

J. FRONT RETAILING Supplementary Information to Financial Results

I. J. Front Retailing Consolidated Statements 【IFRS】

1—1. Consolidated business performance (results)

(Millions of yen, %)

Item	Six months ended August 31, 2019	Six months ended August 31, 2018	YoY		Forecast released in April 2019 (Six months ended August 31, 2019)	Vs. forecast
			Amount	%		
1. Gross sales	545,841	547,109	(1,268)	(0.2)	557,000	(2.0)
2. Revenue	225,664	227,206	(1,542)	(0.7)	229,000	(1.5)
3. Gross profit	104,659	104,950	(291)	(0.3)	106,300	(1.5)
[of which: increase related to the effect of IFRS 16]	[641]	[—]	[641]	[—]	[700]	[(8.4)]
4. Gross margin	46.38 %	46.19 %	Difference 0.19 %		46.42 %	Difference (0.04) %
5. Selling, general and administrative expenses (SGA)	80,915	80,678	237	0.3	82,300	(1.7)
6. Business profit	23,743	24,271	(528)	(2.2)	24,000	(1.1)
[of which: increase related to the effect of IFRS 16]	[2,211]	[—]	[2,211]	[—]	[1,900]	[16.4]
7. Operating profit	25,175	24,218	957	4.0	23,600	6.7
8. Profit before tax	23,960	25,064	(1,104)	(4.4)	22,400	7.0
9. Profit attributable to owners of parent	14,367	15,910	(1,543)	(9.7)	13,800	4.1
10. Total assets	1,267,853	1,029,573	238,280		1,283,000	(15,147)
[of which: right-of-use assets]	[215,742]	[—]	[215,742]		[226,800]	[(11,058)]
11. Equity attributable to owners of parent	407,573	412,700	(5,127)		409,000	(1,427)
12. Ratio of equity attributable to owners of parent to total assets	32.1 %	40.1 %	Difference 8.0 %		31.9 %	Difference 0.2 %
13. Interest-bearing liabilities	423,798	174,378	249,420		438,800	(15,002)
[of which: lease liabilities]	[231,960]	[—]	[231,960]		[248,800]	[(16,840)]
14. Financial balance	(2,202)	59	(2,261)		(1,900)	(302)
15. Cash flows from operating activities	42,770	22,453	20,317		36,000	6,770
16. Cash flows from investing activities	(5,289)	(12,871)	7,582		(15,000)	9,711
17. Free cash flows	37,481	9,581	27,900		21,000	16,481
18. Cash flows from financing activities	(2,122)	(14,598)	12,476		(5,000)	2,878
19. Return on equity attributable to owners of parent (ROE)	3.6 %	4.0 %	Difference (0.4) %			
20. Return on assets (ROA)	2.0 %	2.4 %	Difference (0.4) %			
21. Return on investment (ROI)	2.9 %	4.3 %	Difference (1.4) %			
Ratio of interest-bearing liabilities to equity attributable to owners of parent (D/E ratio)	1.04 times	0.43 times	Difference 0.61 times			
22. Interest-bearing liabilities to cash flow ratio	9.91 times	7.83 times	Difference 2.08 times			

- Notes:
1. Gross sales are calculated by converting sales from purchase recorded at the time of sale (*shoka shiire*) of the "Department Store Business" and "Other (Daimaru Kogyo)" in 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. Profit attributable to owners of parent, operating profit and profit before tax are used to calculate ROE, ROA and ROI, respectively.
 4. 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).

1—2. Consolidated business performance (full year forecast)

(Millions of yen, %)

Item	Full year ending February 29, 2020	Full year ended February 28, 2019	YoY		Forecast released in April 2019 (Full year ending February 29, 2020)	Vs. forecast
			Amount	%		
1. Gross sales	1,167,000	1,125,153	41,847	3.7	1,188,000	(1.8)
2. Revenue	492,000	459,840	32,160	7.0	500,000	(1.6)
3. Gross profit	214,400	212,396	2,004	0.9	218,000	(1.7)
[of which: increase related to the effect of IFRS 16]	[1,300]	[—]	[1,300]	[—]	[1,200]	[8.3]
4. Gross margin	43.58 %	46.19 %	Difference (2.61) %		43.60 %	Difference (0.02) %
5. Selling, general and administrative expenses (SGA)	164,900	166,882	(1,982)	(1.2)	168,500	(2.1)
6. Business profit	49,500	45,514	3,986	8.8	49,500	—
[of which: increase related to the effect of IFRS 16]	[4,400]	[—]	[4,400]	[—]	[3,500]	[25.7]
7. Operating profit	47,000	40,891	6,109	14.9	48,500	(3.1)
8. Profit before tax	43,700	42,126	1,574	3.7	45,500	(4.0)
9. Profit attributable to owners of parent	25,800	27,358	(1,558)	(5.7)	28,000	(7.9)
10. Total assets	1,260,000	1,029,573	230,427		1,273,000	(13,000)
[of which: right-of-use assets]	[202,000]	[—]	[202,000]		[214,500]	[(12,500)]
11. Equity attributable to owners of parent	415,000	412,700	2,300		420,000	(5,000)
12. Ratio of equity attributable to owners of parent to total assets	32.9 %	40.1 %	Difference (7.2) %		33.0 %	Difference (0.1) %
13. Interest-bearing liabilities	418,500	174,378	244,122		434,000	(15,500)
[of which: lease liabilities]	[220,000]	[—]	[220,000]		[236,500]	[(16,500)]
14. Financial balance	(4,900)	(66)	(4,834)		(4,300)	(600)
15. Cash flows from operating activities	83,000	34,870	48,130		80,000	3,000
16. Cash flows from investing activities	(54,000)	(26,836)	(27,164)		(59,000)	5,000
17. Free cash flows	29,000	8,033	20,967		21,000	8,000
18. Cash flows from financing activities	(16,000)	(21,274)	5,274		(17,000)	1,000
19. Return on equity attributable to owners of parent (ROE)	6.3 %	6.8 %	Difference (0.5) %		6.8 %	Difference (0.5) %
20. Return on assets (ROA)	3.8 %	4.0 %	Difference (0.2) %		3.8 %	Difference 0.0 %
21. Return on investment (ROI)	5.3 %	7.2 %	Difference (1.9) %		5.4 %	Difference (0.1) %
Ratio of interest-bearing liabilities to equity attributable to owners of parent (D/E ratio)	1.01 times	0.42 times	Difference 0.59 times		1.03 times	Difference (0.02) times
23. Interest-bearing liabilities to cash flow ratio	5.04 times	5.00 times	Difference 0.04 times		5.43 times	Difference (0.39) times

- Notes: 1. Gross sales are calculated by converting sales from *shoka shiire* of the "Department Store Business" and "Other (Daimaru Kogyo)" in 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. Profit attributable to owners of parent, operating profit and profit before tax are used to calculate ROE, ROA and ROI, respectively.

2. Segment information (results and full year forecast)

Six months ended August 31, 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	354,491	141,335	8,873	5,895	510,596	59,758	570,355	(24,513)	545,841
YoY % change	(1.0)	3.0	4.9	2.4	0.2	(2.3)	(0.1)	—	(0.2)
(1) Revenue to external customers	131,753	43,502	8,287	3,337	186,881	38,783	225,664	—	225,664
(2) Intersegment revenue	244	191	533	1,862	2,831	17,371	20,202	(20,202)	—
Total revenue	131,997	43,694	8,820	5,199	189,712	56,154	245,867	(20,202)	225,664
YoY % change	(2.0)	(1.1)	5.2	1.5	(1.4)	5.6	0.1	—	(0.7)
Segment expenses	121,417	37,828	3,091	4,110	166,448	54,145	220,593	(20,104)	200,489
Business profit	11,966	5,381	3,371	1,060	21,781	2,093	23,875	(131)	23,743
YoY % change	(4.2)	6.7	10.8	(0.3)	0.7	(0.7)	0.5	—	(2.2)
Segment profit	10,580	5,865	5,729	1,089	23,264	2,008	25,273	(98)	25,175
YoY % change	(10.8)	2.8	100.5	1.2	8.2	(5.7)	6.9	—	4.0

Full year ending February 29, 2020

(Millions of yen, %)

	Reportable segments					Other	Total	Adjustments	Consolidated
	Department Store Business	Parco Business	Real Estate Business	Credit and Finance Business	Total				
Gross sales	737,700	320,200	18,000	12,400	1,088,300	135,000	1,223,300	(56,300)	1,167,000
YoY % change	(0.8)	14.8	5.0	4.2	3.5	11.5	4.3	—	3.7
(1) Revenue to external customers	271,100	113,700	16,800	6,880	408,480	83,520	492,000	—	492,000
(2) Intersegment revenue	500	400	1,100	4,000	6,000	38,180	44,180	(44,180)	—
Total revenue	271,600	114,100	17,900	10,880	414,480	121,700	536,180	(44,180)	492,000
YoY % change	(1.4)	26.8	5.3	2.9	5.5	16.7	7.8	—	7.0
Segment expenses	249,900	101,600	10,900	9,130	371,530	116,800	488,330	(43,330)	445,000
Business profit	28,500	10,500	4,600	1,700	45,300	5,000	50,300	(800)	49,500
YoY % change	13.3	20.4	(9.1)	(27.3)	9.7	38.7	12.1	—	8.8
Segment profit	21,700	12,500	7,000	1,750	42,950	4,900	47,850	(850)	47,000
YoY % change	(10.3)	129.5	50.1	(25.9)	17.1	39.7	19.1	—	14.9

3. Performance by consolidated company (results and full year forecast)

(Millions of yen, %)

Company name	Six months ended August 31, 2019				Full year ending February 29, 2020				Capital	Ownership percentage	Business
	Revenue	Business profit	Operating profit	Profit	Revenue	Business profit	Operating profit	Profit			
1. J. Front Retailing Co., Ltd.	25,977	23,411	23,427	23,560	34,110	28,530	28,554	28,500	31,974		
2. Daimaru Matsuzakaya Department Stores Co. Ltd.	126,759	14,530	16,585	10,967	260,000	31,000	28,500	18,200	10,000	100.0	Department store Real Estate Business
3. The Hakata Daimaru, Inc.	9,519	763	714	416	20,000	2,080	1,900	1,100	3,037	69.9	Department store
4. The Shimonoseki Daimaru, Inc.	2,269	16	(1,014)	(1,517)	4,500	(110)	(1,450)	(2,000)	480	100.0	Department store
5. Kochi Daimaru Co., Ltd.	2,240	28	24	19	4,700	130	(250)	(200)	300	100.0	Department store
6. Parco Co., Ltd.	28,199	5,282	6,002	3,526	80,350	9,590	11,890	6,829	34,367	65.2	Shopping complex
7. Parco (Singapore) Pte Ltd	22	(17)	(1)	(1)	55	(44)	(27)	(28)	SGD 4M	65.2	Shopping complex
8. Neuve A Co., Ltd.	8,938	(115)	(342)	(562)	19,226	209	(115)	(413)	490	65.2	Specialty store
9. Parco Space Systems Co., Ltd.	9,586	230	204	147	22,244	748	726	478	490	65.2	Space engineering & management
10. Parco Digital Marketing Co., Ltd.	529	38	33	22	1,099	78	73	50	10	65.2	Internet-related business
11. Japan Retail Advisors Co., Ltd.	—	(0)	(0)	(0)	—	(25)	(25)	(25)	10	65.2	Real estate management Consulting
12. JFR Card Co., Ltd.	5,199	1,060	1,089	700	10,880	1,700	1,750	977	100	100.0	Credit and finance
13. Daimaru Kogyo, Ltd.	15,483	501	533	375	32,643	1,101	1,133	794	1,800	100.0	Wholesale
14. Daimaru Kogyo International Trading (Shanghai) Co., Ltd.	1,866	10	12	10	4,462	77	79	63	USD 2M	100.0	Wholesale
15. Daimaru Kogyo (Thailand) Co., Ltd.	174	1	2	5	474	4	4	9	THB 202M	99.9	Wholesale
16. Taiwan Daimaru Kogyo, Ltd.	179	3	5	5	450	8	10	10	NTD 60M	100.0	Wholesale
17. J. Front Design & Construction Co., Ltd.	14,430	651	614	405	43,330	2,288	2,249	1,457	100	100.0	Design & construction Manufacture & sale of furniture
18. Dimples' Co., Ltd.	6,766	345	326	224	13,766	615	595	395	90	100.0	Staffing service
19. J. Front Foods Co., Ltd.	1,270	64	16	16	2,452	66	16	5	100	100.0	Restaurant
20. Consumer Product End-Use Research Institute Co., Ltd.	516	58	54	37	1,102	125	120	79	100	100.0	Merchandise test Quality control
21. Angel Park Co., Ltd.	559	305	306	221	1,111	570	570	413	400	50.2	Parking
22. JFR Service Co. Ltd.	4,211	55	55	37	8,026	68	68	37	100	100.0	Commissioned back-office service Leasing Parking management
23. JFR Information Center Co., Ltd.	4,111	291	292	196	7,376	428	430	281	10	100.0	Information service
24. Daimaru Matsuzakaya Sales Associates Co. Ltd.	4,816	25	25	17	9,452	75	75	43	90	100.0	Commissioned sales & store operations
25. Daimaru Matsuzakaya Tomonokai Co., Ltd.	59	(238)	(253)	42	141	(464)	(490)	72	100	100.0	Specified prepaid transaction service

4. Consolidated capital expenditures (results and full year plan)

(Millions of yen)

Component	Six months ended Aug 31, 2019	Full year ending Feb 29, 2020	Remarks
Daimaru Matsuzakaya Department Stores	3,979	29,300	
[Department Store Business]	[2,814]	[23,800]	Rebuilding of main building of Shinsaibashi store, sales floor renovation (the Matsuzakaya Nagoya store and others)
[Real Estate Business]	[1,165]	[5,500]	Shop development around department stores (Kobe, Ueno and Kyoto) and others
Hakata Daimaru	722	1,680	Sales floor renovation and others
Shimonoseki Daimaru	41	340	"
Kochi Daimaru	61	150	"
Parco	2,344	16,570	Shibuya Parco redevelopment and others
Other	978	3,060	
Intercompany eliminations	(99)	(700)	
Total consolidated	8,028	50,400	
Right-of-use assets	7,452	13,100	Mainly Daimaru Matsuzakaya Department Stores and Parco
Total investment	15,481	63,500	

5. Components of SGA (results and full year forecast)

(Millions of yen, %)

Component	Six months ended August 31, 2019			Full year ending February 29, 2020		
	Amount	YoY	Ratio to sales	Amount	YoY	Ratio to sales
Personnel expenses	30,464	(1.6)	13.5	58,400	(6.8)	11.9
Advertising expenses	5,610	9.1	2.5	11,400	10.0	2.3
Packaging and delivery expenses	1,729	10.3	0.8	3,700	(3.6)	0.7
Rental expenses	1,236	(89.4)	0.6	2,400	(89.8)	0.5
[of which: decrease related to the effect of IFRS 16]	[(10,444)]	[—]	[(4.5)]	[(20,900)]	[—]	[(4.2)]
Depreciation	15,561	176.4	6.9	31,200	169.4	6.3
[of which: increase related to the effect of IFRS 16]	[8,873]	[—]	[3.9]	[17,800]	[—]	[3.6]
Operational costs	4,329	7.2	1.9	10,200	22.9	2.1
Other	21,983	1.3	9.7	47,600	1.9	9.7
Total	80,915	0.3	35.9	164,900	(1.2)	33.5
[of which: decrease related to the effect of IFRS 16]	[(1,570)]	[—]	[(0.7)]	[(3,100)]	[—]	[(0.6)]

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

Six months ended August 31, 2019: 9,558 million yen / Full year ending February 29, 2020: 20,200 million yen

6. Components of other operating income and other operating expenses (results and full year forecast)

(Millions of yen)

Component	Six months ended Aug 31, 2019	Full year ending Feb 29, 2020	Remarks
Other operating income	4,097	7,200	
Gain on sales of fixed assets	2,422	2,630	Mainly Daimaru Matsuzakaya Department Stores (poorly performing rental real estate)
Compensation income	982	2,975	Redevelopment of Shibuya Parco
Other	692	1,594	
Other operating expenses	2,666	9,700	
Loss on disposal of fixed assets	685	2,800	Mainly sales floor renovation of Daimaru Matsuzakaya Department Stores
Impairment losses	573	573	Mainly Parco
Other	1,407	6,326	Mainly Daimaru Matsuzakaya Department Stores contribution for Shinsaibashi station public facilities, etc.

7. Components of finance income and finance costs and share of loss (profit) of investments accounted for using equity method (results and full year forecast)

(Millions of yen,%)

Component	Six months ended August 31, 2019		Full year ending February 29, 2020	
		YoY		YoY
Finance income	633	(3.0)	1,000	(9.4)
Interest income and dividend income	633	(3.0)	1,000	(9.4)
Finance costs	2,836	378.0	5,900	403.9
Interest expenses and interest on bonds	2,784	443.6	5,800	475.3
Other	52	(35.8)	100	(38.5)
Share of loss (profit) of investments accounted for using equity method	988	25.5	1,600	22.9

8. Main changes in consolidated statements of financial position

(Millions of yen)

Item	As of Aug 31, 2019	As of Feb 28, 2019	Change	Remarks
Current assets				
Cash and cash equivalents	61,018	25,659	35,359	Mainly J. Front Retailing
Non-current assets				
Construction in progress	72,491	70,433	2,058	Mainly Parco
Right-of-use assets	190,496	—	190,496	Mainly Daimaru Matsuzakaya Department Stores and Parco (initial application of IFRS 16)
Investment property	221,726	197,162	24,564	Mainly Daimaru Matsuzakaya Department Stores and Parco (initial application of IFRS 16)
Current liabilities				
Short-term Lease liabilities	28,552	—	28,552	Mainly Daimaru Matsuzakaya Department Stores and Parco (initial application of IFRS 16)
Current portion of bonds	10,000	—	10,000	
Other current liabilities	67,498	62,490	5,008	Mainly J. Front Design & Construction
Non-current liabilities				
Long-term borrowings	80,520	93,210	(12,690)	
Bonds	69,737	49,848	19,889	
Long-term Lease liabilities	203,408	—	203,408	Mainly Daimaru Matsuzakaya Department Stores and Parco (initial application of IFRS 16)

9. Number of employees of consolidated companies (results and full year forecast)

(People)

Component	As of August 31, 2019				As of February 29, 2020			
	Regular	Dedicated	Fixed-term	Total	Regular	Dedicated	Fixed-term	Total
J. Front Retailing	140	1	18	159	146	1	16	163
Department Store Business	2,420	216	355	2,991	2,303	189	339	2,831
[Daimaru Matsuzakaya Department Stores]	[1,940]	[122]	[217]	[2,279]	[1,867]	[110]	[217]	[2,194]
Parco Business	1,641	—	519	2,160	1,662	—	520	2,182
Real Estate Business	50	3	6	59	49	3	6	58
Credit and Finance Business	151	32	19	202	176	27	17	220
Other	2,444	1,528	765	4,737	2,455	1,526	776	4,757
Total	6,846	1,780	1,682	10,308	6,791	1,746	1,674	10,211

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

1-1. Business performance (results)

(Millions of yen, %)

Item	Six months ended August 31, 2019	YoY		Six months ended August 31, 2018
		Amount	%	
1. Gross sales	325,369	(3,118)	(0.9)	328,487
[of which: real estate rental income]	[10,895]	[552]	[5.3]	[10,343]
2. Revenue	126,759	(2,010)	(1.6)	128,769
3. Gross profit	73,823	(287)	(0.4)	74,110
4. Gross margin	58.24 %	Difference 0.69 %		57.55 %
5. SGA	59,292	(160)	(0.3)	59,452
6. Business profit	14,530	(127)	(0.9)	14,657
[of which: increase related to the effect of IFRS 16]	[1,347]	[1,347]	[—]	[—]
7. Operating profit	16,585	2,888	21.1	13,697
8. Profit before tax	15,804	1,597	11.2	14,207
9. Profit	10,967	1,159	11.8	9,808
10. Total assets	608,244	108,122		500,122
[of which: right-of-use assets]	[112,577]	[112,577]		[—]
11. Equity	192,992	(4,559)		197,551
12. Equity ratio	31.7 %	Difference (7.8) %		39.5 %
13. Interest-bearing liabilities	182,897	118,493		64,404
[of which: lease liabilities]	[121,022]	[121,022]		[—]
14. Financial balance	(781)	(1,291)		510
15. Cash flows from operating activities	22,453	6,293		16,160
16. Cash flows from investing activities	(7,463)	7,841		(15,304)
17. Cash flows from financing activities	(14,361)	(13,711)		(650)
18. Return on equity (ROE)	5.7 %	Difference 0.6 %		5.1 %
19. Return on assets (ROA)	2.7 %	Difference 0.0 %		2.7 %
20. Return on investment (ROI)	4.2 %	Difference (1.2) %		5.4 %

- 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. Profit, operating profit and profit before tax are used to calculate ROE, ROA and ROI, respectively.
4. Results for the previous year in Items 10, 11, 12 and 13 are figures at the end of the previous business year (February 28, 2019).

Reference

(Millions of yen, %)

Item	Six months ended August 31, 2019				Six months ended August 31, 2018	
	Department Store Business	YoY	Real Estate Business	YoY	Department Store Business	Real Estate Business
1. Gross sales	316,622	(1.1)	8,873	4.9	320,144	8,463
[of which: real estate rental income]	[2,259]	[12.9]	[8,761]	[5.0]	[2,002]	[8,340]
2. Revenue	118,064	(2.0)	8,820	5.2	120,502	8,387
3. Gross profit	69,272	(0.9)	4,676	7.7	69,886	4,343
4. Gross margin	58.67 %	0.67	53.02 %	1.23	58.00 %	51.79 %
5. SGA	58,112	(0.3)	1,304	0.4	58,273	1,299
6. Business profit	11,159	(3.9)	3,371	10.8	11,613	3,044
[of which: increase related to the effect of IFRS 16]	[1,303]	[—]	[43]	[—]	[—]	[—]
7. Operating profit	10,857	(1.3)	5,729	112.3	10,998	2,698
8. Profit before tax	10,751	(10.9)	5,053	136.2	12,067	2,139

- 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. 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.

1—2. Business performance (full year forecast)

(Millions of yen, %)

Item	Full year ending February 29, 2020	YoY		Full year ended February 28, 2019
		Amount	%	
1. Gross sales [of which: real estate rental income]	675,500 [24,100]	(4,928) [3,206]	(0.7) [15.3]	680,428 [20,894]
2. Revenue	260,000	(2,984)	(1.1)	262,984
3. Gross profit	149,500	(2,124)	(1.4)	151,624
4. Gross margin	57.50 %	Difference (0.16) %		57.66 %
5. SGA	118,500	(5,274)	(4.3)	123,774
6. Business profit [of which: increase related to the effect of IFRS 16]	31,000 [2,696]	3,151 [2,696]	11.3 [—]	27,849 [—]
7. Operating profit	28,500	1,971	7.4	26,529
8. Profit before tax	26,300	(572)	(2.1)	26,872
9. Profit	18,200	(379)	(2.0)	18,579
10. Total assets [of which: right-of-use assets]	608,000 [102,500]	107,878 [102,500]		500,122 [—]
11. Equity	198,000	449		197,551
12. Equity ratio	32.6 %	Difference (6.9) %		39.5 %
13. Interest-bearing liabilities [of which: lease liabilities]	181,500 [112,766]	117,096 [112,766]		64,404 [—]
14. Financial balance	(2,200)	(2,543)		343
15. Cash flows from operating activities	47,300	14,608		32,692
16. Cash flows from investing activities	(24,300)	(6,125)		(18,175)
17. Cash flows from financing activities	(23,000)	(8,517)		(14,483)
18. Return on equity (ROE)	9.4	Difference (0.2) %		9.6 %
19. Return on assets (ROA)	4.7	Difference (0.6) %		5.3 %
20. Return on investment (ROI)	6.9	Difference (3.5) %		10.4 %

- 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. Profit, operating profit and profit before tax are used to calculate ROE, ROA and ROI, respectively.

Reference

(Millions of yen, %)

Item	Full year ending February 29, 2020				Full year ended February 28, 2019	
	Department Store Business	YoY	Real Estate Business	YoY	Department Store Business	Real Estate Business
1. Gross sales [of which: real estate rental income]	657,800 [6,500]	(0.9) [53.6]	18,000 [17,800]	5.0 [5.3]	663,523 [4,232]	17,148 [16,905]
2. Revenue	242,400	(1.6)	17,900	5.3	246,233	16,995
3. Gross profit	141,900	(1.8)	7,900	6.5	144,448	7,419
4. Gross margin	58.54 %	(0.12)	44.13 %	0.47	58.66 %	43.66 %
5. SGA	115,500	(5.1)	3,300	40.0	121,660	2,357
6. Business profit [of which: increase related to the effect of IFRS 16]	26,400 [2,603]	15.9 [—]	4,600 [93]	(9.1) [—]	22,787 [—]	5,062 [—]
7. Operating profit	21,500	(1.7)	7,000	50.1	21,864	4,664
8. Profit before tax	20,700	(11.4)	5,600	59.3	23,356	3,516

- 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. 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. Summary of gross sales (Department Store)

(1) Sales by store

(Millions of yen, %)

Store	Term	Six months ended August 31, 2019		Full year ending February 29, 2020	
		Amount	YoY	Amount	YoY
Daimaru	Osaka Shinsaibashi	45,043	5.8	89,120	1.6
	Osaka Umeda	31,744	(0.4)	66,260	0.3
	Tokyo	39,840	0.1	81,630	0.4
	Kyoto	32,763	(0.4)[0.0]	68,690	(0.1)[0.8]
	Yamashina	413	(77.0)	413	(88.6)
	Kobe	36,032	(3.8)[(1.7)]	76,980	(1.8)[(0.2)]
	Suma	3,940	(3.9)	8,150	(3.0)
	Ashiya	2,361	(27.1)	4,550	(31.1)
	Sapporo	31,473	0.3	68,090	1.8
Matsuzakaya	Nagoya	56,369	(1.1)[(0.1)]	118,747	(0.4)[0.7]
	Ueno	19,544	(3.8)	39,400	(1.4)
	Shizuoka	9,791	(4.3)	20,680	(2.2)
	Takatsuki	3,993	(3.1)	8,140	(3.0)
	Toyota	3,308	(3.0)	6,950	(2.6)
Total		316,622	(1.1)[(0.6)]	657,800	(0.9)[(0.4)]
Excluding the Yamashina store		316,208	(0.7)[(0.2)]	657,387	(0.4)[0.1]
Excluding the Shinsaibashi and Yamashina stores		—	—	568,267	(0.7)[(0.1)]

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 have been transferred to the Real Estate Business since March 2018 and June 2019, respectively. Figures in square brackets in the Daimaru Kobe and Kyoto stores are actual YoY percentage changes excluding year-ago actual sales of the tenants transferred 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 YoY percentage changes deducting this year and last year actual sales of the 2nd floor of the south wing.

5. After the new main building of the Daimaru Shinsaibashi store opened on September 20, 2019, the north wing of the Daimaru Shinsaibashi store closed temporarily on September 28, 2019. For this reason, the rental area of the Daimaru Shinsaibashi store increased compared to before.

6. Figures in square brackets in Total, Excluding the Yamashina store, and Excluding the Shinsaibashi and Yamashina stores are actual YoY percentage changes including changes shown in Notes 3 and 4 above.

(2) YoY change in monthly sales

(%)

Month	March	April	May	June	July	August	Six months ended August 31, 2019
Total all stores	0.3	0.0	0.3	(0.8)	(4.4)	(1.5)	(1.1)

(3) Sales classification

(i) Share of cash/credit sales

(Millions of yen, %)

Category	Amount	YoY	Share
Cash sales	243,235	(0.4)	76.8
Credit sales	73,386	(3.2)	23.2
Total	316,622	(1.1)	100.0

(ii) Share of sales to corporate/individual customers (credit sales)

(%)

Category	Six months ended Aug 31, 2019	Six months ended Aug 31, 2018	Sales YoY
Corporate	10.7	13.2	(21.7)
Individual	89.3	86.8	(0.4)
Total	100.0	100.0	(3.2)

(iii) Number of private label cards issued, number of active cardholders and sales

(Thousand cards, thousand people, millions of yen, %)

Category	Number of cards issued	Number of active cardholders	Sales	YoY	% of total sales to individual customers
Otokuisama Gold Card	317	218	64,455	0.1	21.2
Daimaru Matsuzakaya Card <Gold>	120	78	10,671	(7.8)	3.5
Daimaru Matsuzakaya Card	1,480	981	65,512	(12.1)	21.5
Total	1,918	1,279	140,639	(6.6)	46.2
Point card for cash purchases	1,867	1,063	29,853	(9.6)	9.8
Other	404	219	9,651	(34.3)	3.2
Total	4,191	2,366	176,994	(5.0)	58.1

Notes: 1. "Point card for cash purchases" includes Daimaru Matsuzakaya Point Card, Daimaru D Card, Matsuzakaya M Card and Ufufu Girls Card.

"Other" includes the cards of membership organizations such as "Tomonokai" and "Bridal Circle."

2. The total number of active cardholders and total sales differ from the total of each card because some hold more than one card.

3. Daimaru Matsuzakaya Card <Gold> includes Daimaru Card Gold and Matsuzakaya Card Gold.

Daimaru Matsuzakaya Card includes Daimaru Card and Matsuzakaya Card.

(4) 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	126,624	(2.8)	40.0	40.7	24.95	(0.41)
Accessories	21,322	(5.5)	6.7	7.1	28.09	(0.55)
General goods	66,841	9.1	21.1	19.1	25.77	0.17
Household goods	12,413	(5.3)	3.9	4.1	24.78	(0.26)
Food	68,282	(3.4)	21.6	22.1	15.97	(0.04)
Other	21,138	(4.9)	6.7	6.9	19.02	1.04
Total	316,622	(1.1)	100.0	100.0	23.00	(0.05)

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

(5) Number of business days and total number of customers by store

	Number of business days		Change	Total number of customers	YoY
	Six months ended Aug 31, 2019	Six months ended Aug 31, 2018			
	Days	Days	Days	Thousand people	%
Daimaru Osaka Shinsaibashi	184	183	1	9,634	3.2
Osaka Umeda	184	183	1	18,126	(1.2)
Tokyo	184	184	0	19,583	(0.6)
Kyoto	184	184	0	7,541	1.5
Yamashina	31	184	(153)	224	(80.1)
Kobe	183	184	(1)	5,554	0.5
Suma	183	184	(1)	3,189	(0.4)
Ashiya	182	184	(2)	1,647	(47.0)
Sapporo	184	184	0	11,117	0.4
Matsuzakaya Nagoya	184	184	0	9,849	2.8
Ueno	184	184	0	4,910	(1.0)
Shizuoka	184	184	0	3,624	0.6
Takatsuki	184	183	1	2,964	(0.4)
Toyota	184	184	0	1,652	(0.1)
Total			—	99,621	(2.0)

Note: The Daimaru Yamashina store closed on March 31, 2019.

(6) Duty-free sales

(Millions of yen, %)

	Amount	YoY	Sales share
Daimaru Osaka Shinsaibashi	18,508	23.8	41.1
Osaka Umeda	2,902	9.1	9.1
Tokyo	1,699	(6.4)	4.3
Kyoto	2,263	5.7	6.9
Kobe	1,007	0.2	2.8
Sapporo	3,312	(1.1)	10.5
Matsuzakaya Nagoya	1,996	16.6	3.5
Ueno	558	12.2	2.9
Shizuoka	98	14.0	1.0
Total	32,346	14.6	10.2

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

(7) Average spend per customer / purchase ratio

	Six months ended Aug 31, 2019	Six months ended Aug 31, 2018	YoY (%)
Average spend per customer (Yen)	4,879	4,676	4.3
Purchase ratio (%)	49.6	50.9	(1.3)

Note:

$$\text{Average spend per customer} = \frac{\text{Cash sales}}{\text{Number of receipts issued}}$$

$$\text{Purchase ratio} = \frac{\text{Number of receipts issued}}{\text{Number of customers}}$$

3. Components of SGA (results and full year forecast)

(Millions of yen, %)

Component	Six months ended August 31, 2019			Full year ending February 29, 2020		
	Amount	YoY	Ratio to sales	Amount	YoY	Ratio to sales
Personnel expenses	12,372	(2.2)	9.8	21,470	(16.8)	8.3
Advertising expenses	4,561	12.7	3.6	9,020	10.1	3.5
Packaging and delivery expenses	1,314	8.0	1.0	2,810	(7.7)	1.1
Rental expenses	293	(96.6)	0.2	690	(96.0)	0.3
Depreciation	12,064	169.1	9.5	23,360	155.2	9.0
Operational costs	5,769	19.7	4.6	11,710	15.2	4.5
Other	22,918	(3.0)	18.1	49,440	(1.4)	18.9
Total	59,292	(0.3)	46.8	118,500	(4.3)	45.6

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

Six months ended August 31, 2019: 2,994 million yen / Full year ending February 29, 2020: 6,988 million yen

4. Components of other operating income and other operating expenses

(results and full year forecast)

(Millions of yen)

Component	Six months ended Aug 31, 2019	Full year ending Feb 29, 2020	Remarks
Other operating income	2,643	3,500	
Gain on sales of fixed assets	2,391	2,600	Poorly performing rental real estate
Other	252	900	
Other operating expenses	587	6,000	
Loss on disposal of fixed assets	423	2,200	Construction to rent the north wing of the Shinsaibashi store, etc.
Other	164	3,800	Mainly contribution for Shinsaibashi station public facilities, etc.

5. Components of finance income and finance costs (results and full year forecast)

(Millions of yen, %)

Component	Six months ended August 31, 2019		Full year ending February 29, 2020	
	Amount	YoY	Amount	YoY
Finance income	904	(12.7)	1,200	(12.1)
Interest income and dividend income	904	(12.7)	1,200	(12.1)
Finance costs	1,685	220.8	3,400	232.8
Interest expenses	1,685	220.8	3,400	232.8