

## J. FRONT RETAILING Supplementary Information to Financial Results

### I. J. Front Retailing Consolidated Statements [IFRS]

#### 1. Consolidated business performance

(Millions of yen, %)

Item	Three months ended May 31, 2018	Three months ended May 31, 2017	Change	
			Amount	%
1. Gross sales	269,879	275,060	(5,181)	(1.9)
2. Consolidated sales revenue	111,073	114,084	(3,011)	(2.6)
3. Consolidated gross profit	51,745	51,426	319	0.6
4. Consolidated gross margin	46.59 %	45.08 %		Difference 1.51 %
5. Consolidated SGA	39,449	40,413	(964)	(2.4)
6. Business profit	12,295	11,012	1,283	11.6
7. Consolidated operating profit	12,998	12,992	6	0.0
8. Consolidated profit before income taxes	13,212	13,668	(456)	(3.3)
9. Consolidated profit attributable to owners of parent	8,342	8,720	(378)	(4.3)
10. Consolidated total assets	1,021,604	1,022,348	(744)	
11. Equity attributable to owners of parent	399,329	395,519	3,810	
12. Ratio of equity attributable to owners of parent to total assets	39.1 %	38.7 %		Difference 0.4 %
13. Consolidated interest-bearing debt	178,241	184,202	(5,961)	

Notes: 1. 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 volume (gross amount basis) to calculate gross sales.

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

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

#### 2. Segment information

Three months ended May 31, 2018

(Millions of yen, %)

	Department Store Business	Parco Business	Real Estate Business	Credit and Finance Business	Total	Other	Adjustments	Consolidated
Gross sales	177,197	69,195	4,191	2,876	253,460	27,846	(11,427)	269,879
YoY % change	2.7	(5.1)	62.9	4.0	1.1	(22.8)	—	(1.9)
Sales revenue								
(1) Sales revenue to external customers	65,744	21,960	3,851	1,565	93,121	17,952	—	111,073
(2) Intersegment sales revenue	61	65	291	1,001	1,420	7,368	(8,788)	—
Total sales revenue	65,805	22,026	4,143	2,566	94,541	25,320	(8,788)	111,073
YoY % change	3.9	(6.3)	67.9	3.3	3.0	(20.9)	—	(2.6)
Segment expenses	58,955	19,275	2,536	1,827	82,595	24,594	(9,115)	98,074
Business profit	6,674	2,283	1,565	734	11,257	733	304	12,295
YoY % change	16.1	(18.7)	223.5	(10.7)	14.1	(27.8)	—	11.6
Segment profit	6,850	2,750	1,607	738	11,946	725	326	12,998
YoY % change	(3.1)	(21.4)	267.3	(10.1)	1.0	(27.8)	—	0.0

### 3. Performance by consolidated company

(Millions of yen, %)

Company name	Capital	Ownership percentage	Business	Three months ended May 31, 2018			
				Sales revenue	Business profit	Operating profit	Profit
1. J. Front Retailing Co., Ltd.	31,974			8,577	7,500	7,428	7,395
2. Daimaru Matsuzakaya Department Stores Co. Ltd.	10,000	100.0	Department store	63,050	7,678	7,885	5,853
3. The Hakata Daimaru, Inc.	3,037	69.9	Department store	4,524	500	490	305
4. The Shimonoseki Daimaru, Inc.	480	100.0	Department store	1,095	23	37	13
5. Kochi Daimaru Co., Ltd.	300	100.0	Department store	1,245	38	44	31
6. Parco Co., Ltd.	34,367	64.9	Shopping complex	13,729	2,157	2,618	1,940
7. Parco (Singapore) Pte Ltd	SGD 4M	64.9	Shopping complex	46	5	5	5
8. Neuve A Co., Ltd.	490	64.9	Specialty store	4,934	29	32	18
9. Parco Space Systems Co., Ltd.	490	64.9	Space engineering & management	4,949	78	83	58
10. Parco Digital Marketing Co., Ltd.	10	64.9	Internet-related business	250	24	24	16
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	2,566	734	738	482
13. Daimaru Kogyo, Ltd.	1,800	100.0	Wholesale	8,230	281	289	204
14. Daimaru Kogyo International Trading (Shanghai) Co., Ltd.	USD 2M	100.0	Wholesale	1,223	14	4	4
15. Daimaru Kogyo (Thailand) Co., Ltd.	THB 202M	99.9	Wholesale	132	1	0	1
16. Taiwan Daimaru Kogyo, Ltd.	NTD 60M	100.0	Wholesale	91	1	2	2
17. J. Front Design & Construction Co., Ltd.	100	100.0	Design & construction Manufacture & sale of furniture	5,261	18	20	11
18. Dimples' Co., Ltd.	90	100.0	Staffing service	3,262	162	161	111
19. J. Front Foods Co., Ltd.	100	100.0	Restaurant	648	14	14	12
20. Consumer Product End-Use Research Institute Co., Ltd.	450	100.0	Merchandise test Quality control	262	29	29	19
21. Angel Park Co., Ltd.	400	50.2	Parking	263	143	143	103
22. JFR Service Co. Ltd.	100	100.0	Commissioned back-office service Leasing Parking management	2,118	24	24	24
23. JFR Information Center Co., Ltd.	10	100.0	Information service	1,155	116	117	81
24. Daimaru Matsuzakaya Sales Associates Co. Ltd.	90	100.0	Commissioned sales & store operations	2,406	31	32	22
25. Daimaru Matsuzakaya Tomonokai Co., Ltd.	100	100.0	Specified prepaid transaction service	31	(124)	(133)	25

#### 4. Components of SGA

(Millions of yen, %)

Component	Three months ended May 31, 2018	Three months ended May 31, 2017	Change	
	Amount	Amount	Amount	%
Personnel expenses	15,469	15,648	(179)	(1.1)
Advertising expenses	2,839	3,364	(525)	(15.6)
Packaging and delivery expenses	444	867	(423)	(48.8)
Rent expenses	5,684	6,093	(409)	(6.7)
Depreciation	2,684	2,770	(86)	(3.1)
Operational costs	2,041	1,963	78	4.0
Other	10,285	9,705	580	6.0
Total	39,449	40,413	(964)	(2.4)

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

Three months ended May 31, 2018: 2,056 million yen / Three months ended May 31, 2017: 1,781 million yen

#### 5. Components of other operating revenue and expenses

(Millions of yen)

Component	Three months ended May 31, 2018	Three months ended May 31, 2017	Remarks
Other operating revenue	983	2,818	
1. Gain on sales of non-current assets	22	1,474	LY: Sales of houses owned by Daimaru Matsuzakaya Department Stores
2. Compensation income	487	487	TY and LY: Redevelopment of Shibuya Parco
3. Other	473	855	
Other operating expenses	280	838	
1. Loss on disposal of non-current assets	200	409	Mainly sales floor renovation of Daimaru Matsuzakaya Department Stores
2. Other	79	428	

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

(Millions of yen)

Component	Three months ended May 31, 2018	Three months ended May 31, 2017	Change
Financial revenue	320	297	23
1. Interest and dividend income	320	296	24
2. Other	—	0	(0)
Financial expenses	304	299	5
1. Interest expenses paid on loans and bonds	282	278	4
2. Other	22	20	2
Share of profit (loss) of entities accounted for using equity method	197	677	(480)

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

### 1. Business performance

(Millions of yen, %)

Item	Three months ended May 31, 2018			Change	
	Department Store Business	Real Estate Business	Total Daimaru Matsuzakaya	Amount	%
1. Gross sales	158,158	4,191	162,290	6,228	4.0
2. Sales revenue	58,966	4,143	63,050	4,250	7.2
3. Gross profit	34,708	2,198	36,742	1,888	5.4
4. Gross margin	58.86 %	53.06 %	58.27 %	/	Difference (1.01) %
5. SGA	28,595	632	29,063	(132)	(0.4)
6. Business profit	6,113	1,565	7,678	2,019	35.7
7. Operating profit	6,278	1,607	7,885	936	13.5
8. Profit before income taxes	7,060	1,329	8,390	1,225	17.1
9. Profit	/	/	5,853	759	14.9
10. Total assets	/	/	511,029	11,670	/
11. Equity	/	/	191,515	1,643	/
12. Equity ratio	/	/	37.5 %	/	Difference (0.5) %

- Notes
1. The totals of the Department Store Business and the Real Estate Business differ from the totals of Daimaru Matsuzakaya Department Stores due to intersegment eliminations.
  2. Sales from shoka shiire of sales revenue under IFRS have been converted into gross amount to calculate gross sales.
  3. Business profit is calculated by subtracting sales cost and SGA from sales revenue.
  4. Changes at Items 10, 11 and 12 are comparisons with the end of the previous business year ended February 28, 2018.

(Millions of yen, %)

Item	Three months ended May 31, 2017		
	Department Store Business	Real Estate Business	Total Daimaru Matsuzakaya
1. Gross sales	153,509	2,573	156,062
2. Sales revenue	56,352	2,467	58,800
3. Gross profit	33,665	1,208	34,854
4. Gross margin	59.74 %	48.98 %	59.28 %
5. SGA	28,490	724	29,195
6. Business profit	5,175	483	5,659
7. Operating profit	6,511	437	6,949
8. Profit before income taxes	6,771	393	7,165
9. Profit	/	/	5,094
10. Total assets	/	/	499,359
11. Equity	/	/	189,872
12. Equity ratio	/	/	38.0 %

- Notes
1. The totals of the Department Store Business and the Real Estate Business differ from the totals of Daimaru Matsuzakaya Department Stores due to intersegment eliminations.
  2. Sales from shoka shiire of sales revenue under IFRS have been converted into gross amount to calculate gross sales.
  3. Business profit is calculated by subtracting sales cost and SGA from sales revenue.
  4. Figures at Items 10, 11 and 12 are for the end of the previous business year ended February 28, 2018.

## 2. Summary of gross sales (Department Store)

### (1) Sales by store

(Millions of yen, %)

Store	Term	Three months ended May 31, 2018		Three months ended May 31, 2017		Change	
		Amount	Share	Amount	Share	Amount	%
Daimaru	Osaka Shinsaibashi	20,846	13.2	18,246	11.9	2,600	14.2
	Osaka Umeda	15,580	9.9	14,958	9.7	622	4.2
	Tokyo	19,783	12.5	19,160	12.5	623	3.3
	Kyoto	16,297	10.3	15,804	10.3	493	3.1
	Yamashina	864	0.5	886	0.6	(22)	(2.4)
	Kobe	19,046	12.0	19,420	12.6	(374)	(1.9)
	Suma	1,995	1.3	2,085	1.4	(90)	(4.3)
	Ashiya	1,559	1.0	1,581	1.0	(22)	(1.3)
	Sapporo	15,671	9.9	14,894	9.7	777	5.2
	Urawa Parco	—	—	738	0.5	(738)	—
Matsuzakaya	Nagoya	27,515	17.4	26,944	17.6	571	2.1
	Ueno	10,205	6.4	9,614	6.3	591	6.1
	Shizuoka	5,114	3.2	5,282	3.4	(168)	(3.2)
	Takatsuki	1,981	1.3	2,033	1.3	(52)	(2.5)
	Toyota	1,695	1.1	1,857	1.2	(162)	(8.7)
Total		158,158	100.0	153,509	100.0	4,649	3.0
Excluding the Urawa Parco store and the portion of the tenants around the Kobe store transferred to the Real Estate Business		158,158	—	151,826	—	6,332	4.2

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

2. Sales of the Kobe store were up 3.1% compared to year-ago sales excluding the portion of the tenants around the store transferred to the Real Estate Business.

### (2) YoY change in monthly sales

(%)

Month	March	April	May	Three months ended May 31, 2018
Total all stores	4.0	4.9	0.1	3.0

### (3) Sales by merchandise category and gross margin ratio

(Millions of yen, %)

Merchandise category	Three months ended May 31, 2018					
	Sales	YoY % change	Share	Share LY	Gross margin ratio	YoY RD
Clothing	66,593	1.1	42.1	42.9	25.64	(0.45)
Accessories	12,973	(1.9)	8.2	8.6	29.61	(0.80)
General goods	30,598	22.9	19.4	16.2	25.70	0.01
Household goods	6,521	(2.1)	4.1	4.4	25.30	(0.38)
Foods	30,834	(3.4)	19.5	20.8	14.35	(0.16)
Other	10,635	(2.5)	6.7	7.1	18.75	2.07
Total	158,158	3.0	100.0	100.0	23.30	0.00

### (4) Duty-free sales

(Millions of yen, %)

	Amount	YoY change	Sales share	
Daimaru	Osaka Shinsaibashi	7,767	52.6	37.3
	Osaka Umeda	1,400	62.9	9.0
	Tokyo	932	25.9	4.7
	Kyoto	1,139	83.3	7.0
	Kobe	569	38.3	3.0
	Sapporo	1,585	68.9	10.1
Matsuzakaya	Nagoya	965	137.4	3.5
	Ueno	269	61.7	2.6
	Shizuoka	51	34.6	1.0
Total	14,680	58.3	9.3	

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

### 3. Components of SGA

(Millions of yen, %)

Component	Three months ended May 31, 2018	Three months ended May 31, 2017	Change	
	Amount	Amount	Amount	%
Personnel expenses	6,357	6,432	(75)	(1.2)
Advertising expenses	2,269	2,628	(359)	(13.6)
Packaging and delivery expenses	358	430	(72)	(16.9)
Rent expenses	4,164	4,451	(287)	(6.4)
Depreciation	2,115	2,096	19	0.9
Operational costs	2,370	2,287	83	3.6
Other	11,428	10,868	560	5.2
<b>Total</b>	<b>29,063</b>	<b>29,195</b>	<b>(132)</b>	<b>(0.4)</b>

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

Three months ended May 31, 2018: 824 million yen / Three months ended May 31, 2017: 596 million yen

### 4. Components of other operating revenue and expenses

(Millions of yen)

Component	Three months ended May 31, 2018	Three months ended May 31, 2017	Remarks
Other operating revenue	347	1,780	
1. Gain on sales of non-current assets	22	1,474	LY: Sales of houses
2. Other	325	306	
Other operating expenses	140	490	
1. Loss on disposal of non-current assets	125	187	
2. Other	15	303	

### 5. Components of financial revenue and expenses

(Millions of yen)

Component	Three months ended May 31, 2018	Three months ended May 31, 2017	Change
Financial revenue	767	508	259
1. Interest and dividend income	767	508	259
Financial expenses	263	292	(29)
1. Interest expenses	263	292	(29)