
Financial Results for Third Quarter of Fiscal Year Ending February 29, 2020

<Reference data>

December 26, 2019

Create and Bring to Life “New Happiness.”



J. FRONT RETAILING

3Q FY2019 Consolidated Results (IFRS)

- ▶ Revenue increased in all business segments excluding Department Store, i.e. Parco, Real estate, Credit and Finance and Other
- ▶ Profit increased significantly because gross profit increased due to revenue increase and SGA largely decreased in Department Store
- ▶ Recovery of top line after tax hike may be slower than expected and keep unchanged Oct forecasts by taking measures

(Millions of yen, %)

Fiscal year ending February 29, 2020	Three months ended November 30, 2019			Nine months ended November 30, 2019		
	Results	YoY		Results	YoY	
		Change	% change		Change	% change
Gross sales	294,558	27,989	10.5	840,400	26,721	3.3
Revenue	136,102	29,701	27.9	361,767	28,159	8.4
Gross profit	50,454	358	0.7	155,113	66	0.0
SGA	36,588	(4,155)	(10.2)	117,503	(3,919)	(3.2)
Business profit	13,866	4,513	48.2	37,610	3,985	11.9
Other operating income	3,595	2,737	318.8	7,692	5,180	206.2
Other operating expenses	5,593	5,017	870.5	8,259	5,975	261.6
Operating profit	11,867	2,232	23.2	37,042	3,189	9.4
Profit attributable to owners of parent	6,629	462	7.5	20,997	(1,080)	(4.9)

- ▶ Department Store: Business profit significantly increased due to cost reduction but operating profit decreased due to loss on retirement of north wing, etc.
- ▶ Parco: Revenue largely increased due to sales of reserve floor area of Shibuya Parco and operating profit largely increased due to redevelopment compensation income, etc.
- ▶ Real Estate: Revenue increased but profit decreased due to cost increase associated with transfer of north wing of Shinsaibashi store to Real Estate Business
- ▶ Other: Driven by large growth due to renovation work of north wing of Shinsaibashi store by J. Front Design & Construction

(Millions of yen, %)

Three months ended November 30, 2019	Business profit			Operating profit		
	Results	YoY		Results	YoY	
		Change	% change		Change	% change
Department Store	8,193	4,121	101.2	3,452	(521)	(13.1)
Parco	2,082	172	9.0	4,264	1,832	75.3
Real Estate	1,572	(87)	(5.2)	1,460	(170)	(10.5)
Credit and Finance	809	(82)	(9.2)	816	(77)	(8.6)
Other	1,759	1,117	173.8	2,209	1,682	319.3
Total	13,866	4,513	48.2	11,867	2,232	23.2

- ▶ Department store sales were sluggish in October and November in reaction to last-minute buying in September before tax hike
- ▶ Real Estate increased revenue due to strong performance of Ginza Six and Ueno FT, new projects and transfer of tenants around department stores to this segment
- ▶ Business profit largely increased in Department Store due to SGA reduction but decreased in Real Estate due to cost increase associated with transfer of north wing, etc.

(Millions of yen, %)

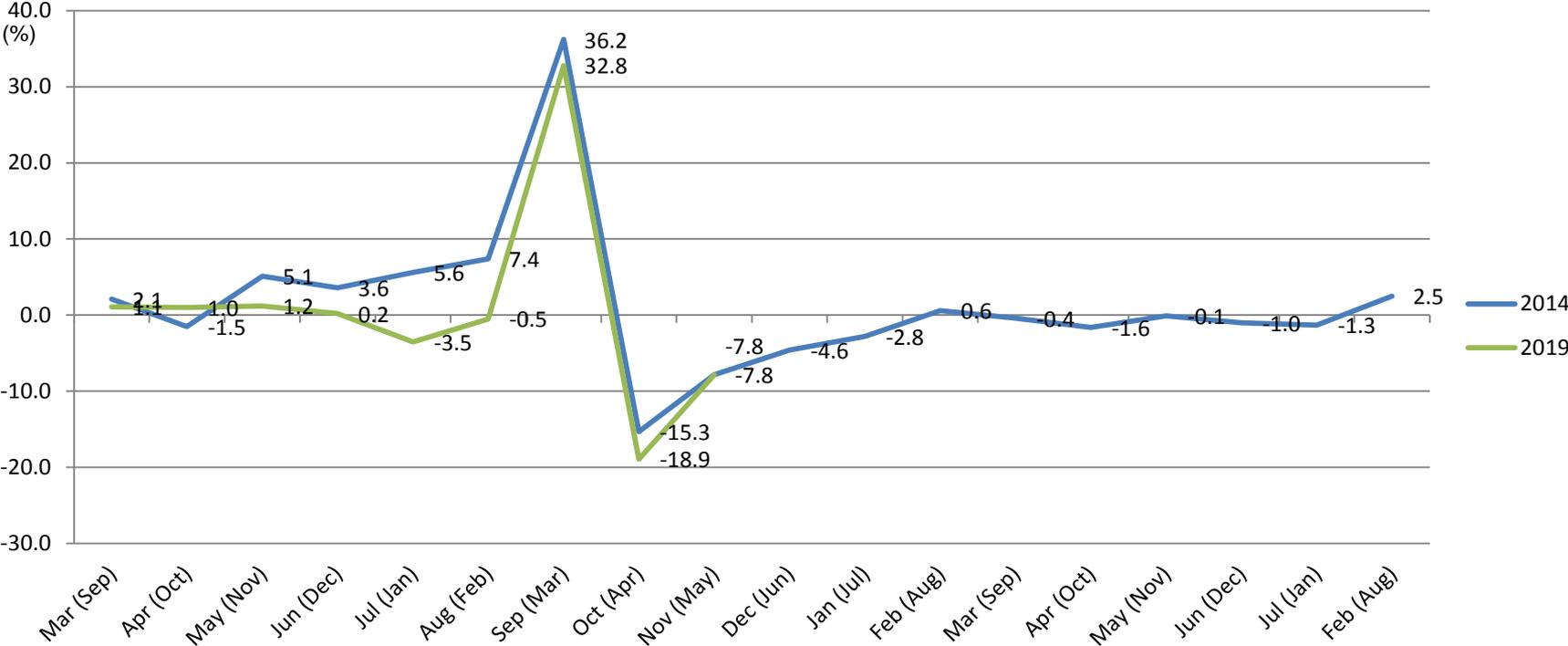
Three months ended November 30, 2019	Department Store Business			Real Estate Business			Total Daimaru Matsuzakaya Department Stores		
	Results	YoY		Results	YoY		Results	YoY	
		Change	% change		Change	% change		Change	% change
Gross sales	153,154	(1,678)	(1.1)	4,441	113	2.6	157,534	(1,567)	(1.0)
Revenue	55,148	(270)	(0.5)	4,446	165	3.8	59,533	(106)	(0.2)
Gross profit	33,220	(298)	(0.9)	2,149	(59)	(2.7)	35,308	(359)	(1.0)
SGA	25,234	(4,737)	(15.8)	576	27	5.0	25,750	(4,710)	(15.5)
Business profit	7,985	4,438	125.1	1,572	(87)	(5.2)	9,558	4,352	83.6
Other operating income	219	173	368.2	875	783	844.4	1,095	956	684.4
Other operating expenses	4,878	4,745	-	988	867	713.8	5,866	5,612	-
Operating profit	3,327	(133)	(3.9)	1,460	(170)	(10.5)	4,787	(304)	(6.0)

Department Store Same-Store Sales Trend

(comparison to before and after tax hike in 2014)

- ▶ Last-minute consumption, mainly of big-ticket items, in September before consumption tax hike increased more than 30%, unchanged from before the previous tax hike
- ▶ Reactionary decline in October immediately after tax hike remains unchanged from last time when factoring in impact of typhoon (down 2.3 points)
- ▶ Expect further growth in December and beyond but concerned about slow recovery of consumption by middle-income group in Japan

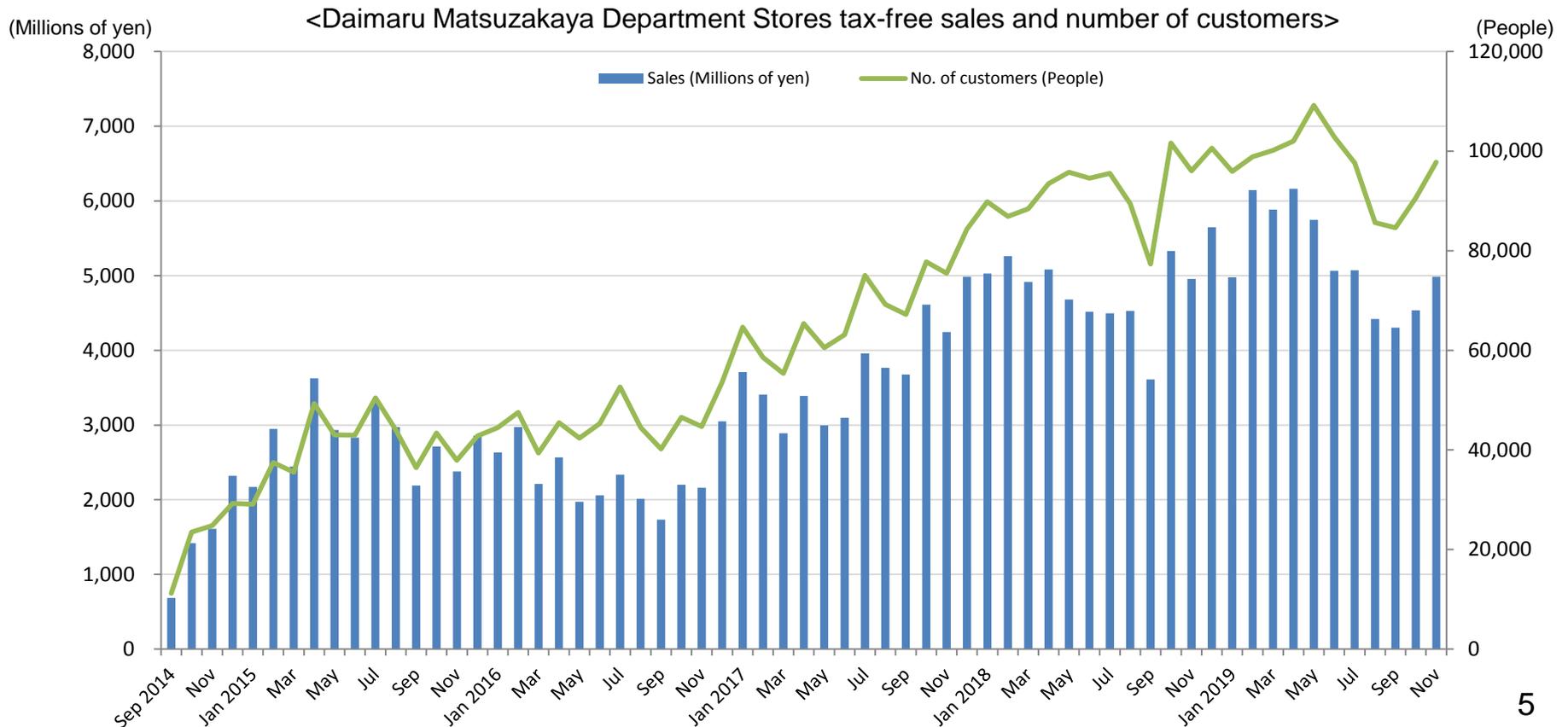
Daimaru Matsuzakaya Department Stores monthly same-store sales trend (% YoY)



*Months in parentheses are the months of 2014.

3Q FY2019 (Sep-Nov) Sales to Inbound Tourists

- ▶ Tax-free sales in 3Q (Sep-Nov) were ¥13.8 bn, slightly down 0.5% YoY
- ▶ Sales share was 9.0%, unchanged from LY, number of customers down 0.7%, average spend per customer up 0.2%, remaining roughly flat
- ▶ Sales of consumables, mainly cosmetics, up 0.7%, sales of general products down 2.1%



3Q 2019 (Sep-Nov) Daimaru Matsuzakaya Department Stores SGA, Other Operating Income, Other Operating Expenses

▶ SGA: Reduction in personnel expenses due to changes in HR-related systems, etc. contributed to increase in business profit

Item	3Q 2019 results (¥Million)	YoY change (¥Million)	Main reasons for changes
Personnel expenses	2,160	(4,280)	Retirement benefit expenses (abolition of lump-sum transfer allowance and Second Life Support Pension) down 4,128, etc.
Advertising expenses	2,964	418	Sales promotion for opening Shinsaibashi store, app, new customer strategy, etc.
Rent expenses	58	(4,204)	Mainly impact of IFRS 16
Depreciation	5,849	3,483	Mainly impact of IFRS 16
Operational costs	3,023	253	Computer system costs up 191, etc.
Total SGA	25,750	(4,710)	

▶ Other operating income and other operating expenses:

One-time costs associated with changes in HR-related systems and construction work of north wing of Shinsaibashi store

Main components of "other operating income"	3Q 2019 results (¥Million)
Real Estate Business compensation income	666

Main components of "other operating expenses"	3Q 2019 results (¥Million)
Loss on retirement/disposal of fixed assets (north wing of Shinsaibashi store, etc.)	2,241
Expansion of voluntary early retirement program	994
Revision of retirement benefit plan	870
Contribution for Shinsaibashi subway station passage construction	966
Cost of demolition work of part of north wing of Shinsaibashi store	536

Website

<https://www.j-front-retailing.com/english/>

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Forward-looking statements in this document represent our assumptions based on information currently available to us and inherently involve potential risks, uncertainties and other factors. Therefore, actual results may differ materially from the results anticipated herein due to changes in various factors.