

**Consolidated Financial Results for the First Six Months of  
the Fiscal Year Ending February 28, 2022  
(under IFRS)**

Company name: **J. FRONT RETAILING Co., Ltd.**  
 Listing: First Section of the Tokyo Stock Exchange and Nagoya Stock Exchange  
 Securities code: 3086  
 URL: <https://www.j-front-retailing.com/>  
 Representative: Tatsuya Yoshimoto, President  
 Inquiries: Hajime Inagami, Senior General Manager of Investor Relations Promotion Division,  
 Financial Strategy Unit  
 TEL: +81-3-6895-0178 (from overseas)

Scheduled date to file Quarterly Securities Report: October 14, 2021  
 Scheduled date to commence dividend payments: November 11, 2021  
 Preparation of supplementary material on quarterly financial results: Yes

(Millions of yen with fractional amounts discarded, unless otherwise noted)

**1. Consolidated performance for the first six months of the fiscal year ending February 28, 2022 (from March 1, 2021 to August 31, 2021)**

**(1) Consolidated operating results (cumulative)** (Percentages indicate year-on-year changes.)

	Gross sales		Sales revenue		Business profit		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended										
August 31, 2021	402,148	25.4	157,333	6.7	3,654	–	(1,388)	–	(2,871)	–
August 31, 2020	320,635	(41.3)	147,471	(34.7)	250	(98.9)	(20,637)	–	(22,760)	–

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Six months ended						
August 31, 2021	(1,995)	–	(1,912)	–	(7.62)	(7.62)
August 31, 2020	(16,311)	–	(16,856)	–	(62.30)	(62.30)

- \* 1. Of sales revenue, 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 “SC Business” into tenant transaction volume (gross amount basis) to calculate gross sales.  
 2. Business profit is obtained by subtracting cost of sales and selling, general and administrative expense from sales revenue. Operating profit is obtained by adding other operating income to and subtracting other operating expense from business profit.

**(2) Consolidated financial position**

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
August 31, 2021	1,233,119	357,815	345,842	28.0	1,320.67
February 28, 2021	1,263,722	364,343	352,171	27.9	1,344.91

## 2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2021	–	9.00	–	18.00	27.00
Fiscal year ending February 28, 2022	–	14.00			
Fiscal year ending February 28, 2022 (Forecast)			–	15.00	29.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Consolidated earnings forecasts for the fiscal year ending February 28, 2022 (from March 1, 2021 to February 28, 2022)

(Percentages indicate year-on-year changes.)

	Gross sales		Sales revenue		Business profit		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending February 28, 2022	922,000	19.8	357,500	12.0	12,000	407.0	5,500	–	2,000	–

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending February 28, 2022	1,000	–	3.82

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

\* **Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates

- a. Changes in accounting policies required by IFRS: None
- b. Changes in accounting policies due to other reasons: None
- c. Changes in accounting estimates: None

(3) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of August 31, 2021	270,565,764 shares
As of February 28, 2021	270,565,764 shares

b. Number of treasury shares at the end of the period

As of August 31, 2021	8,697,362 shares
As of February 28, 2021	8,709,561 shares

c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the six months ended August 31, 2021	261,862,212 shares
For the six months ended August 31, 2020	261,835,138 shares

**\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.**

**\* Proper use of earnings forecasts, and other special matters**

(Caution regarding forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. These statements do not purport that the Company pledges to realize such statements. Actual business and other results may differ substantially due to various factors. Please refer to "1. Qualitative information regarding results for the first six months (3) Explanation of consolidated earnings forecasts and other forward-looking statements" on page 6 of the material attached to this quarterly financial results report for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

(How to obtain supplementary material on financial results)

Supplementary material on financial results was disclosed on the same day on TDnet.

[Attached Material]

**Index**

1.	Qualitative information regarding results for the first six months.....	2
(1)	Explanation of operating results .....	2
(2)	Explanation of financial position .....	6
(3)	Explanation of consolidated earnings forecasts and other forward-looking statements .....	6
2.	Condensed quarterly consolidated financial statements and significant notes thereto .....	8
(1)	Condensed quarterly consolidated statement of financial position.....	8
(2)	Condensed quarterly consolidated statement of profit or loss .....	10
(3)	Condensed quarterly consolidated statement of comprehensive income.....	11
(4)	Condensed quarterly consolidated statement of changes in equity.....	12
(5)	Condensed quarterly consolidated statement of cash flows.....	14
(6)	Notes to condensed quarterly consolidated financial statements .....	15
	(Notes on premise of going concern).....	15
	(Segment information) .....	15

## 1. Qualitative information regarding results for the first six months

### (1) Explanation of operating results

(Millions of yen, %)	Six months ended August 31, 2021	Year-on-year changes		Against June forecasts
		Change in amount	Change in percentage	Change in amount
Gross sales	402,148	81,513	25.4	(12,852)
Sales revenue	157,333	9,862	6.7	(7,667)
Gross profit	69,693	10,243	17.2	(2,307)
Selling, general and administrative expense	66,038	6,838	11.6	(2,462)
Business profit	3,654	3,404	–	154
Other operating income	1,657	(2,035)	(55.1)	657
Other operating expense	6,701	(17,878)	(72.7)	(299)
Operating profit	(1,388)	19,249	–	1,112
Profit attributable to owners of parent	(1,995)	14,316	–	1,005

\* The change in amount against June forecasts in the table presents the difference between the consolidated earnings forecasts for the six months ended August 31, 2021, which were announced on June 29, 2021, and the outlook for the first half of the year.

In the six months ended August 31, 2021 (from March 1, 2021 to August 31, 2021), consolidated sales revenue was ¥157,333 million, up 6.7% year on year, operating loss was ¥1,388 million (¥20,637 million in the six months ended August 31, 2020), loss before tax was ¥2,871 million (¥22,760 million in the six months ended August 31, 2020) and loss attributable to owners of parent was ¥1,995 million (¥16,311 million in the six months ended August 31, 2020).

In the six months ended August 31, 2021, the Japanese economy was affected by the resurgence of the novel coronavirus disease (COVID-19). Although the real GDP growth rate showed signs of recovery in the first half of the fiscal year, this recovery came to a standstill as a result of intermittent declarations of state of emergency due to the spread of the COVID-19 and the gradual expansion of the areas that fall under the state of emergency. Although personal consumption shifted to a year-on-year increase, economic conditions continued to be up and down due to the impact of restrictions on the flow of people in the situation where the COVID-19 is spreading.

Under these circumstances, the Group promoted three key strategies and management structure reforms in the first year of the FY2021-FY2023 Medium-term Business Plan, while positioning sustainability at the core of management.

In the “real x digital strategy,” we carried out store renovations, such as the enhancement of key categories, in the Department Store Business and the SC Business in order to increase the attractiveness of stores, and advanced the development of OMO (Online Merges with Offline), which will increase the attractiveness attributable to human resources, such as sales staff and creators, with digital capabilities. Furthermore, concerning new businesses, we worked to develop new businesses that will support achieving both social and economic value.

In the “prime life strategy,” we have further strengthened initiatives for consumers who value culture and arts and enjoy fulfilling, sustainable lifestyles. In the Department Store Business, we held events, such as live shopping via the internet and auctions for modern art. Furthermore, to increase the value of store space, we promoted initiatives such as the construction of lounges for our loyal customers.

In the “developer strategy,” we utilized the real estate properties collected in PARCO in addition to developing new properties and carrying out diverse development of properties other than commercial properties. In addition, we are promoting our real estate development plan centered on the key areas of Nagoya and Shinsaibashi.

Regarding “management structure reforms,” we reduced fixed expenses through organizational and personnel structure reforms, and took a serious look at each business from the perspectives of

streamlining business operations by restructuring the Group's business as well as profitability. Amid these circumstances, we transferred all shares of NEUVE · A CO., LTD. in June, and it was excluded from the scope of consolidated subsidiaries.

With regard to “sustainability initiatives,” we set “contribution to a carbon-free society (response to climate change)” as the most important issue in addition to newly adding the two matters of “promotion of the circular economy” and “realization of healthy, secure, and safe lives of customers” to our materiality issues in order to realize coexistence with a sustainable society through our business activities. Furthermore, we issued sustainability bonds in May in order to steadily promote the resolving of these issues.

With regard to the “response to COVID-19,” we believe that the safety and security of customers and employees is the most important, and we thoroughly carried out hygiene management and measures against infection, such as ensuring social distancing, disinfecting hands and checking temperatures, and antivirus measures at employee facilities, at stores and sales floors. Furthermore, we carried out workplace vaccinations for employees, the families they live with, and the employees of some business partners. At the same time, from the perspective of ensuring business continuity and management stability, on the financial front, we will continue measures implemented in the previous fiscal year to brace for a situation where the impact of COVID-19 becomes even more severe than expected, including controlling investments, cutting expenses, accumulating cash on hand and increasing the amount of credit lines for fund raising so as to ensure financial stability and liquidity.

Due to these initiatives and the Company's performance rebounding from the all-store suspension of operations, etc. during the state of emergency in the previous year, sales revenue and business profit both increased year on year. Furthermore, the deficit in operating profit and profit decreased year on year.

In comparison with the figures announced in June, business profit was generally in line with the announced figures (¥3,500 million), and operating loss improved by ¥1,112 million from the announced figures.

Results by segment are as follows.

Reportable segment classifications have been changed effective from the first quarter of the fiscal year ending February 28, 2022 and, in the following yearly comparisons, the figures for the fiscal year ended February 28, 2021 have been restated based on the new segment classifications.

#### <Department Store Business>

(Millions of yen, %)	Six months ended August 31, 2021	Year-on-year changes		Against June forecasts
		Change in amount	Change in percentage	Change in amount
Sales revenue	86,338	12,099	16.3	
Business profit	(1,447)	1,535	–	(347)
Operating profit	(4,757)	15,561	–	243

With regard to the performance of the Department Store Business in the six months ended August 31, 2021, sales revenue was ¥86,338 million, up 16.3% year on year, and operating loss was ¥4,757 million (¥20,318 million in the six months ended August 31, 2020).

Sales revenue increased year on year as a result of the rebound from the impact of the all-store suspension of operations, etc. during the state of emergency in the previous year. Due to the rebound from the recording of impairment loss in the previous year, the size of the deficit decreased year on year.

In comparison with the figures announced in June, operating profit increased by ¥243 million as a result of the recording of employment adjustment subsidies and assistance fund for large-scale facility, etc. associated with cutting and reviewing expenses and the suspension of store operations, despite a slump in

sales in August mainly because of the impact of the areas covered under the state of emergency expanding and the duration of it being extended.

Amid the continuing impact of COVID-19, we are working to create a safe and secure shopping and work environment, such as by implementing limits on the number of people in stores in addition to thorough implementation of our existing preventive measures. Under this environment, we strengthened our product lineup in categories in which department stores have competitive advantage, and strengthened initiatives for online customer service and sales using digital technologies and telephone order sales in order to meet customer needs. Furthermore, we introduced the “payment via app service function” to the Daimaru Matsuzakaya App in order to further increase convenience for customers.

As part of increasing the attractiveness of stores, we promoted store renovations, such as by further enhancing luxury, centered on flagship stores, and constructing lounges for our loyal customers at the Daimaru Kobe and Daimaru Sapporo stores, and carried out the second store renovations of the Daimaru Suma store and the Matsuzakaya Takatsuki store in order to realize “coexistence with local communities.” The Daimaru Suma store has made a fresh start with a new suburban store model, such as by introducing the first public library in a department store. The Matsuzakaya Takatsuki store improved its level of closeness to the lives of people in the community by introducing home electronics retail stores, drug stores, etc.

Furthermore, in order to emphasize the intrinsic value of fashion and sustainable initiatives, we launched the fashion subscription business “AnotherADdress,” which aims to build a socially and environmentally sustainable business model, as a new business.

#### <SC Business>

(Millions of yen, %)	Six months ended August 31, 2021	Year-on-year changes		Against June forecasts
		Change in amount	Change in percentage	Change in amount
Sales revenue	26,764	3,598	15.5	
Business profit	2,721	1,771	186.4	(179)
Operating profit	456	3,527	-	56

With regard to the performance of the SC Business in the six months ended August 31, 2021, sales revenue was ¥26,764 million, up 15.5% year on year, and operating profit was ¥456 million (operating loss of ¥3,071 million in the six months ended August 31, 2020).

Sales revenue increased year on year as a result of the rebound from the all-store suspension of operations, etc. during the state of emergency in the previous year. Operating profit increased year on year due to cutting and reviewing expenses during the period despite recording loss on sales of shares of subsidiaries, including relevant expenses, due to transferring all shares of NEUVE・A CO., LTD. on June 30, 2021.

In comparison with the figures announced in June, operating profit increased by ¥56 million despite the impact of the resurgence of COVID-19, which affected the Department Store Business as well.

We enhanced app payment functions to expand the PARCO brand’s customer base, developed a foundation to increase the synergistic effect of “real x online” and promoted store renovations centered on flagship stores.

In addition, as a new business in the area of wellness, we participated in the development and operation of medical malls, announced the opening of the 1st base of the medical wellness mall “Welpa,” with the new concept that seamlessly provides a range of services, including medical treatment and the sale of goods and services, in Shinsaibashi PARCO in November and advanced preparations for opening.

### <Developer Business>

(Millions of yen, %)	Six months ended August 31, 2021	Year-on-year changes		Against June forecasts
		Change in amount	Change in percentage	Change in amount
Sales revenue	25,737	(7,153)	(21.7)	
Business profit	1,726	(5)	(0.3)	326
Operating profit	1,807	109	6.5	(293)

With regard to the performance of the Developer Business in the six months ended August 31, 2021, sales revenue was ¥25,737 million, down 21.7% year on year, and operating profit was ¥1,807 million, up 6.5% year on year.

Although sales revenue decreased year on year, operating profit increased due to factors such as the utilization of transferred properties collected in PARCO.

In comparison with the figures announced in June, business profit increased by ¥326 million and operating profit decreased by ¥293 million.

In addition to utilizing transferred properties, such as opening a commercial facility on the former site of a Matsuzakaya distribution center, we decided to open stores in a new building (formerly Kumamoto PARCO) in central Kumamoto and promoted new real estate development plans centered on the Nagoya and Shinsaibashi areas, which are the key areas for the Company.

### <Payment and Finance Business>

(Millions of yen, %)	Six months ended August 31, 2021	Year-on-year changes		Against June forecasts
		Change in amount	Change in percentage	Change in amount
Sales revenue	4,953	360	7.8	
Business profit	476	30	6.8	276
Operating profit	506	53	11.7	306

With regard to the performance of the Payment and Finance Business in the six months ended August 31, 2021, sales revenue was ¥4,953 million, up 7.8% year on year, and operating profit was ¥506 million, up 11.7% year on year.

Sales revenue increased year on year as a result of factors such as an increase in revenues from affiliated store fees associated with increased card transaction volume at department stores due to the impact of states of emergency decreasing from the previous year, and an increase in revenues from annual membership fees as a result of reviewing annual membership fees. On the other hand, although advertising expenses and expenses associated with the start of Affiliated Store Business increased, operating profit increased year on year due to the review of expenses during the period.

In comparison with the figures announced in June, business profit and operating profit increased by ¥276 million and ¥306 million, respectively.

With regard to sustainability initiatives of this business, we have begun to provide a new family trust service as a solution for asset succession, which is a social issue caused by the advent of a super-aged society. Furthermore, through collaboration with other companies, we started the Affiliated Store Business with the aims of developing a cashless environment, mutually exchanging customers between affiliated stores and increasing the number of visitors to the area through the expansion of the network of card affiliated stores in the area surrounding the Group's commercial facilities.



**(2) Explanation of financial position  
(Assets, liabilities, and equity as of August 31, 2021)**

(Millions of yen, %)	As of February 28, 2021	As of August 31, 2021	Change in amount
Current assets	273,605	261,906	(11,699)
Non-current assets	990,116	971,212	(18,904)
Current liabilities	389,926	372,731	(17,195)
Non-current liabilities	509,451	502,571	(6,880)
Equity attributable to owners of parent	352,171	345,842	(6,329)
Ratio of equity attributable to owners of parent to total assets	27.9	28.0	0.1
Total assets	1,263,722	1,233,119	(30,603)

Total assets as of August 31, 2021 was ¥1,233,119 million, a decrease of ¥30,603 million compared with February 28, 2021. Total liabilities was ¥875,303 million, a decrease of ¥24,075 million compared with February 28, 2021. Total equity was ¥357,815 million, a decrease of ¥6,528 million compared with February 28, 2021.

**(Cash flow position)**

(Millions of yen)	Six months ended August 31, 2020	Six months ended August 31, 2021	Change in amount
Net cash flows from (used in) operating activities	19,758	17,261	(2,497)
Net cash flows from (used in) financing activities	(11,358)	(4,867)	6,491
Free cash flows	8,400	12,393	3,993
Net cash flows from (used in) financing activities	81,355	(17,962)	(99,317)
Net increase (decrease) in cash and cash equivalents	89,755	(5,568)	–
Cash and cash equivalents at end of period	124,377	123,450	–

The balance of cash and cash equivalents (hereinafter “cash”) as of August 31, 2021 amounted to ¥123,450 million, down ¥5,475 million compared with February 28, 2021.

Cash flow positions in the six months ended August 31, 2021 and the factors for these were as follows.

**a. Net cash flows from (used in) operating activities**

Net cash provided by operating activities was ¥17,261 million. In comparison with the six months ended August 31, 2020, although loss before tax improved, cash provided decreased by ¥2,497 million, largely due to a decrease in trade receivables (decrease of cash provided) as a result of the rebound because of factors such as the impact of the suspension of operations of department stores, etc. in the previous year.

**b. Net cash flows from (used in) investing activities**

Net cash used in investing activities was ¥4,867 million. In comparison with the six months ended August 31, 2020, cash used decreased by ¥6,491 million, largely reflecting a decrease in purchase of property, plant and equipment, including the renovation of existing stores.

**c. Net cash flows from (used in) financing activities**

Net cash used in financing activities was ¥17,962 million. In comparison with the six months ended August 31, 2020, although there were proceeds from issuance of bonds, cash provided decreased by ¥99,317 million, largely due to the rebound after fund raising for COVID-19 measures carried out in the previous year.

**(3) Explanation of consolidated earnings forecasts and other forward-looking statements**

In light of earnings in the six months ended August 31, 2021, the consolidated earnings forecasts have been changed from the forecasts for the fiscal year ending February 28, 2022, which were announced in the Consolidated Financial Results for the First Three Months of the Fiscal Year Ending February 28, 2022 released on June 29, 2021.

Gross sales and revenue have been revised to ¥922,000 million and ¥357,500 million, respectively. No revisions have been made to business profit, operating profit, profit before tax, profit attributable to owners of parent or basic earnings per share.

## 2. Condensed quarterly consolidated financial statements and significant notes thereto

### (1) Condensed quarterly consolidated statement of financial position

	As of February 28, 2021	As of August 31, 2021
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	128,925	123,450
Trade and other receivables	113,414	111,067
Other financial assets	5,841	8,970
Inventories	20,684	13,785
Other current assets	4,739	4,633
Total current assets	273,605	261,906
Non-current assets		
Property, plant and equipment	493,644	486,534
Right-of-use assets	157,819	147,011
Goodwill	523	523
Investment property	188,879	191,768
Intangible assets	5,752	6,177
Investments accounted for using equity method	37,815	37,988
Other financial assets	86,870	81,837
Deferred tax assets	6,751	7,140
Other non-current assets	12,061	12,231
Total non-current assets	990,116	971,212
Total assets	1,263,722	1,233,119

	As of February 28, 2021	As of August 31, 2021
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	145,151	140,840
Trade and other payables	121,937	111,725
Lease liabilities	29,799	29,282
Other financial liabilities	30,211	30,461
Income tax payables	1,957	1,481
Provisions	914	1,393
Other current liabilities	59,953	57,546
Total current liabilities	<u>389,926</u>	<u>372,731</u>
Non-current liabilities		
Bonds and borrowings	214,779	220,816
Lease liabilities	173,085	163,249
Other financial liabilities	39,237	37,976
Retirement benefit liabilities	19,781	19,995
Provisions	10,534	9,730
Deferred tax liabilities	51,301	50,180
Other non-current liabilities	731	622
Total non-current liabilities	<u>509,451</u>	<u>502,571</u>
Total liabilities	<u>899,378</u>	<u>875,303</u>
Equity		
Capital	31,974	31,974
Share premium	188,542	188,624
Treasury shares	(14,830)	(14,751)
Other components of equity	9,578	9,638
Retained earnings	136,906	130,356
Total equity attributable to owners of parent	<u>352,171</u>	<u>345,842</u>
Non-controlling interests	12,171	11,973
Total equity	<u>364,343</u>	<u>357,815</u>
Total liabilities and equity	<u><u>1,263,722</u></u>	<u><u>1,233,119</u></u>

**(2) Condensed quarterly consolidated statement of profit or loss**

	Six months ended August 31, 2020	Six months ended August 31, 2021
	Millions of yen	Millions of yen
Sales revenue	147,471	157,333
Cost of sales	(88,020)	(87,639)
Gross profit	59,450	69,693
Selling, general and administrative expense	(59,200)	(66,038)
Other operating income	3,692	1,657
Other operating expense	(24,579)	(6,701)
Operating loss	(20,637)	(1,388)
Finance income	570	932
Finance costs	(3,047)	(3,006)
Share of profit (loss) of investments accounted for using equity method	353	591
Loss before tax	(22,760)	(2,871)
Income tax expense	6,189	742
Loss	(16,570)	(2,129)
Loss attributable to:		
Owners of parent	(16,311)	(1,995)
Non-controlling interests	(258)	(134)
Loss	(16,570)	(2,129)
Earnings per share		
Basic loss per share (Yen)	(62.30)	(7.62)
Diluted loss per share (Yen)	(62.30)	(7.62)

**(3) Condensed quarterly consolidated statement of comprehensive income**

	Six months ended August 31, 2020	Six months ended August 31, 2021
	Millions of yen	Millions of yen
Loss	(16,570)	(2,129)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(132)	15
Share of other comprehensive income of entities accounted for using equity method	(94)	136
Total items that will not be reclassified to profit or loss	(226)	151
Items that may be reclassified to profit or loss		
Cash flow hedges	(7)	(19)
Exchange differences on translation of foreign operations	(52)	85
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total items that may be reclassified to profit or loss	(59)	65
Other comprehensive income, net of tax	(286)	217
Comprehensive income	(16,856)	(1,912)
Comprehensive income attributable to:		
Owners of parent	(16,598)	(1,777)
Non-controlling interests	(258)	(134)
Comprehensive income	(16,856)	(1,912)

#### (4) Condensed quarterly consolidated statement of changes in equity

Six months ended August 31, 2020

	Equity attributable to owners of parent					
	Capital	Share premium	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance at March 1, 2020	31,974	189,340	(14,974)	(65)	(3)	11,710
Loss	-	-	-	-	-	-
Other comprehensive income	-	-	-	(52)	(6)	(132)
Total comprehensive income	-	-	-	(52)	(6)	(132)
Purchase of treasury shares	-	-	(1)	-	-	-
Disposal of treasury shares	-	(0)	0	-	-	-
Dividends	-	-	-	-	-	-
Share-based payment transactions	-	(166)	148	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	49
Total transactions with owners	-	(166)	147	-	-	49
Balance at August 31, 2020	31,974	189,173	(14,827)	(117)	(10)	11,626

  

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total	Retained earnings			
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance at March 1, 2020	-	11,641	169,206	387,188	12,493	399,681
Loss	-	-	(16,311)	(16,311)	(258)	(16,570)
Other comprehensive income	(93)	(286)	-	(286)	0	(286)
Total comprehensive income	(93)	(286)	(16,311)	(16,598)	(258)	(16,856)
Purchase of treasury shares	-	-	-	(1)	-	(1)
Disposal of treasury shares	-	-	-	0	-	0
Dividends	-	-	(4,710)	(4,710)	(94)	(4,805)
Share-based payment transactions	-	-	-	(18)	-	(18)
Transfer from other components of equity to retained earnings	93	143	(143)	-	-	-
Total transactions with owners	93	143	(4,853)	(4,730)	(94)	(4,824)
Balance at August 31, 2020	-	11,498	148,041	365,859	12,140	378,000

Six months ended August 31, 2021

	Equity attributable to owners of parent					
	Capital	Share premium	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance at March 1, 2021	31,974	188,542	(14,830)	(89)	11	9,656
Loss	-	-	-	-	-	-
Other comprehensive income	-	-	-	84	(19)	15
Total comprehensive income	-	-	-	84	(19)	15
Purchase of treasury shares	-	-	(3)	-	-	-
Dividends	-	-	-	-	-	-
Share-based payment transactions	-	81	81	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	(21)
Total transactions with owners	-	81	78	-	-	(21)
Balance at August 31, 2021	31,974	188,624	(14,751)	(5)	(7)	9,651

	Equity attributable to owners of parent					
	Other components of equity		Retained earnings	Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total				
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance at March 1, 2021	-	9,578	136,906	352,171	12,171	364,343
Loss	-	-	(1,995)	(1,995)	(134)	(2,129)
Other comprehensive income	136	217	-	217	(0)	217
Total comprehensive income	136	217	(1,995)	(1,777)	(134)	(1,912)
Purchase of treasury shares	-	-	-	(3)	-	(3)
Dividends	-	-	(4,712)	(4,712)	(64)	(4,776)
Share-based payment transactions	-	-	-	163	-	163
Transfer from other components of equity to retained earnings	(136)	(157)	157	-	-	-
Total transactions with owners	(136)	(157)	(4,554)	(4,551)	(64)	(4,616)
Balance at August 31, 2021	-	9,638	130,356	345,842	11,973	357,815



**(5) Condensed quarterly consolidated statement of cash flows**

	Six months ended August 31, 2020	Six months ended August 31, 2021
	Millions of yen	Millions of yen
Cash flows from (used in) operating activities		
Loss before tax	(22,760)	(2,871)
Depreciation and amortization expense	25,874	24,992
Impairment loss	11,589	20
Finance income	(570)	(932)
Finance costs	3,047	3,006
Share of loss (profit) of investments accounted for using equity method	(353)	(591)
Loss on disposals of non-current assets	720	651
Loss on sales of shares of subsidiaries	–	1,818
Decrease (increase) in inventories	590	4,579
Decrease (increase) in trade and other receivables	21,632	614
Increase (decrease) in trade and other payables	(17,881)	(8,848)
Increase (decrease) in retirement benefit liabilities	89	213
Decrease (increase) in retirement benefit assets	21	(2)
Other, net	(639)	(2,115)
Subtotal	21,360	20,535
Interest received	60	63
Dividends received	170	176
Interest paid	(2,984)	(2,929)
Income taxes paid	(4,976)	(2,683)
Income taxes refund	6,127	2,098
Net cash flows from (used in) operating activities	19,758	17,261
Cash flows from (used in) investing activities		
Purchase of property, plant and equipment	(7,280)	(3,451)
Proceeds from sales of property, plant and equipment	3	10
Purchase of investment property	(3,573)	(1,740)
Purchase of investment securities	(1,002)	(1,158)
Proceeds from sales of investment securities	901	1,579
Other, net	(406)	(106)
Net cash flows from (used in) investing activities	(11,358)	(4,867)
Cash flows from (used in) financing activities		
Net increase (decrease) in current borrowings	14,000	–
Net increase (decrease) in commercial papers	45,998	(19,995)
Proceeds from non-current borrowings	72,000	–
Repayments of non-current borrowings	(14,750)	(8,175)
Proceeds from issuance of bonds	–	29,867
Redemption of bonds	(10,000)	–
Repayments of lease liabilities	(14,692)	(14,901)
Purchase of treasury shares	(1)	(3)
Dividends paid	(4,699)	(4,691)
Dividends paid to non-controlling interests	(94)	(64)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(6,409)	–
Other, net	3	–
Net cash flows from (used in) financing activities	81,355	(17,962)
Net increase (decrease) in cash and cash equivalents	89,755	(5,568)
Cash and cash equivalents at beginning of period	34,633	128,925
Effect of exchange rate changes on cash and cash equivalents	(11)	93
Cash and cash equivalents at end of period	124,377	123,450

**(6) Notes to condensed quarterly consolidated financial statements**

(Notes on premise of going concern)

No items to report.

(Segment information)

(1) Overview of reportable segments

The reportable segments of the Group are constituent units of the Group for which separate financial information is obtainable. These segments are periodically examined by the Board of Directors for the purpose of deciding the allocation of management resources and evaluating business results.

The Group is comprised, under a holding company structure, of the reportable segments “Department Store Business,” “SC Business,” “Developer Business” and “Payment and Finance Business,” with the Department Store Business at its core.

The Department Store Business carries out the sale of clothing, general goods, household goods, food products and others. The SC Business undertakes development, management, supervision and operation, etc. of shopping centers. The Developer Business carries out development, supervision, operation, interior decorating work, etc. of real estate. The Payment and Finance Business undertakes issuance and administration, etc. of credit cards.

Towards our business growth based on the conversion of PARCO CO., LTD. into a wholly-owned subsidiary and consolidation of the Real Estate Business, reportable segment classifications have been changed to the above classifications effective from the first quarter of the fiscal year ending February 28, 2022.

Furthermore, segment information for the six months ended August 31, 2020 has been prepared and disclosed based on the reportable segment classifications after the change.

## (2) Segment revenue and business results

Revenue and business results by reportable segments of the Group are as follows. Inter-segment transactions are generally based on prevailing market prices.

Six months ended August 31, 2020

	Reportable segments				Total	Other	Total	Adjustments	Consolidated
	Department Store Business	SC Business	Developer Business	Payment and Finance Business					
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
External revenue	73,915	22,930	26,941	3,352	127,140	20,330	147,471	–	147,471
Inter-segment revenue	323	235	5,949	1,240	7,749	11,240	18,990	(18,990)	–
Total	74,239	23,166	32,890	4,593	134,890	31,571	166,462	(18,990)	147,471
Segment profit (loss)	(20,318)	(3,071)	1,698	453	(21,238)	412	(20,825)	188	(20,637)
Finance income									570
Finance costs									(3,047)
Share of profit (loss) of investments accounted for using equity method									353
Loss before tax									(22,760)

Notes: 1. The “Other” category is a business segment not included in reportable segments. It includes wholesaling, parking, leasing, etc.

2. The adjustments for segment profit (loss) include inter-segment eliminations and corporate income and expenses not attributable to any business segment. Corporate income and expenses are mainly income and expenses of the company submitting condensed quarterly consolidated financial statements that are not attributable to any business segment.

3. Segment profit (loss) is adjusted to operating loss in the condensed quarterly consolidated financial statements.

Six months ended August 31, 2021

	Reportable segments				Total	Other	Total	Adjustments	Consolidated
	Department Store Business	SC Business	Developer Business	Payment and Finance Business					
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
External revenue	86,079	26,303	20,681	3,264	136,328	21,004	157,333	–	157,333
Inter-segment revenue	258	461	5,056	1,689	7,464	13,668	21,133	(21,133)	–
Total	86,338	26,764	25,737	4,953	143,793	34,673	178,466	(21,133)	157,333
Segment profit (loss)	(4,757)	456	1,807	506	(1,987)	631	(1,355)	(33)	(1,388)
Finance income									932
Finance costs									(3,006)
Share of profit (loss) of investments accounted for using equity method									591
Loss before tax									(2,871)

Notes: 1. The “Other” category is a business segment not included in reportable segments. It includes wholesaling, parking, leasing, etc.

2. The adjustments for segment profit (loss) include inter-segment eliminations and corporate income and expenses not attributable to any business segment. Corporate income and expenses are mainly income and expenses of the company submitting condensed quarterly consolidated financial statements that are not attributable to any business segment.

3. Segment profit (loss) is adjusted to operating loss in the condensed quarterly consolidated financial statements.