

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

1. Consolidated Results of Operations

(Unit: Millions of yen, %)

Item	Nine months ended Nov 30, 2017	Nine months ended Nov 30, 2016	Change	
			¥M	%
1. Consolidated sales revenue	342,495	324,368	18,127	5.6
2. Consolidated gross profit	155,655	154,169	1,486	1.0
3. Consolidated gross margin	45.45 %	47.53 %		Difference (2.08) %
4. Consolidated SGA	121,872	122,921	(1,049)	(0.9)
5. Consolidated operating profit	37,860	29,305	8,555	29.2
6. Consolidated profit before income taxes	37,727	30,011	7,716	25.7
7. Consolidated profit attributable to owners of parent	23,713	19,047	4,666	24.5
8. Consolidated total assets	1,051,131	1,005,069	46,062	
9. Equity attributable to owners of parent	386,450	368,571	17,879	
10. Equity ratio attributable to owners of parent	36.8 %	36.7 %		Difference 0.1 %
11. Consolidated interest-bearing debt	185,214	205,952	(20,738)	

Note: Results for the previous year in Items 8, 9, 10 and 11 are figures at the end of the previous consolidated fiscal year (February 28, 2017).

Reference

(Unit: Millions of yen, %)

Gross sales	827,036	819,492	7,544	0.9
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Note: Of sales revenue under IFRS, sales from purchase recorded at the time of sale (*shoka shiire*) of the "Department Store Business" and "Other (Daimaru Kogyo)" have been converted into gross amount and the net amount of sales of the "Parco Business" into tenant transaction amount (gross amount basis) to calculate gross profit.

Business profit	33,782	31,248	2,534	8.1
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Note: Business profit = Operating profit under IFRS - Other operating revenue, etc. under IFRS + Other operating expenses, etc. under IFRS

2. Segment Information

Nine months ended November 30, 2017

(Unit: Millions of yen, %)

	Department Store Business	Parco Business	Real Estate Business	Credit and Finance Business	Total	Other	Adjustments	Consolidated
Sales revenue								
(1) Sales revenue to external customers	194,077	67,934	9,029	4,434	275,476	67,019	—	342,495
(2) Intersegment sales revenue	190	318	467	3,144	4,121	25,104	(29,225)	—
Total sales revenue	194,267	68,252	9,497	7,579	279,597	92,123	(29,225)	342,495
YoY % change	2.3	(1.8)	152.5	3.4	3.4	9.9	—	5.6
Segment expenses	176,757	58,582	6,438	5,403	247,181	88,170	(30,717)	304,634
Segment profit	17,509	9,670	3,059	2,176	32,416	3,953	1491	37,860
YoY % change	38.2	(11.6)	96.1	(2.6)	18.3	141.2	—	29.2

Reference

(Unit: Millions of yen)

Gross sales	527,113	211,160	9,751	8,451	756,476	105,929	(35,369)	827,036
Business profit	16,670	8,207	3,270	2,235	30,383	3,485	(85)	33,782

2. Financial Results by Consolidated Company

(Unit: Millions of yen, %)

Company name	Capital	Ownership percentage	Business	Nine months ended November 30, 2017			
				Sales revenue	Operating profit	Profit before income taxes	Profit
1. J. Front Retailing Co., Ltd.	31,974			13,831	12,596	12,714	12,571
2. Daimaru Matsuzakaya Department Stores Co. Ltd.	10,000	100.0	Department store	182,259	19,139	19,201	13,284
3. The Hakata Daimaru, Inc.	3,037	69.9	Department store	14,089	1,287	1,153	790
4. The Shimonoseki Daimaru, Inc.	480	100.0	Department store	3,546	63	9	5
5. Kochi Daimaru Co., Ltd.	300	100.0	Department store	3,754	80	90	61
6. Parco Co., Ltd.	34,367	64.9	Shopping complex	42,160	9,288	9,427	6,571
7. Parco (Singapore) Pte Ltd	SGD 4M	64.9	Shopping complex	106	(48)	(48)	(48)
8. Neuve A Co., Ltd.	490	64.9	Specialty store	15,179	(305)	(311)	(206)
9. Parco Space Systems Co., Ltd.	490	64.9	Space engineering & management	16,781	693	704	476
10. Parco Digital Marketing Co., Ltd.	10	64.9	Internet-related business	666	71	72	49
11. Japan Retail Advisors Co., Ltd.	10	64.9	Real estate management Consulting	—	(0)	(0)	(0)
12. JFR Card Co., Ltd.	100	100.0	Credit and finance	7,579	2,176	2,067	1,424
13. Daimaru Kogyo, Ltd.	1,800	100.0	Wholesale	27,857	1,926	1,933	1,368
14. Daimaru Kogyo International Trading (Shanghai) Co., Ltd.	USD 2M	100.0	Wholesale	3,480	33	37	28
15. Daimaru Kogyo (Thailand) Co., Ltd.	THB 202M	99.9	Wholesale	566	(1)	1	1
16. Taiwan Daimaru Kogyo, Ltd.	NTD 60M	100.0	Wholesale	370	(3)	(3)	(3)
17. J. Front Design & Construction Co., Ltd.	100	100.0	Design & construction Manufacture & sale of furniture	25,545	59	62	47
18. Dimples' Co., Ltd.	90	100.0	Staffing service	9,524	433	434	298
19. J. Front Foods Co., Ltd.	100	100.0	Restaurant	2,018	8	8	11
20. Consumer Product End-Use Research Institute Co., Ltd.	450	100.0	Merchandise test Quality control	768	95	95	63
21. Angel Park Co., Ltd.	400	50.2	Parking	827	461	488	337
22. JFR Service Co. Ltd.	100	100.0	Commissioned back-office service Leasing Parking management	6,192	102	152	101
23. JFR Information Center Co., Ltd.	10	100.0	Information service	4,061	358	359	246
24. Daimaru Matsuzakaya Sales Associates Co. Ltd.	90	100.0	Commissioned sales & store operations	7,445	99	99	66
25. Daimaru Matsuzakaya Tomonokai Co., Ltd.	100	100.0	Specified prepaid transaction service	163	(259)	270	186
26. JFR Plaza Inc.	NTD 185M	100.0	General merchandise retail	209	488	488	488
27. JFR Online Co. Ltd.	100	100.0	Direct marketing	—	50	50	50
28. Forest Co., Ltd.	—	—	Direct marketing	6,377	37	37	25

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

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

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

4. Components of SGA

(Unit: Millions of yen,%)

Component	Nine months ended Nov 30, 2017	Nine months ended Nov 30, 2016	Change	
	¥M	¥M	¥M	%
Personnel expenses	46,868	47,360	(492)	(1.0)
Advertising expenses	8,344	9,253	(909)	(9.8)
Packaging and delivery expenses	3,335	4,241	(906)	(21.4)
Rent expenses	18,214	18,505	(291)	(1.6)
Depreciation	8,200	8,427	(227)	(2.7)
Operational costs	6,084	6,175	(91)	(1.5)
Other	30,824	28,957	1,867	6.4
Total	121,872	122,921	(1,049)	(0.9)

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

Nine months ended November 30, 2017: 5,520 million yen / Nine months ended November 30, 2016: 3,471 million yen

5. Components of other operating revenue and expenses

(Unit: Millions of yen)

Component	Nine months ended Nov 30, 2017	Nine months ended Nov 30, 2016	Remarks
Other operating revenue	6,477	2,409	
1. Gain on sales of non-current assets	1,474	1,286	Mainly gain on sales of houses owned by Daimaru Matsuzakaya Department Stores (LY: Parco)
2. Gain on sales of shares of subsidiaries and associates	1,926	—	Gain on sales of shares of Forest
3. Other	3,076	1,123	
Other operating expenses	2,399	4,352	
1. Loss on disposal of non-current assets	1,078	1,688	Mainly Daimaru Matsuzakaya Department Stores and Parco
2. Impairment loss	260	241	Mainly Neuve A
3. Other	1,060	2,423	

6. Components of financial revenue and expenses and share of profit (loss) of entities accounted for using equity method

(Unit: Millions of yen)

Component	Nine months ended Nov 30, 2017	Nine months ended Nov 30, 2016	Change
Financial revenue	853	1,043	(190)
1. Interest and dividend income received	853	1,027	(174)
2. Other	0	16	(16)
Financial expenses	886	1,064	(178)
1. Interest expenses paid on loans and bonds	765	949	(184)
2. Other	121	115	6
Share of profit (loss) of entities accounted for using equity method	(100)	726	(826)

II. Daimaru Matsuzakaya Department Stores Results of Operations [IFRS]

1. Results of Operations

(Unit: Millions of yen, %)

Item	Nine months ended Nov 30, 2017	Nine months ended Nov 30, 2016	Change	
			¥M	%
1. Sales revenue	182,259	171,509	10,750	6.3
2. Gross profit	107,035	102,288	4,747	4.6
3. Gross margin	58.7 %	59.6 %		Difference (0.9) %
4. SGA	88,563	87,781	782	0.9
5. Operating profit	19,139	12,918	6,221	48.1
6. Profit before income taxes	19,201	12,891	6,310	48.9
7. Profit	13,284	9,660	3,624	37.5
8. Total assets	506,310	490,097	16,213	
9. Equity	180,192	173,042	7,150	
10. Equity ratio	35.6 %	35.3 %		Difference 0.3 %
11. Interest-bearing debt	70,278	81,143	(10,865)	

Note: Results for the previous year in Items 8, 9, 10 and 11 are figures at the end of the previous fiscal year (February 28, 2017).

Reference

(Unit: Millions of yen, %)

Gross sales	479,202	460,327	18,875	4.1
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Note: Sales from *shoka shiire* of sales revenue under IFRS have been converted into gross amount to calculate gross sales.

Business profit	18,471	14,507	3,964	27.3
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Note: Business profit = Operating profit under IFRS - Other operating revenue, etc. under IFRS + Other operating expenses, etc. under IFRS

2. Summary of Gross Sales (Department Stores)

(1) Sales by store

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

(Unit: Millions of yen, %)

	Nine months ended Nov 30, 2017		Nine months ended Nov 30, 2016		Change	
	¥M	% of total	¥M	% of total	¥M	%
Daimaru Osaka Shinsaibashi	59,691	12.7	51,960	11.4	7,731	14.9
Osaka Umeda	46,195	9.8	45,210	9.9	985	2.2
Tokyo	57,401	12.2	53,808	11.8	3,593	6.7
Kyoto	48,925	10.4	47,684	10.4	1,241	2.6
Yamashina	2,688	0.7	2,711	0.6	(23)	(0.9)
Kobe	58,614	12.5	58,799	12.9	(185)	(0.3)
Suma	6,327	1.3	6,428	1.4	(101)	(1.6)
Ashiya	4,823	1.0	4,855	1.0	(32)	(0.7)
Sapporo	45,227	9.6	43,235	9.4	1,992	4.6
Urawa Parco	1,295	0.3	2,331	0.5	(1,036)	(44.4)
Matsuzakaya Nagoya	84,057	17.9	84,284	18.4	(227)	(0.3)
Ueno	27,519	5.9	28,704	6.3	(1,185)	(4.1)
Shizuoka	15,294	3.3	15,216	3.3	78	0.5
Takatsuki	6,213	1.3	6,230	1.4	(17)	(0.3)
Toyota	5,289	1.1	5,732	1.3	(443)	(7.7)
Total	469,566	100.0	457,196	100.0	12,370	2.7

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

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

(2) YoY change in monthly sales

(Unit: %)

Month	March	April	May	June	July	August
Total all stores	0.2	1.2	0.8	5.2	0.7	3.7

Month	September	October	November	Nine months ended Nov 30, 2017
Total all stores	6.5	0.8	6.7	2.7

(3) Sales by merchandise category and gross margin ratio

(Unit: Millions of yen, %)

Merchandise category	Nine months ended November 30, 2017					
	Sales	YoY change	% of total	% of total LY	Gross margin ratio	YoY RD
Clothing	194,476	2.2	41.4	41.7	25.61	(0.46)
Accessories	38,961	(3.7)	8.3	8.8	29.47	(0.52)
General goods	81,372	16.3	17.3	15.3	25.37	0.36
Household goods	20,009	0.7	4.3	4.3	25.51	(0.47)
Foods	102,102	(1.2)	21.7	22.6	15.83	(0.15)
Other	32,644	(1.6)	7.0	7.3	15.81	(1.73)
Total	469,566	2.7	100.0	100.0	23.08	(0.27)

(4) Duty-free sales

(Unit: Millions of yen, %)

	¥M	YoY change	Sales share
Daimaru Osaka Shinsaibashi	18,044	75.7	30.2
Osaka Umeda	2,927	51.5	6.3
Tokyo	2,429	58.3	4.2
Kyoto	2,155	71.7	4.4
Kobe	1,308	52.9	2.2
Sapporo	3,531	52.5	7.8
Matsuzakaya Nagoya	1,580	134.0	1.9
Ueno	543	53.0	2.0
Shizuoka	107	80.0	0.7
Total	32,628	69.5	6.9

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

3. Components of SGA

(Unit: Millions of yen, %)

Component	Nine months ended Nov 30, 2017	Nine months ended Nov 30, 2016	Change	
	¥M	¥M	¥M	%
Personnel expenses	19,252	19,312	(60)	(0.3)
Advertising expenses	6,424	5,851	573	9.8
Packaging and delivery expenses	2,167	2,247	(80)	(3.6)
Rent expenses	13,426	13,511	(85)	(0.6)
Depreciation	6,250	6,344	(94)	(1.5)
Operational costs	7,047	6,764	283	4.2
Other	33,994	33,749	245	0.7
Total	88,563	87,781	782	0.9

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

Nine months ended November 30, 2017: 2,000 million yen / Nine months ended November 30, 2016: 899 million yen

4. Components of other operating revenue and expenses

(Unit: Millions of yen)

Component	Nine months ended Nov 30, 2017	Nine months ended Nov 30, 2016	Remarks
Other operating revenue	2,098	129	
1. Gain on sales of non-current assets	1,474	—	Gain on sales of houses
2. Other	624	129	
Other operating expenses	1,431	1,718	
1. Loss on disposal of non-current assets	668	1,229	Mainly sales floor renovation
2. Other	763	488	

5. Components of financial revenue and expenses

(Unit: Millions of yen)

Component	Nine months ended Nov 30, 2017	Nine months ended Nov 30, 2016	Change
Financial revenue	941	993	(52)
1. Interest and dividend income received	941	993	(52)
Financial expenses	879	1,020	(141)
1. Interest expenses paid on loans and bonds	879	1,020	(141)