	100.0	Merchandise test Quality control	510	50	31	1,042	117	76
21. Forest Co., Ltd.	90	72.9	Direct marketing	6,078	70	47	12,168	205	136
22. Angel Park Co., Ltd.	400	50.2	Parking	565	315	230	1,137	621	452
23. JFR Service Co. Ltd.	100	100.0	Commissioned back-office service Leasing Parking management	3,820	40	40	7,465	96	90
24. JFR Information Center Co., Ltd.	10	100.0	Information service	2,729	146	100	5,328	276	180
25. Daimaru Matsuzakaya Sales Associates Co. Ltd.	90	100.0	Commissioned sales & store operations	4,987	95	67	9,996	221	140
26. Daimaru Matsuzakaya Tomonokai Co., Ltd.	100	100.0	Specified prepaid transaction service	103	(179)	100	207	(359)	173

Note: Parco-City Co., Ltd. was renamed to Parco Digital Marketing Co., Ltd. as of March 1, 2017.

### 3. Daimaru Matsuzakaya Department Stores Results of Operations (Forecast)

YoY figures (under IFRS) for fiscal year ended Feb 28, 2017 are estimates and subject to change as a result of accounting audit.

(Unit: Millions of yen, %)

Item	Forecast (fiscal year ending Feb 28, 2018)			
	Six months ending Aug 31, 2017		Full year ending Feb 28, 2018	
	Amount	YoY	Amount	YoY
1. Revenue	123,000	4.2	253,300	4.6
2. Operating profit	10,900	15.7	22,700	13.1
3. Profit before income taxes	11,000	15.2	22,500	12.8
4. Profit	7,600	7.0	15,500	3.8
5. Total assets	492,000	—	494,600	—
6. Equity	176,500	—	180,700	—
7. Interest-bearing debt	83,600	—	79,500	—
8. Cash flows from operating activities	7,800	922	25,500	3,874
9. Cash flows from investing activities	(7,400)	(435)	(16,600)	3,766
10. Cash flows from financing activities	(400)	(137)	(8,900)	(7,308)
11. Return on equity (ROE)			8.8 %	Change — %
12. Return on assets (ROA)			4.6 %	Change — %

Notes: Profit and operating profit are used to calculate ROE and ROA, respectively.

#### Reference

Gross sales	320,000	2.6%	664,400	2.7%
-------------	---------	------	---------	------

Note: Gross sales is calculated by replacing purchase amount recorded at the time of sale in revenue under IFRS with gross amount.

Business profit	10,800	1.9%	25,000	13.0%
-----------------	--------	------	--------	-------

Note: Business profit = Operating profit under IFRS - Other operating revenue, etc. under IFRS + Other operating expenses, etc. under IFRS

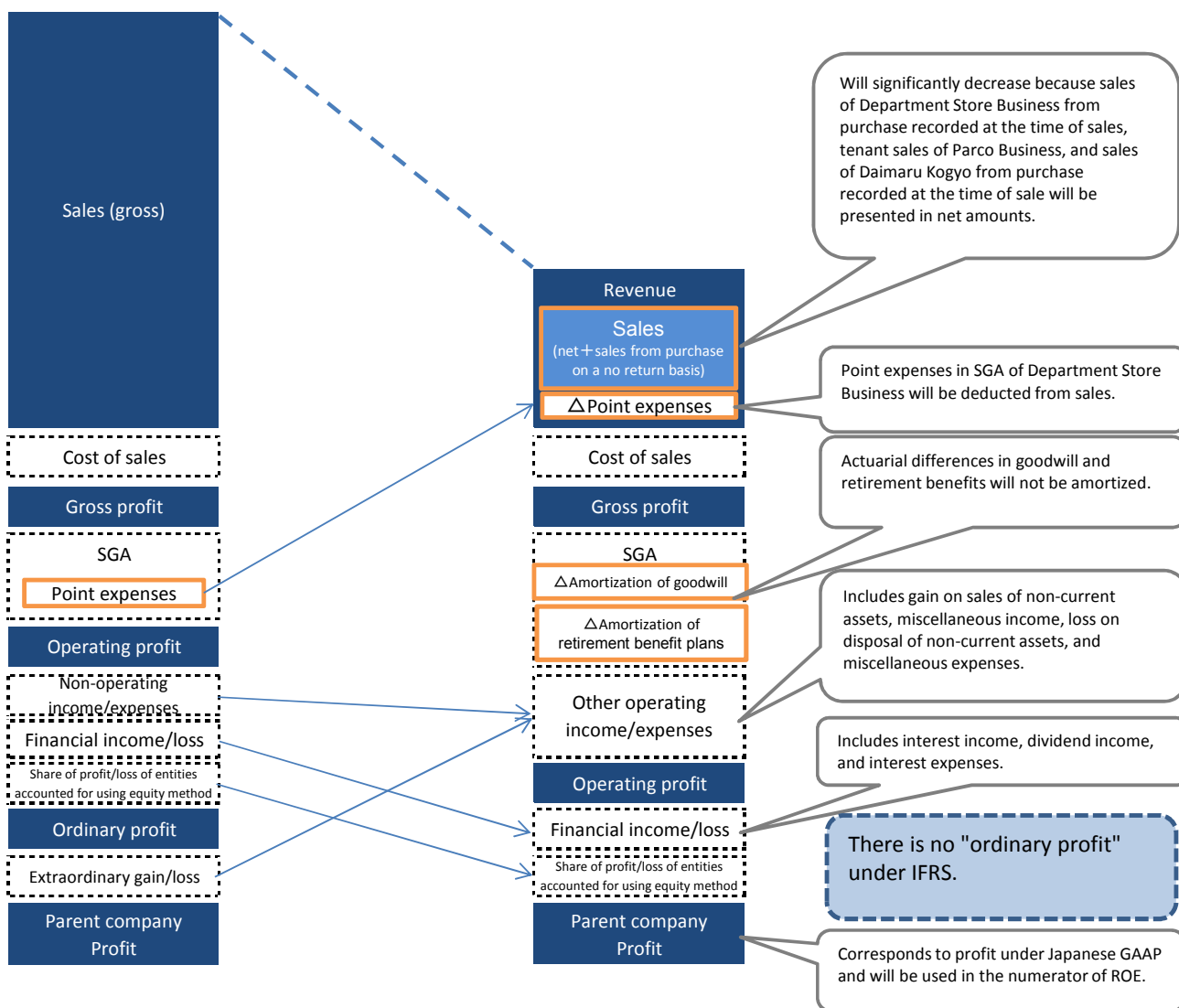
# <Reference>

## Major changes by application of International Financial Reporting Standards (IFRS)

In the interest of implementing effective management based on appropriate asset evaluation, applying business management that gives emphasis to the profit of the current period and enhancing accountability to domestic and overseas investors by improving the international comparability of financial information, J. Front Retailing has decided to voluntarily apply International Financial Reporting Standards (IFRS) from March 2017. The Group's earnings forecasts and actual results including financial targets in the Medium-term Business Plan starting in fiscal year 2017 will be disclosed on an IFRS basis.

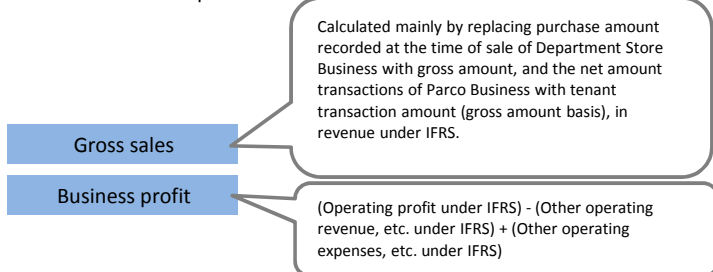
### 【Japanese GAAP (consolidated)】

### 【IFRS (consolidated)】



### <Reference indicator>

In consolidated financial statements, with the objective of maintaining comparability with previous periods, the following reference indicators will be presented.

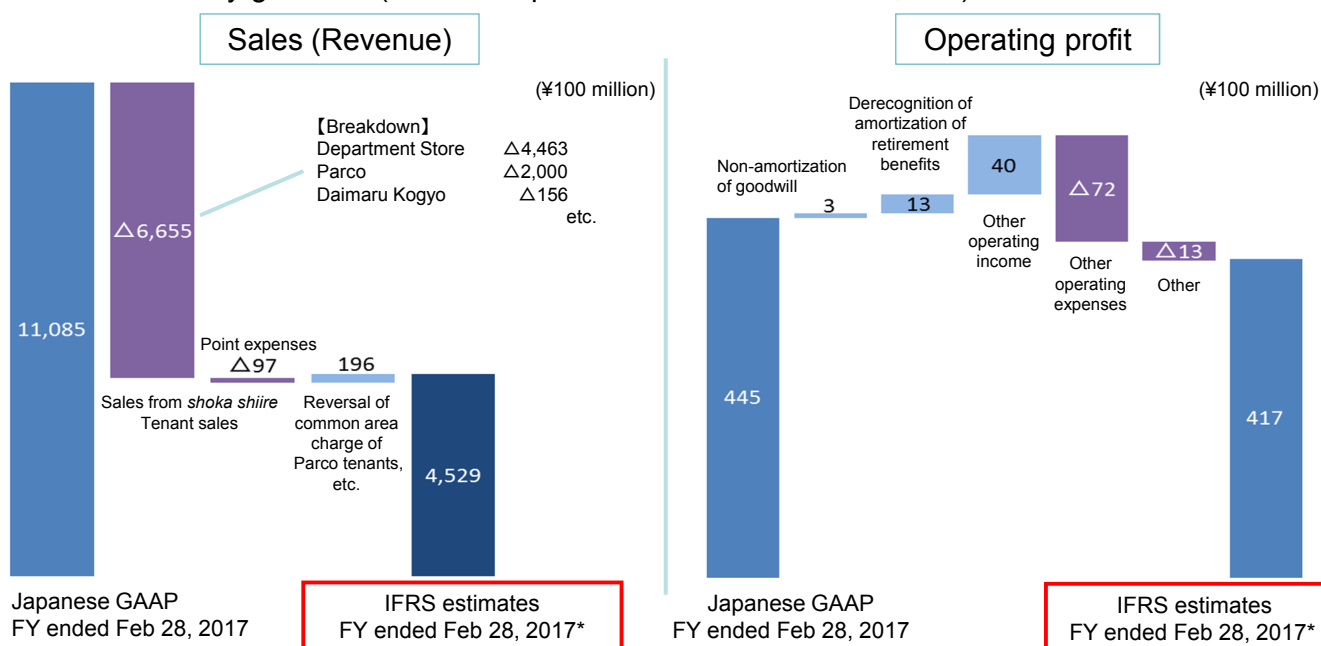




# Comparison between Japanese GAAP and IFRS

## 【Consolidated P/L】

- Sales will decrease around 60% due to net presentation of sales from purchase recorded at the point of sale (*shoka shiire*) and tenant sales and deduction of point expenses.
- Operating profit will decrease partly due to reclassification of non-operating income/expenses and extraordinary gain/loss (loss on disposal of non-current assets, etc.).

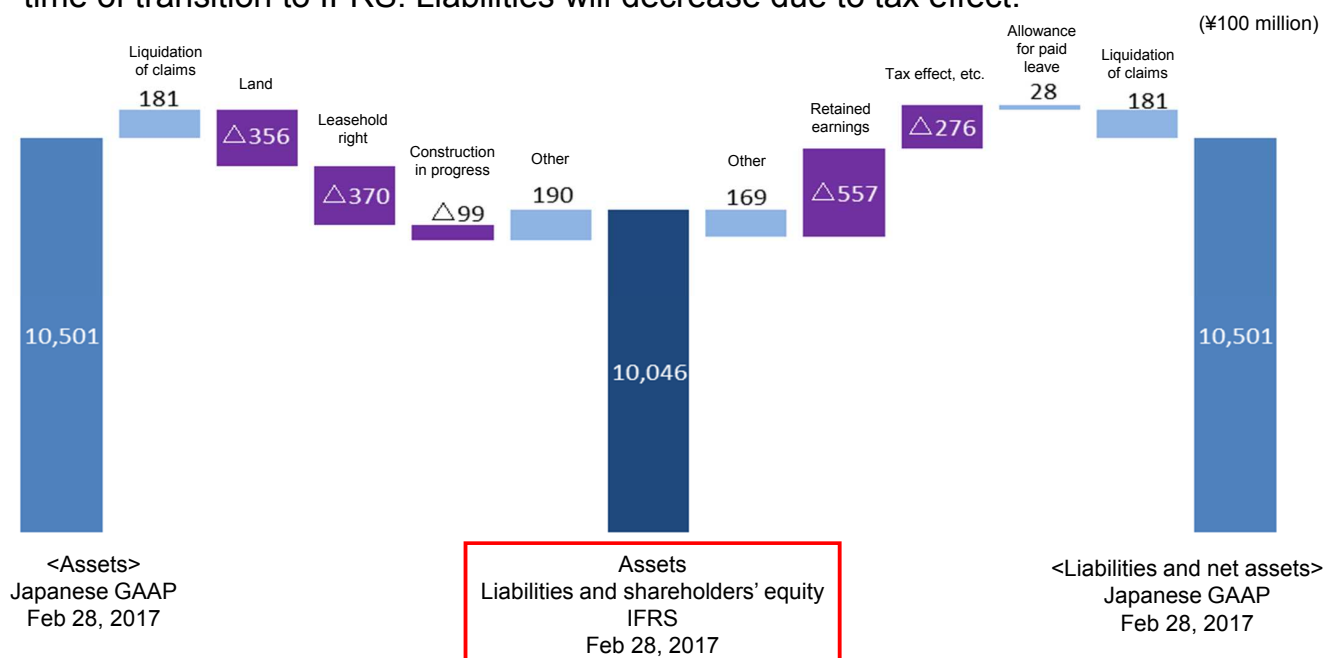


\*IFRS figures for FY ended Feb 28, 2017 are estimates made before audit and subject to change.

# Comparison between Japanese GAAP and IFRS

## 【Consolidated B/S】

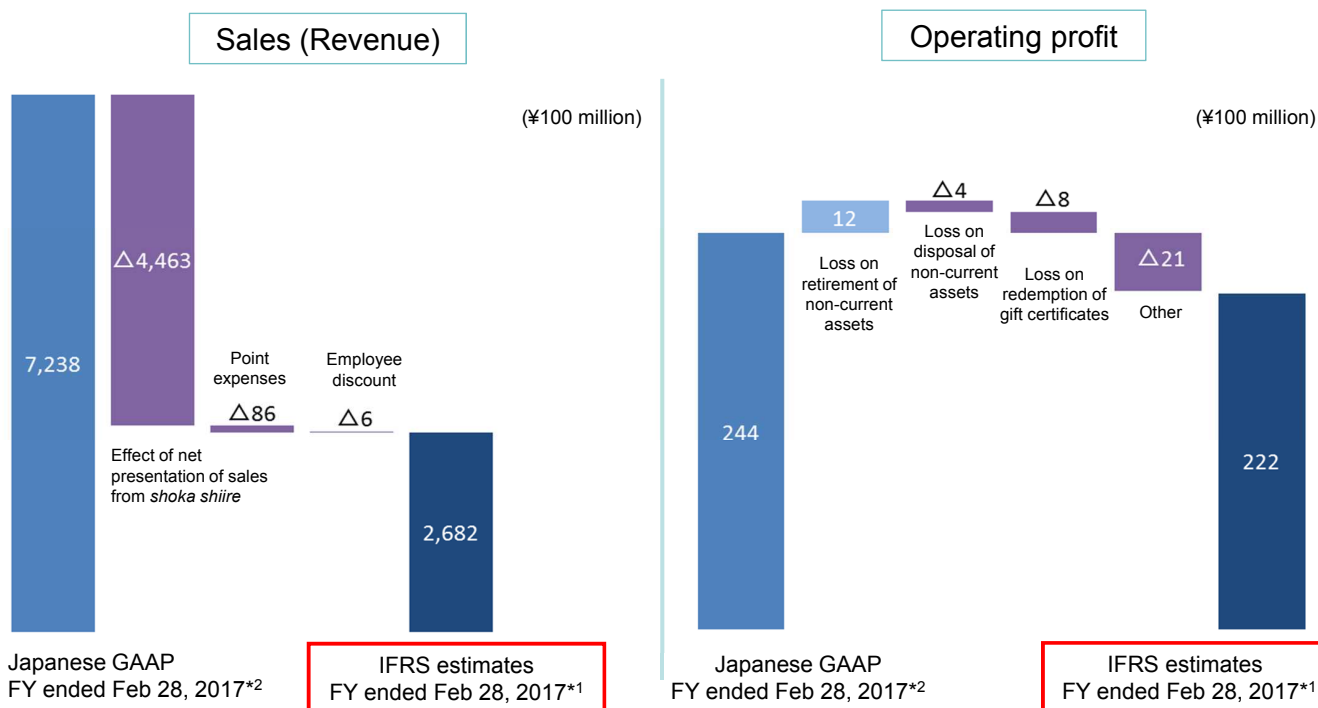
- Assets (land, leasehold right, etc.) and shareholders' equity (retained earnings) will decrease due to recalculation of book value of land, etc. made at market value at the time of transition to IFRS. Liabilities will decrease due to tax effect.



\*IFRS figures for FY ended Feb 28, 2017 are estimates made before audit and subject to change.

# Comparison between Japanese GAAP and IFRS

## 【Department Store Business Segment】

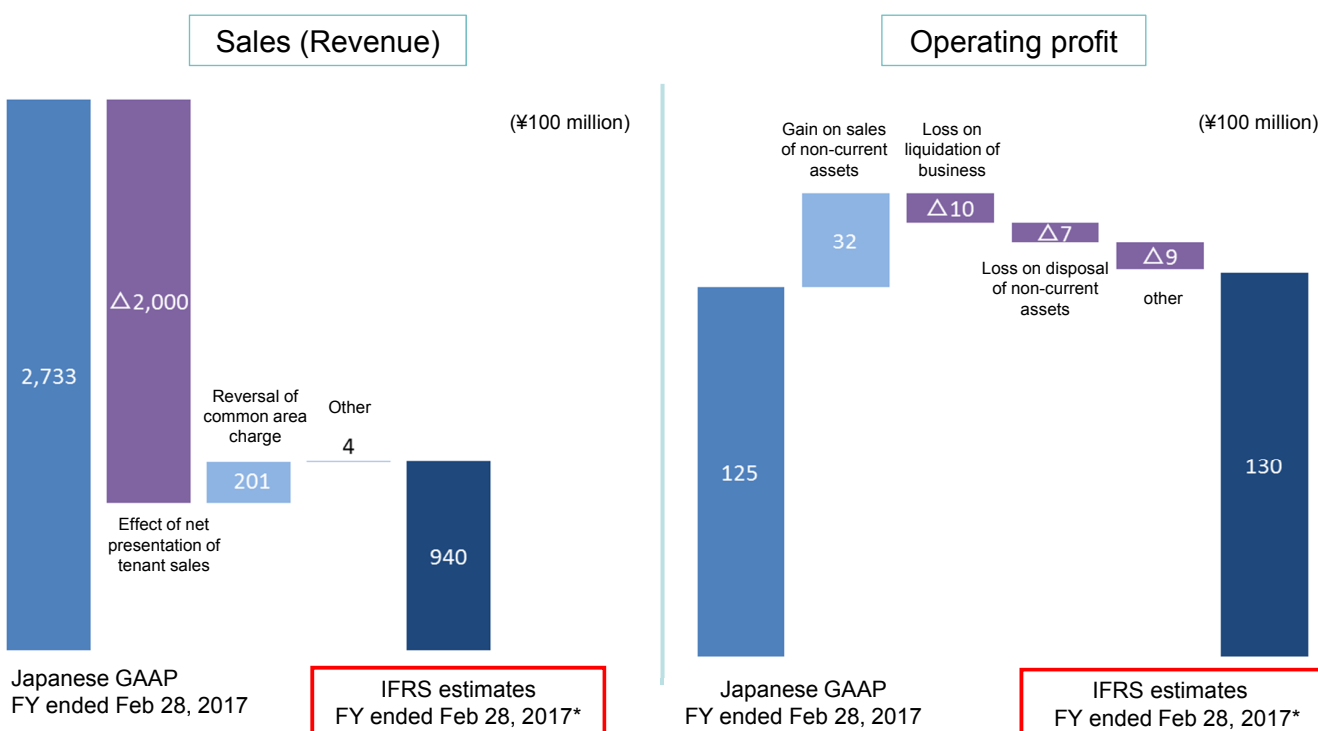


\*1IFRS figures for FY ended Feb 28, 2017 are estimates made before audit and subject to change.

\*2Sales and operating profit under Japanese GAAP for FY ended Feb 28, 2017 exclude the Real Estate Business.

# Comparison between Japanese GAAP and IFRS

## 【Parco Business Segment】



\*IFRS figures for FY ended Feb 28, 2017 are estimates made before audit and subject to change.