J. Front Retailing Supplementary Information to Financial Results

I. J. Front Retailing Consolidated Statements 【IFRS】

1-1. Consolidated business performance (comparison with previous year and release in October 2018)

(Millions of yen, %)

Item	Results for current period (fiscal year ended February 28, 2019)	Results for previous period (fiscal year ended February 28, 2018)	YoY		Release in October 2018	Vs. release
			Amount	%		
1. Gross sales	1,125,153	1,138,981	(13,828)	(1.2)	1,150,000	(24,847)
2. Revenue	459,840	469,915	(10,075)	(2.1)	475,000	(15,160)
3. Gross profit	212,396	212,935	(539)	(0.3)	216,600	(4,204)
4. Gross margin	46.19 %	45.31 %	Difference 0.88 %		45.60 %	Difference 0.59 %
5. Selling, general and administrative expenses (SGA)	166,882	166,688	194	0.1	167,100	(218)
6. Business profit	45,514	46,247	(733)	(1.6)	49,500	(3,986)
7. Operating profit	40,891	49,546	(8,655)	(17.5)	48,500	(7,609)
8. Profit before tax	42,126	48,271	(6,145)	(12.7)	49,600	(7,474)
9. Profit attributable to owners of parent	27,358	28,486	(1,128)	(4.0)	30,500	(3,142)
10. Total assets	1,029,573	1,022,348	7,225		1,050,000	(20,427)
11. Equity attributable to owners of parent	412,700	395,519	17,181		417,000	(4,300)
12. Ratio of equity attributable to owners of parent to total assets	40.1 %	38.7 %	Difference 1.4 %		39.7 %	Difference 0.4 %
13. Total interest-bearing liabilities	174,378	184,202	(9,824)		191,000	(16,622)
14. Financial balance	(66)	(104)	38		(200)	134
15. Cash flows from operating activities	34,870	57,079	(22,209)		35,000	(130)
16. Cash flows from investing activities	(26,836)	(19,030)	(7,806)		(36,500)	9,664
17. Free cash flows	8,033	38,048	(30,015)		(1,500)	9,533
18. Cash flows from financing activities	(21,274)	(31,048)	9,774		(5,000)	(16,274)
19. Return on equity attributable to owners of parent (ROE)	6.8 %	7.5 %	Difference (0.7) %		7.5 %	Difference (0.7) %
20. Return on assets (ROA)	4.0 %	4.9 %	Difference (0.9) %		4.7 %	Difference (0.7) %
21. Return on investment (ROI)	7.2 %	8.4 %	Difference (1.2) %		8.4 %	Difference (1.2) %
22. Ratio of interest-bearing liabilities to equity attributable to owners of parent (D/E ratio)	0.42 times	0.47 times	Difference (0.05) times		0.46 times	Difference (0.04) times
23. Interest-bearing liabilities to cash flow ratio	5.00 times	3.23 times	Difference 1.77 times		5.46 times	Difference (0.46) 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 sales cost 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.

1-2. Consolidated business performance (forecast for next period)

(Millions of yen, %)

Item	Forecast for next period (fiscal year ending February 29, 2020)				Results for current period (fiscal year ended February 28, 2019)
	Six months ending August 31, 2019	YoY	Full year ending February 29, 2020	YoY	
1. Gross sales	557,000	9,891	1,188,000	62,847	1,125,153
2. Revenue	229,000	1,794	500,000	40,160	459,840
3. Gross profit	106,300	1,350	218,000	5,604	212,396
4. Gross margin	46.42 %	Difference 0.23 %	43.60 %	Difference (2.59) %	46.19 %
5. SGA	82,300	1,622	168,500	1,618	166,882
6. Business profit	24,000	(271)	49,500	3,986	45,514
7. Operating profit	23,600	(618)	48,500	7,609	40,891
8. Profit before tax	22,400	(2,664)	45,500	3,374	42,126
9. Profit attributable to owners of parent	13,800	(2,110)	28,000	642	27,358
10. Total assets	1,283,000	253,427	1,273,000	243,427	1,029,573
[of which: right-of-use assets]	[226,800]	[226,800]	[214,500]	[214,500]	[—]
11. Equity attributable to owners of parent	409,000	(3,700)	420,000	7,300	412,700
12. Ratio of equity attributable to owners of parent to total assets	31.9 %	Difference (8.2) %	33.0 %	Difference (7.1) %	40.1 %
13. Total interest-bearing liabilities	438,800	264,422	434,000	259,622	174,378
[of which: lease liabilities]	[248,800]	[248,800]	[236,500]	[236,500]	[—]
14. Financial balance	(1,900)	(1,959)	(4,300)	(4,234)	(66)
15. Cash flows from operating activities	36,000	13,547	80,000	45,130	34,870
16. Cash flows from investing activities	(15,000)	(2,129)	(59,000)	(32,164)	(26,836)
17. Free cash flows	21,000	11,419	21,000	12,967	8,033
18. Cash flows from financing activities	(5,000)	9,598	(17,000)	4,274	(21,274)
19. Return on equity attributable to owners of parent (ROE)			6.8 %	Difference 0.0 %	6.8 %
20. Return on assets (ROA)			3.8 %	Difference (0.2) %	4.0 %
21. Return on investment (ROI)			5.4 %	Difference (1.8) %	7.2 %
22. Ratio of interest-bearing liabilities to equity attributable to owners of parent (D/E ratio)			1.03 times	Difference 0.61 times	0.42 times
23. Interest-bearing liabilities to cash flow ratio			5.43 times	Difference 0.43 times	5.00 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 sales cost 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. YoY changes for six months ending August 31, 2019 in Items 10 , 11 , 12 and 13 are comparisons with the previous year-end.

5. Forecast for next period has been calculated under IFRS 16.

2. Segment information (results and forecast for next period)

<Results>

Full year results (fiscal year ended February 28, 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	743,340	278,953	17,148	11,897	1,051,339	121,023	1,172,362	(47,208)	1,125,153
YoY % change	0.4	(1.9)	25.0	4.5	0.1	(11.6)	(1.2)	—	(1.2)
Revenue									
(1) Revenue to external customers	275,140	89,406	15,826	6,361	386,734	73,105	459,840	—	459,840
(2) Intersegment sales revenue	300	563	1,168	4,212	6,244	31,144	37,389	(37,389)	—
Total revenue	275,441	89,969	16,995	10,573	392,979	104,250	497,229	(37,389)	459,840
YoY % change	0.4	(1.8)	26.6	3.9	0.9	(11.5)	(2.0)	—	(2.1)
Segment expenses	251,246	84,523	12,330	8,213	356,313	100,742	457,056	(38,107)	418,949
Business profit	25,154	8,723	5,062	2,338	41,279	3,605	44,884	629	45,514
YoY % change	(4.3)	(15.2)	79.5	(16.6)	(2.2)	(19.7)	(3.9)	—	(1.6)
Segment profit	24,194	5,445	4,664	2,360	36,665	3,507	40,173	717	40,891
YoY % change	(9.2)	(53.7)	12.9	(13.9)	(19.0)	(26.1)	(19.7)	—	(17.5)

<Forecast for next period>

Six months ending 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	362,000	145,400	8,700	6,100	522,200	59,800	582,000	(25,000)	557,000
YoY % change	1.1	6.0	2.8	6.0	2.5	(2.3)	2.0	—	1.8
Revenue									
(1) Revenue to external customers	135,750	45,500	8,000	3,300	192,550	36,450	229,000	—	229,000
(2) Intersegment sales revenue	150	300	600	2,100	3,150	15,050	18,200	(18,200)	—
Total revenue	135,900	45,800	8,600	5,400	195,700	51,500	247,200	(18,200)	229,000
YoY % change	0.9	3.7	2.5	5.4	1.8	(3.2)	0.7	—	0.8
Segment expenses	124,100	39,600	5,600	4,500	173,800	49,730	223,530	(18,130)	205,400
Business profit	12,700	5,500	3,200	900	22,300	1,800	24,100	(100)	24,000
YoY % change	1.7	9.1	5.1	(15.4)	3.0	(14.6)	1.5	—	(1.1)
Segment profit	11,800	6,200	3,000	900	21,900	1,770	23,670	(70)	23,600
YoY % change	(0.5)	8.6	5.0	(16.4)	1.8	(16.9)	0.1	—	(2.6)

Full year forecast (fiscal 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	750,900	324,300	17,900	13,200	1,106,300	135,800	1,242,100	(54,100)	1,188,000
YoY % change	1.0	16.3	4.4	11.0	5.2	12.2	5.9	—	5.6
Revenue									
(1) Revenue to external customers	276,500	115,600	16,500	7,400	416,000	84,000	500,000	—	500,000
(2) Intersegment sales revenue	300	600	1,200	4,300	6,400	35,000	41,400	(41,400)	—
Total revenue	276,800	116,200	17,700	11,700	422,400	119,000	541,400	(41,400)	500,000
YoY % change	0.5	29.2	4.1	10.7	7.5	14.1	8.9	—	8.7
Segment expenses	250,800	103,500	14,100	9,700	378,100	114,170	492,270	(40,770)	451,500
Business profit	28,500	10,500	4,400	1,980	45,380	4,870	50,250	(750)	49,500
YoY % change	13.3	20.4	(13.1)	(15.3)	9.9	35.1	12.0	—	8.8
Segment profit	26,000	12,700	3,600	2,000	44,300	4,830	49,130	(630)	48,500
YoY % change	7.5	133.2	(22.8)	(15.3)	20.8	37.7	22.3	—	18.6

3-1. Performance by consolidated company (results)

(Millions of yen, %)

Company name		Results for current period (fiscal year ended February 28, 2019)				Capital	Ownership percentage	Business
		Revenue	Business profit	Operating profit	Profit			
1.	J. Front Retailing Co., Ltd.	18,770	13,894	13,858	13,866	31,974		
2.	Daimaru Matsuzakaya Department Stores Co. Ltd.	262,984	27,849	26,529	18,579	10,000	100.0	Department store Real estate
3.	The Hakata Daimaru, Inc.	19,743	2,195	2,165	1,372	3,037	69.9	Department store
4.	The Shimonoseki Daimaru, Inc.	4,680	59	66	1	480	100.0	Department store
5.	Kochi Daimaru Co., Ltd.	4,838	113	100	65	300	100.0	Department store
6.	Parco Co., Ltd.	56,288	8,068	4,792	3,237	34,367	65.2	Shopping complex
7.	Parco (Singapore) Pte Ltd	148	(25)	(25)	(24)	SGD 4M	65.2	Shopping complex
8.	Neuve A Co., Ltd.	19,754	101	(25)	(71)	490	65.2	Specialty store
9.	Parco Space Systems Co., Ltd.	21,882	632	662	464	490	65.2	Space engineering & management
10.	Parco Digital Marketing Co., Ltd.	1,017	77	77	50	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.	10,573	2,338	2,360	1,420	100	100.0	Credit and finance
13.	Daimaru Kogyo, Ltd.	31,732	1,191	1,118	790	1,800	100.0	Wholesale
14.	Daimaru Kogyo International Trading (Shanghai) Co., Ltd.	4,485	74	109	87	USD 2M	100.0	Wholesale
15.	Daimaru Kogyo (Thailand) Co., Ltd.	498	1	1	5	THB 202M	99.9	Wholesale
16.	Taiwan Daimaru Kogyo, Ltd.	492	11	15	15	NTD 60M	100.0	Wholesale
17.	J. Front Design & Construction Co., Ltd.	28,201	509	424	273	100	100.0	Design & construction Manufacture & sale of furniture
18.	Dimples' Co., Ltd.	13,805	658	657	443	90	100.0	Staffing service
19.	J. Front Foods Co., Ltd.	2,577	46	27	32	100	100.0	Restaurant
20.	Consumer Product End-Use Research Institute Co., Ltd.	1,072	157	214	135	100	100.0	Merchandise test Quality control
21.	Angel Park Co., Ltd.	1,098	601	601	434	400	50.2	Parking
22.	JFR Service Co. Ltd.	8,443	89	90	88	100	100.0	Commissioned back-office service Leasing Parking management
23.	JFR Information Center Co., Ltd.	6,131	489	491	314	10	100.0	Information service
24.	Daimaru Matsuzakaya Sales Associates Co. Ltd.	9,776	126	129	87	90	100.0	Commissioned sales & store operations
25.	Daimaru Matsuzakaya Tomonokai Co., Ltd.	189	(419)	(443)	146	100	100.0	Specified prepaid transaction service

3-2. Performance by consolidated company (forecast for next period)

(Millions of yen)

Company name	Forecast for next period (fiscal year ending February 29, 2020)							
	Six months ending August 31, 2019				Full year ending February 29, 2020			
	Revenue	Business profit	Operating profit	Profit	Revenue	Business profit	Operating profit	Profit
1. J. Front Retailing Co., Ltd.	26,000	23,430	23,440	23,500	33,850	28,450	28,470	28,500
2. Daimaru Matsuzakaya Department Stores Co. Ltd.	130,100	15,000	14,000	9,100	265,100	30,400	27,300	17,300
3. The Hakata Daimaru, Inc.	9,600	840	760	460	19,800	2,290	2,170	1,350
4. The Shimonoseki Daimaru, Inc.	2,300	30	30	30	4,600	70	40	0
5. Kochi Daimaru Co., Ltd.	2,300	30	10	10	4,700	140	90	60
6. Parco Co., Ltd.	29,402	5,228	5,994	3,542	81,553	9,436	11,783	6,745
7. Parco (Singapore) Pte Ltd	68	(18)	(18)	(19)	159	(44)	(44)	(46)
8. Neuve A Co., Ltd.	9,918	184	152	99	20,207	510	378	249
9. Parco Space Systems Co., Ltd.	10,062	152	154	109	22,720	671	676	439
10. Parco Digital Marketing Co., Ltd.	530	48	48	32	1,100	88	88	60
11. Japan Retail Advisors Co., Ltd.	—	(11)	(11)	(11)	—	(36)	(36)	(36)
12. JFR Card Co., Ltd.	5,400	900	900	560	11,700	1,980	2,000	1,163
13. Daimaru Kogyo, Ltd.	16,000	606	611	429	32,767	1,310	1,315	919
14. Daimaru Kogyo International Trading (Shanghai) Co., Ltd.	1,906	27	27	21	4,448	82	82	64
15. Daimaru Kogyo (Thailand) Co., Ltd.	283	2	2	3	649	5	5	8
16. Taiwan Daimaru Kogyo, Ltd.	328	9	9	9	655	18	18	18
17. J. Front Design & Construction Co., Ltd.	13,000	288	285	176	41,900	1,924	1,920	1,219
18. Dimples' Co., Ltd.	7,379	436	435	297	14,940	752	750	489
19. J. Front Foods Co., Ltd.	1,290	47	45	39	2,500	54	50	42
20. Consumer Product End-Use Research Institute Co., Ltd.	532	54	34	22	1,118	150	130	85
21. Angel Park Co., Ltd.	553	295	295	214	1,105	560	560	405
22. JFR Service Co. Ltd.	4,082	10	10	2	7,911	42	42	10
23. JFR Information Center Co., Ltd.	4,147	172	173	111	7,255	304	305	197
24. Daimaru Matsuzakaya Sales Associates Co. Ltd.	4,761	52	52	33	9,428	88	88	52
25. Daimaru Matsuzakaya Tomonokai Co., Ltd.	85	(222)	(234)	57	176	(446)	(470)	83

4. Consolidated capital expenditures (results and plan for next period)

(Millions of yen)

Component	Results for current period (fiscal year ended February 28, 2019)	Plan for next period (fiscal year ending February 29, 2020)	Remarks
Daimaru Matsuzakaya Department Stores	18,718	29,200	
[Department Store Business]	[14,966]	[25,700]	Rebuilding of main building of Shinsaibashi store, sales floor renovation and others
[Real Estate Business]	[3,751]	[3,500]	Store development around department store and others
Hakata Daimaru	447	1,500	Sales floor renovation and othes
Shimonoseki Daimaru	259	210	〃
Kochi Daimaru	132	260	〃
Parco	18,520	16,600	Redevelopment of Shibuya Parco and others
Other	1,851	4,040	
Intercompany eliminations	(55)	(610)	
Total consolidated	39,873	51,200	
Right-of-use assets	—	9,300	Mainly Parco (Kawasaki Zero Gate(provisional name))
Total investment	39,873	60,500	

5. Components of SGA (results and forecast for next period)

(Millions of yen, %)

Component	Results for current period (fiscal year ended February 28, 2019)			Forecast for next period (fiscal year ending February 29, 2020)		
	Amount	YoY	Ratio to sales	Amount	YoY	Ratio to sales
Personnel expenses	62,692	(297)	13.6	62,600	(92)	12.5
Advertising expenses	10,364	(170)	2.3	11,700	1,336	2.3
Packaging and delivery expenses	3,837	(1,155)	0.8	3,600	(237)	0.7
Rent expenses	23,418	(954)	5.1	1,600	(21,818)	0.3
[of which: decrease related to the effect of IFRS 16]	[—]	[—]	[—]	[(20,800)]	[(20,800)]	[—]
Depriciation	11,580	636	2.5	31,500	19,920	6.3
[of which: increase related to the effect of IFRS 16]	[—]	[—]	[—]	[18,500]	[18,500]	[—]
Operational costs	8,296	148	1.8	10,000	1,704	2.0
Other	46,692	1,987	10.2	47,500	808	9.5
Total	166,882	194	36.3	168,500	1,618	33.7
[of which: effect of IFRS 16]	[—]	[—]	[—]	[(2,300)]	[(2,300)]	[—]

Note: Depreciation is included in cost of sales as well as SGA.
Results for current period: 8,326 million yen / Forcast for next period: 20,200 million yen

6. Components of other operating income and expenses (results and forecast for next period)

(Millions of yen)

Component	Results for current period (fiscal year ended February 28, 2019)	Forecast for next period (fiscal year ending February 29, 2020)	Remarks
Other operating income	3,237	3,400	
Gain on sales of fixed assets	23	—	Mainly Daimaru Matsuzakaya Department Stores
Compensation income	1,951	2,975	Redevelopment of Shibuya Parco
Other	1,262	425	
Other operating expenses	7,860	4,400	
Loss on disposal of fixed assets	1,641	3,000	Mainly Daimaru Matsuzakaya Department Stores and Parco
Impairment losses	1,681	—	Mainly Parco and Neuve A
Loss on business liquidation	3,385	—	Mainly Parco(Utsunomiya Parco and Kumamoto Parco)
Other	1,151	1,400	

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

(Millions of yen, %)

Component	Results for current period (fiscal year ended February 28, 2019)	YoY	Forecast for next period (fiscal year ending February 29, 2020)	YoY
Finance income	1,104	1.3	1,100	(0.4)
Interest and dividend income	1,104	1.3	1,100	(0.4)
Other	—	—	—	—
Finance costs	1,170	(2.0)	5,400	361.2
Interest expenses on borrowings and bonds	1,008	(5.4)	5,200	415.8
[of which: increase related to the effect of IFRS 16]	[—]	[—]	[3,500]	[—]
Other	162	25.7	200	22.9
Share of profit (loss) of investments accounted for using equity method	1,301	—	1,300	(0.1)

8. Main changes in consolidated statements of financial position

(Millions of yen)

Item	End of current period (Feb 28, 2019)	End of previous period (Feb 28, 2018)	Change	Remarks
Current assets				
Cash and cash equivalents	25,659	38,883	(13,224)	Mainly J. Front Retailing
Assets held for sale	—	6,732	(6,732)	Sale of investments in Senshukai
Non-current assets				
Construction in progress	70,433	52,435	17,998	Mainly rebuilding of main building of Daimaru Shinsaibashi store and redevelopment of Shibuya Parco
Investment property	197,162	195,608	1,554	Mainly Daimaru Matsuzakaya Department Stores
Current liabilities				
Short-term borrowings	31,320	45,230	(13,910)	Mainly JFR Card
Deposits received	25,605	27,978	(2,373)	Mainly Daimaru Matsuzakaya Tomonokai
Provision	1,851	202	1,649	Mainly Daimaru Matsuzakaya Department Stores and Parco
Non-current liabilities				
Long-term borrowings	93,210	88,160	5,050	Mainly Parco

9. Number of employees of consolidated companies (results and forecast for next period)

(Persons)

Component	Results for current period (fiscal year ended February 28, 2019)				Forecast for next period (fiscal year ending February 29, 2020)			
	Regular	Dedicated	Fixed-term	Total	Regular	Dedicated	Fixed-term	Total
J. Front Retailing	132	1	18	151	143	2	17	162
Department Store Business	2,421	212	398	3,031	2,349	211	398	2,958
[of which: Daimaru Matsuzakaya Department Stores]	[1,930]	[130]	[225]	[2,285]	[1,863]	[130]	[240]	[2,233]
Parco Business	1,541	—	621	2,162	1,661	—	569	2,230
Real Estate Business	51	2	6	59	48	2	9	59
Credit and Finance Business	133	39	29	201	162	44	17	223
Other	2,417	1,443	812	4,672	2,476	1,466	784	4,726
Total	6,695	1,697	1,884	10,276	6,839	1,725	1,794	10,358

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

1-1. Business performance (comparison with previous year and release in October 2018)

(Millions of yen, %)

Item	Results for current period (fiscal year ended February 28, 2019)	Results for previous period (fiscal year ended February 28, 2018)	YoY		Release in October 2018	Vs. release
			Amount	%		
1. Gross sales	680,428	673,154	7,274	1.1	691,000	(10,572)
2. Revenue	262,984	257,451	5,533	2.1	267,800	(4,816)
3. Gross profit	151,624	148,481	3,143	2.1	153,000	(1,376)
4. Gross margin	57.66 %	57.67 %	Difference (0.01) %		57.13 %	Difference 0.53 %
5. SGA	123,774	121,917	1,857	1.5	124,000	(226)
6. Business profit	27,849	26,563	1,286	4.8	29,000	(1,151)
7. Operating profit	26,529	28,297	(1,768)	(6.2)	27,100	(571)
8. Profit before tax	26,872	28,253	(1,381)	(4.9)	27,300	(428)
9. Profit	18,579	19,248	(669)	(3.5)	18,800	(221)
10. Total assets	500,122	499,359	763		505,000	(4,878)
11. Equity	197,551	189,872	7,679		200,000	(2,449)
12. Equity ratio	39.5 %	38.0 %	Difference 1.5 %		39.6 %	Difference (0.1) %
13. Total interest-bearing liabilities	64,404	66,158	(1,754)		63,000	1,404
14. Financial balance	343	(44)	387		200	143
15. Cash flows from operating activities	32,692	31,182	1,510		32,200	492
16. Cash flows from investing activities	(18,175)	(7,852)	(10,323)		(17,700)	(475)
17. Cash flows from financing activities	(14,483)	(23,410)	8,927		(14,500)	17
18. Return on equity (ROE)	9.6 %	10.6 %	Difference (1.0) %		9.6 %	Difference 0.0 %
19. Return on assets (ROA)	5.3 %	5.7 %	Difference (0.4) %		5.4 %	Difference (0.1) %
20. Return on investment (ROI)	10.4 %	11.1 %	Difference (0.7) %		10.5 %	Difference (0.1) %

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 sales cost 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	Results for current period (fiscal year ended February 28, 2019)		Results for previous period (fiscal year ended February 28, 2018)				Release in October 2018			
	Department Store Business	Real Estate Business	Department Store Business		Real Estate Business		Department Store Business		Real Estate Business	
			Amount	YoY	Amount	YoY	Amount	Vs. release	Amount	Vs. release
1. Gross sales	663,523	17,148	659,608	3,915	13,721	3,427	674,100	(10,577)	17,100	48
2. Revenue	246,233	16,995	244,199	2,034	13,427	3,568	251,000	(4,767)	17,000	(5)
3. Gross profit	144,448	7,419	143,466	982	5,190	2,229	146,300	(1,852)	7,000	419
4. Gross margin	58.66 %	43.66 %	58.75 %	Difference (0.09) %	38.65 %	Difference 5.01 %	58.29 %	Difference 0.37 %	41.18 %	Difference 2.48 %
5. SGA	121,660	2,357	119,723	1,937	2,369	(12)	121,900	(240)	2,400	(43)
6. Business profit	22,787	5,062	23,743	(956)	2,820	2,242	24,400	(1,613)	4,600	462
7. Operating profit	21,864	4,664	24,165	(2,301)	4,131	533	23,100	(1,236)	4,000	664
8. Profit before tax	23,356	3,516	24,406	(1,050)	3,846	(330)	24,400	(1,044)	2,900	616

1-2. Business performance (forecast for next period)

(Millions of yen, %)

Item	Forecast for next period (fiscal year ending February 29, 2020)				Results for current period (fiscal year ended February 28, 2019)
	Six months ending August 31, 2019	YoY	Full year ending February 29, 2020	YoY	
1. Gross sales	332,300	3,813	688,100	7,672	680,428
2. Revenue	130,100	1,331	265,100	2,116	262,984
3. Gross profit	74,900	790	152,700	1,076	151,624
4. Gross margin	57.57 %	Difference 0.02 %	57.60 %	Difference (0.06) %	57.66 %
5. SGA	59,900	448	122,300	(1,474)	123,774
6. Business profit	15,000	343	30,400	2,551	27,849
7. Operating profit	14,000	303	27,300	771	26,529
8. Profit before tax	13,200	(1,007)	25,100	(1,772)	26,872
9. Profit	9,100	(708)	17,300	(1,279)	18,579
10. Total assets	610,000	109,878	615,000	114,878	500,122
[of which: right-of-use assets]	[111,800]	[111,800]	[104,000]	[104,000]	[—]
11. Equity	194,000	(3,551)	198,000	449	197,551
12. Equity ratio	31.8 %	Difference (7.7) %	32.2 %	Difference (7.3) %	39.5 %
13. Total interest-bearing liabilities	182,800	118,396	185,800	121,396	64,404
[of which: lease liabilities]	[120,800]	[120,800]	[113,300]	[113,300]	[—]
14. Financial balance	(800)	(1,310)	(2,200)	(2,543)	343
15. Cash flows from operating activities	23,400	7,240	47,300	14,608	32,692
16. Cash flows from investing activities	(7,900)	7,404	(29,000)	(10,825)	(18,175)
17. Cash flows from financing activities	(15,500)	(14,850)	(18,300)	(3,817)	(14,483)
18. Return on equity (ROE)			8.9 %	Difference (0.7) %	9.6 %
19. Return on assets (ROA)			4.4 %	Difference (0.9) %	5.3 %
20. Return on investment (ROI)			6.6 %	Difference (3.8) %	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 sales cost and SGA from revenue.
3. Profit, operating profit and profit before tax are used to calculate ROE, ROA and ROI, respectively.
4. YoY changes for six months ending August 31, 2019 in Items 10 , 11, 12 and 13 are comparisons with the previous year-end.
5. Forecast for next period has been calculated under IFRS 16.

*Reference

(Millions of yen, %)

Item	Results for previous period (fiscal year ended February 28, 2018)				Full year ending February 29, 2020				Results for current period (fiscal year ended February 28, 2019)	
	Department Store Business		Real Estate Business		Department Store Business		Real Estate Business		Department Store Business	Real Estate Business
	Amount	YoY	Amount	YoY	Amount	Vs. release	Amount	Vs. release		
1. Gross sales	323,800	3,656	8,700	237	670,500	6,977	17,900	752	663,523	17,148
2. Revenue	121,700	1,198	8,600	213	247,700	1,467	17,700	705	246,233	16,995
3. Gross profit	70,500	614	4,600	257	145,200	752	7,800	381	144,448	7,419
4. Gross margin	57.93 %	Difference (0.07) %	53.49 %	Difference 1.70 %	58.62 %	Difference (0.04) %	44.07 %	Difference 0.41 %	58.66 %	43.66 %
5. SGA	58,700	427	1,400	101	119,200	(2,460)	3,400	1,043	121,660	2,357
6. Business profit	11,800	187	3,200	156	26,000	3,213	4,400	(662)	22,787	5,062
7. Operating profit	11,000	2	3,000	302	23,700	1,836	3,600	(1,064)	21,864	4,664
8. Profit before tax	10,900	(1,167)	2,300	161	22,900	(456)	2,200	(1,316)	23,356	3,516

2. Summary of gross sales (Department Store)

(1) Sales by store

(Millions of yen, %)

Store \ Period		Results for current period (fiscal year ended February 28, 2019)		Forecast for next period (fiscal year ending February 29, 2020)			
				Six months ending August 31, 2019		Full year ending February 29, 2020	
		Amount	YoY	Amount	YoY	Amount	YoY
Daimaru	Osaka Shinsaibashi	87,723	4.4	45,120	5.9	89,260	1.8
	Osaka Umeda	66,054	1.5	32,460	1.8	67,950	2.9
	Tokyo	81,305	2.8	40,760	2.4	83,180	2.3
	Kyoto	68,732	(0.0)	33,580	2.1	70,590	2.7
	Yamashina	3,634	(3.7)	360	(80.0)	360	(90.1)
	Kobe	78,354	(5.0)[1.1]	37,100	(0.9)[1.3]	78,530	0.2[1.9]
	Suma	8,399	(5.4)	3,750	(8.5)	8,030	(4.4)
	Ashiya	6,605	(2.3)	2,450	(24.3)	4,960	(24.9)
	Sapporo	66,906	2.7	32,420	3.4	69,210	3.4
	Urawa Parco	—	—	—	—	—	—
Matsuzakaya	Nagoya	119,170	1.3	57,610	1.1[2.3]	120,370	1.0[2.0]
	Ueno	39,969	1.5	20,510	0.9	41,290	3.3
	Shizuoka	21,143	(1.0)	10,390	1.5	21,450	1.5
	Takatsuki	8,389	(2.5)	3,970	(3.6)	8,280	(1.3)
	Toyota	7,134	(4.6)	3,320	(2.6)	7,040	(1.3)
Total		663,523	0.6[1.4]	323,800	1.1[1.6]	670,500	1.1[1.4]
Excluding Urawa Parco store		663,523	0.8[1.6]	—	—	—	—
Excluding Yamashina store		—	—	323,440	1.6[2.1]	670,140	1.6[1.9]

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

2. The Daimaru Yamashina store closed on March 31, 2019.

3. The Daimaru Ashiya store has decreased sales floor area since March 18, 2019.

4. Beginning in March 2018, the tenants around the Daimaru Kobe store have been transferred to the Real Estate Business. Figures in square brackets in the Daimaru Kobe store are actual YoY percentage changes excluding year-ago actual sales of the tenants transferred to the Real Estate Business.

5. 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.

6. Figures in square brackets in the table above are actual YoY percentage changes including changes shown in Notes 4 and 5 above.

(2) YoY percentage change in monthly sales

(%)

Month	March 2018	April	May	June	July	August	Total 1H
Total all stores	4.0	4.9	0.1	4.0	(5.2)	2.6	1.4

Month	September	October	November	December	January 2019	February	Total 2H	Full year
Total all stores	(3.1)	3.5	0.9	(0.6)	(3.1)	1.6	(0.2)	0.6

(3) Sales classification

(i) Share of cash/credit sales

(Millions of yen, %)

Category	Amount	YoY	Share
Cash sales	507,554	0.4	76.5
Credit sales	155,969	1.3	23.5
Total	663,523	0.6	100.0

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

(%)

Category	Current period	Previous period	Sales YoY
Corporate	11.4	12.3	(5.5)
Individual	88.6	87.7	2.2
Total	100.0	100.0	1.3

(iii) Number of the Company's cards issued, number of active cardholders and sales

(Thousand cards, Thousand persons, millions of yen, %)

Category	Number of cards issued	Number of active cardholders	Sales	YoY	% of total sales to individual customers
Otokuisama Gold Card	308	238	135,573	2.7	21.0
Daimaru Matsuzakaya Card <Gold>	121	91	23,952	0.4	3.7
Daimaru Matsuzakaya Card	1,504	1,177	153,620	(5.3)	23.8
Total	1,934	1,508	313,146	(1.6)	48.5
Point card for cash purchases	1,589	1,494	68,489	(3.6)	10.6
Other	415	297	32,596	0.2	5.0
Total	3,939	2,997	388,483	(2.0)	60.2

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. Total number of active cardholders and total sales differ from 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	266,372	(1.0)	40.2	40.9	25.05	(0.35)
Accessories	52,611	(2.7)	7.9	8.2	28.72	(0.55)
General goods	126,286	11.9	19.0	17.1	25.62	0.20
Household goods	26,001	(4.6)	3.9	4.1	25.15	(0.34)
Foods	149,802	(1.2)	22.6	23.0	16.04	(0.33)
Other	42,449	(4.7)	6.4	6.7	17.45	2.07
Total	663,523	0.6	100.0	100.0	22.93	(0.04)

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

		Number of business days		Change	Total number of customers	YoY
		Current period	Previous period			
		Days	Days	Days	Thousand persons	%
Daimaru	Osaka Shinsaibashi	361	364	(3)	18,314	9.2
	Osaka Umeda	361	364	(3)	36,281	(1.1)
	Tokyo	364	364	0	39,265	0.3
	Kyoto	362	364	(2)	14,795	0.4
	Yamashina	362	364	(2)	2,215	(3.8)
	Kobe	362	364	(2)	11,202	(2.4)
	Suma	362	364	(2)	6,316	(4.7)
	Ashiya	362	364	(2)	6,092	(2.7)
	Sapporo	362	364	(2)	22,284	0.7
	Urawa Parco	—	153	(153)	—	—
Matsuzakaya	Nagoya	364	364	0	19,248	2.9
	Ueno	364	363	1	9,816	13.0
	Shizuoka	364	364	0	7,218	2.2
	Takatsuki	360	364	(4)	5,798	(3.1)
	Toyota	363	363	0	3,214	(1.0)
Total				—	202,066	0.5

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

2. The number of business days of the stores in the Kinki region and the Sapporo store decreased compared to the previous period partly affected by the Northern Osaka Earthquake in June 2018 and Typhoons No. 21 and 24 and the Hokkaido Eastern Iburi Earthquake in September 2018.

(6) Duty-free sales

(Millions of yen, %)

		Amount	YoY	Sales share
Daimaru	Osaka Shinsaibashi	30,962	22.5	35.3
	Osaka Umeda	5,289	23.9	8.0
	Tokyo	3,597	6.1	4.4
	Kyoto	4,266	38.7	6.2
	Kobe	2,107	14.2	2.7
	Sapporo	8,030	18.6	12.0
Matsuzakaya	Nagoya	3,502	48.7	2.9
	Ueno	940	24.3	2.4
	Shizuoka	192	17.6	0.9
Total		58,890	22.9	8.9

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

(7) Average spend per customer / purchase ratio

	Results for current period	Results for previous period	YoY (%)
Average spend per customer (Yen)	4,841	4,676	3.5
Purchase ratio (%)	51.5	53.3	(1.8)

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 forecast for next period)

(Millions of yen, %)

Component	Results for current period (fiscal year ended February 28, 2019)			Forecast for next period (fiscal year ending February 29, 2020)		
	Amount	YoY	Ratio to sales	Amount	YoY	Ratio to sales
Personnel expenses	25,793	(227)	9.8	24,830	(963)	9.4
Advertising expenses	8,190	108	3.1	8,830	640	3.3
Packaging and delivery expenses	3,043	(510)	1.2	2,810	(233)	1.1
Rent expenses	17,279	(663)	6.6	1,100	(16,179)	0.4
[of which: decrease related to the effect of IFRS 16]	[—]	[—]	[—]	[(16,000)]	[(16,000)]	[—]
Depriciation	9,155	777	3.5	23,020	13,865	8.7
[of which: increase related to the effect of IFRS 16]	[—]	[—]	[—]	[13,800]	[13,800]	[—]
Operational costs	10,165	814	3.9	11,350	1,185	4.3
Other	50,147	1,558	19.0	50,360	213	18.9
Total	123,774	1,857	47.1	122,300	(1,474)	46.1
[of which: effect of IFRS 16]	[—]	[—]	[—]	[(2,200)]	[(2,200)]	[—]

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

Results for current period: 3,285million yen / Forcast for next period: 5,700million yen

4. Components of other operating income and expenses (results and forecast for next period)

(Millions of yen)

Component	Results for current period (fiscal year ended Feb 28, 2019)	Forecast for next period (fiscal year ending Feb 29, 2020)	Remarks
Other operating income	577	—	
Gain on sales of fixed assets	22	—	
Other	554	—	
Other operating expenses	1,897	3,100	
Loss on disposal of fixed assets	950	2,400	Sales fioor renovation, etc.
Impairment losses	295	—	Underutilized real estate and Yamashina store
Other	652	700	

5. Components of finance income and costs (results and forecast for next period)

(Millions of yen, %)

Component	Results for current period (fiscal year ended Feb 28, 2019)		Forecast for next period (fiscal year ending Feb 29, 2020)	
	Amount	YoY	Amount	YoY
Finance income	1,364	22.8	1,200	(12.1)
Interest and dividend income	1,364	22.8	1,200	(12.1)
Finance costs	1,021	(11.6)	3,400	232.8
Interest expenses	1,021	(11.6)	3,400	232.8
[of which: increase related to the effect of IFRS 16]	[—]	[—]	[2,300]	[—]

<Reference> Application of new accounting standards (IFRS 16)

1. Application of new lease accounting standards

Since J. Front Retailing Group (the "Group") has voluntarily applied IFRS since the first three months of the fiscal year ended February 28, 2018 (March 31, 2017), the Group is required to apply the new lease accounting standards from the first three months of the fiscal year ending February 29, 2020 (March 1, 2019).

2. Overview of the new lease accounting standards

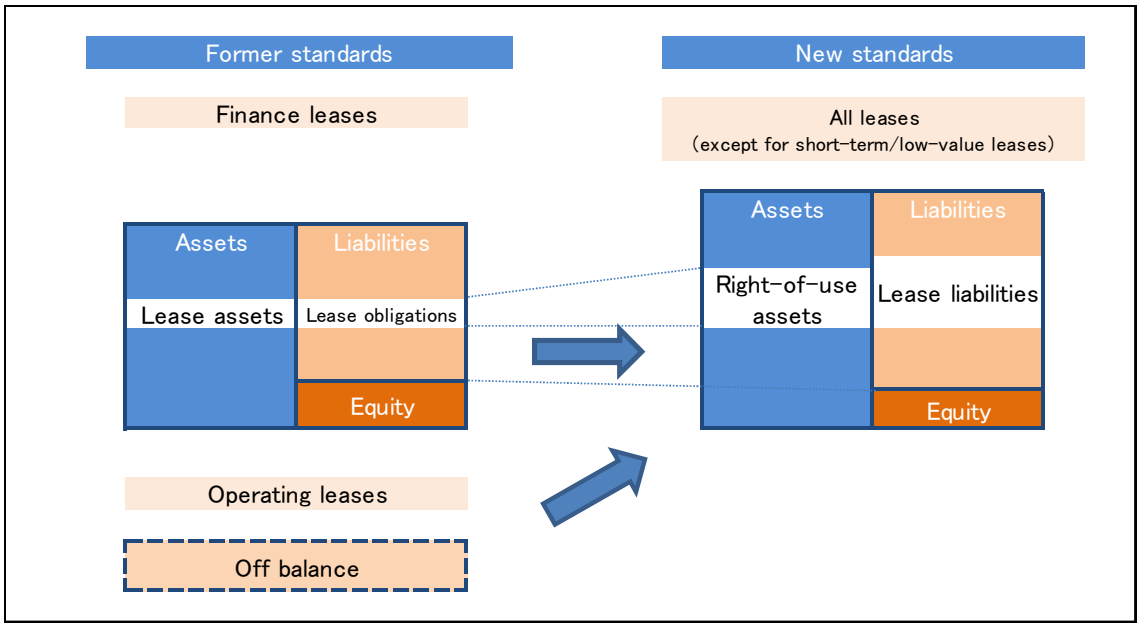
(1) Under the new lease accounting standards, all lease transactions for lessees are recognized as the acquisition of assets accompanied by funding. Accordingly, the former lease classification is eliminated and a single accounting model is adopted (except for short-term/low-value leases).

Classification	Former standards			New standards		
	BS	PL	CF	BS	PL	CF
Finance leases	On balance	Depreciation Interest expenses	Operating/ Financing	On balance	Depreciation Interest expenses	Operating/ Financing
Operating leases	Off balance	Rent expenses	Operating			

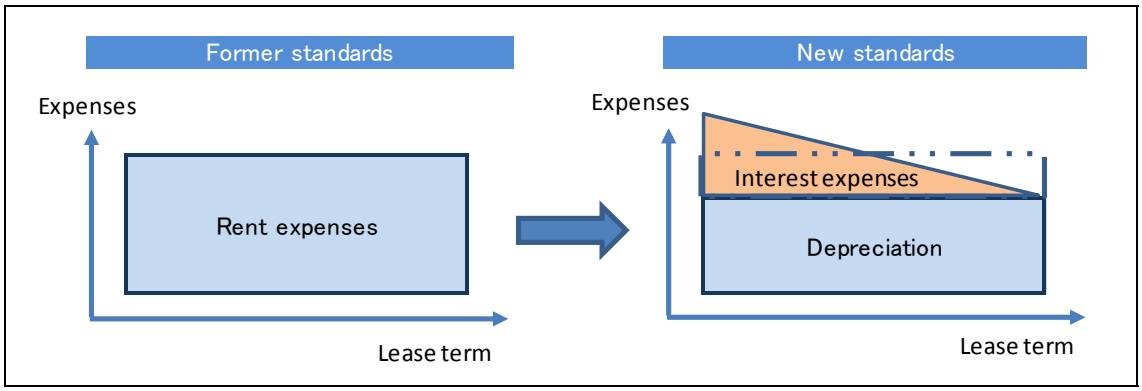
(2) We recognize right-of-use assets and lease liabilities for all lease transactions for lessees on the day of application of the new lease accounting standards. Accordingly, recognized values of assets and liabilities increase compared to the former standards.

(Lease assets and lease obligations, which were recognized as finance lease transactions, are recognized under different titles.)

(3) The differences recognized in assets and liabilities, etc., which arise from the differences in the way to calculate right-of-use assets and lease liabilities, are subtracted from equity (retained earnings, etc.).

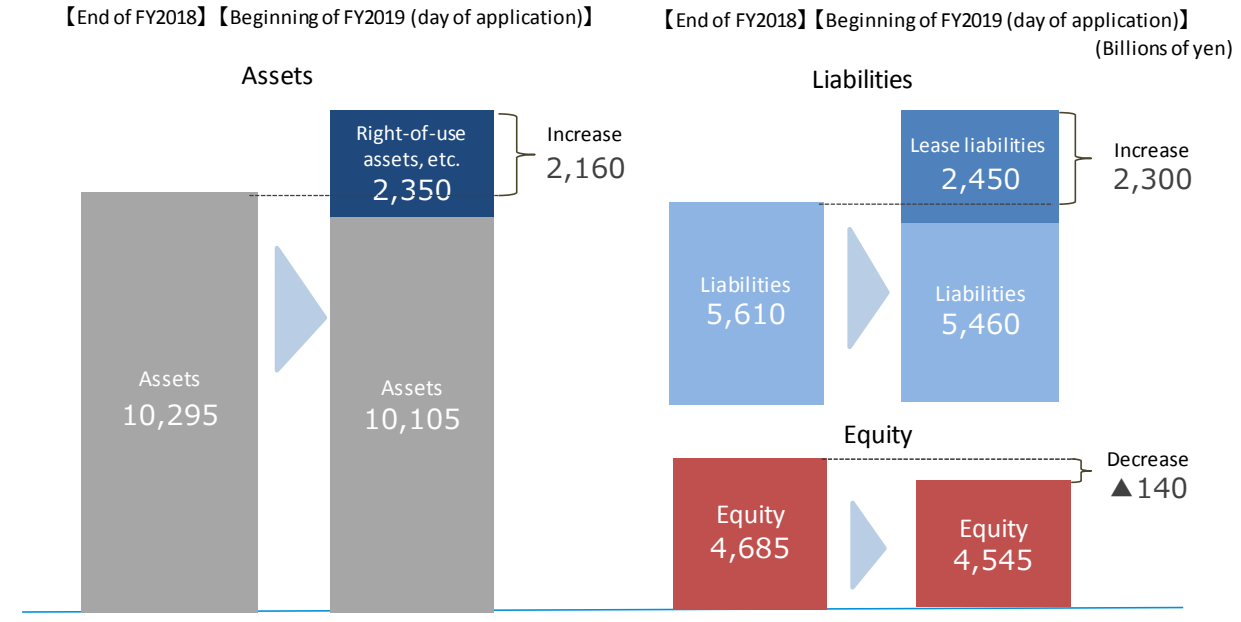


(4) We recognize depreciation of right-of-use assets (fixed amount) and interest expenses on lease liabilities during the lease terms on and after the day of application of the new lease accounting standards. (Rent expenses recognized under the former standards are not reported.)
(5) The total amount of rent expenses recognized over the lease terms under the former standards equals the sum of depreciation and rent expenses recognized under the new standards.
(6) Since interest expenses are higher earlier in the lease terms when the principal of liabilities is larger and they decline as the lease terms go on, the impact on profit before tax varies from fiscal year to fiscal year.



(7) The classification of cash flows changes due to changes in accounting treatment.
There is no impact on net increase/decrease in cash and cash equivalents.

3. Impact on J. Front Retailing's financial statements
(1) Consolidated statement of financial position
Assets (right-of-use assets, etc.) and liabilities (lease liabilities) increase and equity (retained earnings, etc.) decreases at the beginning of fiscal year 2019 (the day of application).
The ratio of equity attributable to owners of parent to total assets and ROA decrease but ROE increases compared to recognition under the former standards.



(Reference)

【End of FY2018 / Former standards】
Ratio of equity attributable to owners of parent to total assets: 40.1%
ROA: 4.0%
ROE: 6.8%

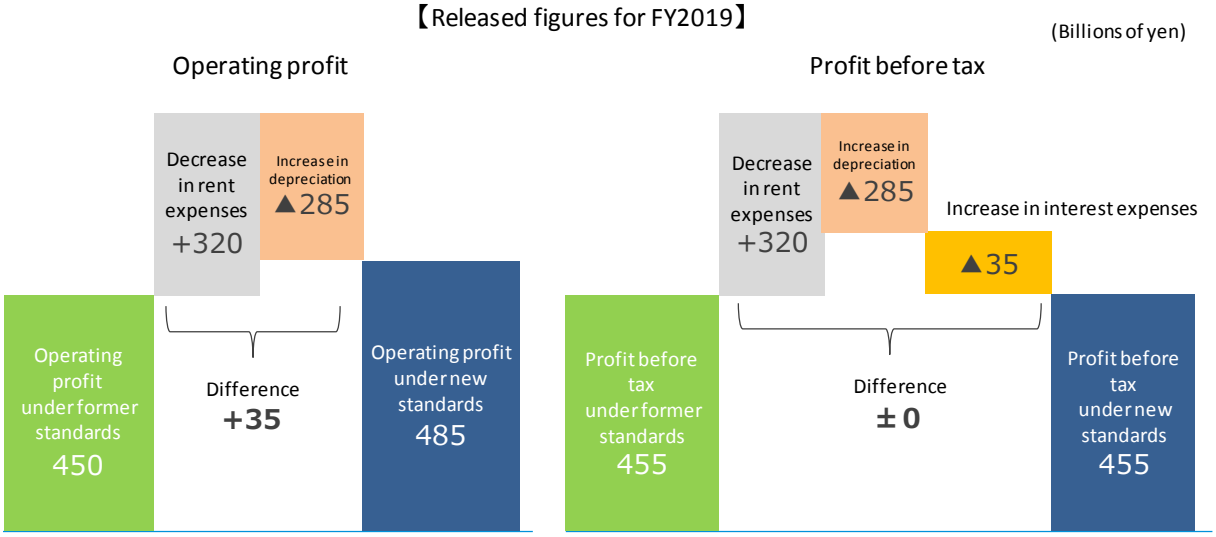
【End of FY2018 / New standards】
Ratio of equity attributable to owners of parent to total assets: 32.2%
ROA: 3.3%
ROE: 7.0%

Figures at the beginning of FY2019 are approximations and may change in the future.

(2) Consolidated statement of profit or loss

Operating profit increases under the new standards because cost of sales and selling, general and administrative expenses decrease by the amount of difference between rent expenses recognized under the former standards and newly recognized depreciation.

The impact on profit before tax in fiscal year 2019 is immaterial because interest expenses on lease liabilities are recognized.



(3) Consolidated statement of cash flows

Cash flows from operating activities increase and cash flows from financing activities decrease because rent expenses recognized under the former standards are treated as repayments of lease liabilities and interest expenses.

