

Consolidated Financial Results for the First Nine 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)

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 Scheduled date to commence dividend payments: –
 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 nine months of the fiscal year ending February 28, 2022 (from March 1, 2021 to November 30, 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	%
Nine months ended										
November 30, 2021	623,348	16.6	237,479	2.9	8,883	369.9	4,407	–	2,079	–
November 30, 2020	534,608	(36.4)	230,699	(36.2)	1,890	(95.0)	(18,483)	–	(21,593)	–

	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
Nine months ended						
November 30, 2021	3,669	–	3,200	–	14.01	14.01
November 30, 2020	(15,632)	–	(15,841)	–	(59.70)	(59.70)

- * 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
November 30, 2021	1,264,536	359,357	347,391	27.5	1,326.60
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: None

* **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 November 30, 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 November 30, 2021	8,699,953 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 nine months ended November 30, 2021	261,864,733 shares
For the nine months ended November 30, 2020	261,838,868 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 nine months (3) Explanation of consolidated earnings forecasts and other forward-looking statements” on page 8 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]

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1. Qualitative information regarding results for the first nine months

(1) Explanation of operating results

(Millions of yen, %)	Nine months ended November 30, 2021 (from March to November)			(Reference) Third quarter of the fiscal year ending February 28, 2022 (from September to November)		
	Results	Year-on-year changes		Results	Year-on-year changes	
		Change in amount	Change in percentage		Change in amount	Change in percentage
Gross sales	623,348	88,740	16.6	221,199	7,227	3.4
Sales revenue	237,479	6,780	2.9	80,146	(3,082)	(3.7)
Gross profit	107,918	11,069	11.4	38,224	826	2.2
Selling, general and administrative expense	99,034	4,075	4.3	32,995	(2,763)	(7.7)
Business profit	8,883	6,993	369.9	5,228	3,588	218.8
Other operating income	2,987	(1,884)	(38.7)	1,330	151	12.7
Other operating expense	7,463	(17,783)	(70.4)	762	96	14.4
Operating profit	4,407	22,890	–	5,796	3,643	169.1
Profit attributable to owners of parent	3,669	19,301	–	5,665	4,986	733.8

In the nine months ended November 30, 2021 (from March 1, 2021 to November 30, 2021), consolidated sales revenue was ¥237,479 million, up 2.9% year on year, operating profit was ¥4,407 million (operating loss of ¥18,483 million in the nine months ended November 30, 2020), profit before tax was ¥2,079 million (loss before tax of ¥21,593 million in the nine months ended November 30, 2020) and profit attributable to owners of parent was ¥3,669 million (loss attributable to owners of parent of ¥15,632 million in the nine months ended November 30, 2020).

In the third quarter of the fiscal year ending February 28, 2022 (from September 1, 2021 to November 30, 2021), consolidated sales revenue was ¥80,146 million, down 3.7% year on year, operating profit was ¥5,796 million, up 169.1% year on year, profit before tax was ¥4,950 million, up 324.1% year on year, and profit attributable to owners of parent was ¥5,665 million, up 733.8% year on year.

In the nine months ended November 30, 2021, the Japanese economy was affected by the resurgence of the novel coronavirus disease (COVID-19). Although signs of recovery were seen in the beginning of the fiscal year, this recovery came to a standstill as a result of intermittent declarations of state of emergency due to a resurgence of the COVID-19. From September onward, factors such as a decrease in infections and the lifting of the state of emergency led to a resumption of economic activity, including two consecutive months of increases in consumer confidence indexes, and a recovery in consumption. However, fear of a resurgence in infections has kept this recovery gradual and it is also expected that it will take time before restrictions on traveling between countries are lifted, meaning the outlook continues to be uncertain.

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 enhanced key categories, such as luxury brands, in the Department Store Business and the SC Business in order to increase the attractiveness of brick-and-mortar stores, alongside other initiatives such as opening our first showroaming space “asumise” in the Daimaru Tokyo store in October, launching the medical wellness mall “Welpa” as a new business in Shinsaibashi PARCO in November, and renovating Urawa PARCO. Also, as initiatives toward realizing a shift to digital, we are acquiring members and enhancing the functions of apps that serve as a touchpoint with customers, and advancing 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.

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, in addition to holding events such as live shopping via the internet and auctions for modern art, we launched online customer service for certain selected boutiques at all stores. Furthermore, to increase the value of store space, we promoted initiatives that expand the scope of the quality products and services we provide, such as the construction of lounges for our loyal customers and the renewal of our website as a new form of proposal-based media targeting wealthy classes.

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 improving business operations and profitability by restructuring the Group’s business. 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 newly added 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. In October, we steadily advanced initiatives such as an assessment for promoting understanding of the “JFR Principles of Action for Suppliers” in order to strengthen initiatives to reduce greenhouse gas emissions and to protect human rights and health within our supply chain through cooperation with suppliers.

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, 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, business profit, operating profit, and profit increased year on year.

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, %)	Nine months ended November 30, 2021 (from March to November)			(Reference) Third quarter of the fiscal year ending February 28, 2022 (from September to November)		
	Results	Year-on-year changes		Results	Year-on-year changes	
		Change in amount	Change in percentage		Change in amount	Change in percentage
Sales revenue	132,662	13,409	11.2	46,178	1,322	2.9
Business profit	58	3,120	–	1,566	1,703	–
Operating profit	(2,809)	17,390	–	1,757	1,565	813.1

With regard to the performance of the Department Store Business in the nine months ended November 30, 2021, sales revenue was ¥132,662 million, up 11.2% year on year, and operating loss was ¥2,809 million (¥20,199 million in the nine months ended November 30, 2020).

In addition, with regard to the performance of the Department Store Business in the third quarter of the fiscal year ending February 28, 2022 (from September to November), sales revenue was ¥46,178 million, up 2.9% year on year, and operating profit was ¥1,757 million, up 813.1% year on year.

Sales revenue for the third quarter rose year on year mainly due to an increase in the number of customers visiting stores from October onward following the lifting of the state of emergency at the end of September. Operating profit also increased significantly.

With regard to measures against COVID-19, we are continuously working to create a safe and secure shopping and work environment.

Under this environment, we worked to further increase convenience for customers by introducing the “payment via app service function” to the Daimaru Matsuzakaya App and enabling the use of Japanese cashless payment apps. We also started providing online customer service regarding luxury brands through “connaissigne,” a premium website for customers who have a gold reward card.

As part of increasing the attractiveness of stores, we further enhanced luxury brands, centered on flagship stores, and carried out renovations of lounges for our loyal customers. In addition to this, we were able to realize a new suburban store model by introducing the first public library in a department store at the Daimaru Suma store.

Also, as a new initiative, we leveraged the strengths of our brick-and-mortar stores and abundant human resources to open “asumise,” a showroaming space for direct-to-consumer brands, on the fourth floor of the Daimaru Tokyo store. “Asumise” does not merely provide a space for products. It employs staff (“ambassadors”) who have an in-depth knowledge of the products and can communicate the ideas of the products’ creators and also creates a link between the customers’ opinions obtained by stores and the available brands to realize an “encounter loop” for both the customers and the available brands.

<SC Business>

(Millions of yen, %)	Nine months ended November 30, 2021 (from March to November)			(Reference) Third quarter of the fiscal year ending February 28, 2022 (from September to November)		
	Results	Year-on-year changes		Results	Year-on-year changes	
		Change in amount	Change in percentage		Change in amount	Change in percentage
Sales revenue	39,345	625	1.6	12,580	(2,973)	(19.1)
Business profit	4,277	2,754	180.7	1,555	982	171.2
Operating profit	2,104	4,158	–	1,647	631	62.1

With regard to the performance of the SC Business in the nine months ended November 30, 2021, sales revenue was ¥39,345 million, up 1.6% year on year, and operating profit was ¥2,104 million (operating loss of ¥2,054 million in the nine months ended November 30, 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 and recording impairment loss in the previous year, 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 addition, with regard to the performance of the SC Business in the third quarter of the fiscal year ending February 28, 2022 (from September to November), sales revenue was ¥12,580 million, down 19.1% year on year, and operating profit was ¥1,647 million, up 62.1 % year on year. Sales revenue for the third quarter decreased year on year due to transferring all shares of NEUVE・A CO., LTD. in June. However, operating profit increased significantly as the number of customers visiting stores increased following the lifting of the state of emergency at the end of September, the same as in the Department Store Business.

Based on the key strategies, we enhanced app payment functions to expand the customer base and developed a foundation to increase the synergistic effect of “real x online.” We also worked to increase the attractiveness of brick-and-mortar stores by promoting store renovations centered on flagship stores, including a large-scale renovation of Urawa PARCO, the store’s biggest renovation since it opened.

As a new business in the area of wellness, we participated in the development and operation of medical malls and opened 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 19.

We commemorated the second anniversary of Shibuya PARCO and the first anniversary of Shinsaibashi PARCO together with tenants by holding various events and sales campaigns for limited items.

<Developer Business>

(Millions of yen, %)	Nine months ended November 30, 2021 (from March to November)			(Reference) Third quarter of the fiscal year ending February 28, 2022 (from September to November)		
	Results	Year-on-year changes		Results	Year-on-year changes	
		Change in amount	Change in percentage		Change in amount	Change in percentage
Sales revenue	38,445	(7,930)	(17.1)	12,707	(777)	(5.8)
Business profit	2,797	145	5.5	1,070	149	16.3
Operating profit	3,106	696	28.9	1,298	586	82.2

With regard to the performance of the Developer Business in the nine months ended November 30, 2021, sales revenue was ¥38,445 million, down 17.1% year on year, and operating profit was ¥3,106 million, up 28.9 % year on year. In addition to utilizing real estate transferred from department stores, we also reviewed the timing of expenses and investments and sold some assets. As a result, operating profit increased.

In addition to 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. In addition to the above, we are promoting new real estate development plan centered on Nagoya and Shinsaibashi areas, which are the Company’s key areas.

<Payment and Finance Business>

(Millions of yen, %)	Nine months ended November 30, 2021 (from March to November)			(Reference) Third quarter of the fiscal year ending February 28, 2022 (from September to November)		
	Results	Year-on-year changes		Results	Year-on-year changes	
		Change in amount	Change in percentage		Change in amount	Change in percentage
Sales revenue	7,931	1,000	14.4	2,978	641	27.4
Business profit	1,125	697	162.7	649	666	–
Operating profit	1,171	718	158.2	664	664	–

With regard to the performance of the Payment and Finance Business in the nine months ended November 30, 2021, sales revenue was ¥7,931 million, up 14.4% year on year, and operating profit was ¥1,171 million, up 158.2% 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 lifting of the state of emergency at the end of September, and an increase in revenues from annual membership fees as a result of reviewing annual membership fees. Operating profit increased year on year due to cutting and reviewing expenses during the period.

As an initiative to raise the value of the Daimaru Matsuzakaya Card, which was updated in the previous fiscal year, we added the Daimaru Matsuzakaya Card to the payment function of PARCO's POCKET PARCO app in order to increase convenience for cardholders and build a foundation for mutually exchanging customers within the Group. Also, as part of our initiatives for realizing coexistence with local communities, we promoted the Affiliated Store Business through collaboration with other companies primarily in the area surrounding the Group's commercial facilities, and also added the Emergency Relief Fund for the August 2021 Heavy Rain and Floods to the point exchange menu to introduce a scheme that enables cardholders to use their saved points to contribute to society.

**(2) Explanation of financial position
(Assets, liabilities, and equity as of November 30, 2021)**

(Millions of yen, %)	As of February 28, 2021	As of November 30, 2021	Change in amount
Current assets	273,605	299,106	25,501
Non-current assets	990,116	965,429	(24,687)
Total assets	1,263,722	1,264,536	814
Current liabilities	389,926	408,675	18,749
Non-current liabilities	509,451	496,504	(12,947)
Total liabilities	899,378	905,179	5,801
Equity attributable to owners of parent	352,171	347,391	(4,780)
Ratio of equity attributable to owners of parent to total assets	27.9	27.5	(0.4)
Total equity	364,343	359,357	(4,986)

Total assets as of November 30, 2021 was ¥1,264,536 million, an increase of ¥814 million compared with February 28, 2021. Total liabilities was ¥905,179 million, an increase of ¥5,801 million compared with February 28, 2021. Total equity was ¥359,357 million, a decrease of ¥4,986 million compared with February 28, 2021.

(Cash flow position)

(Millions of yen)	Nine months ended November 30, 2020	Nine months ended November 30, 2021	Change in amount
Net cash flows from (used in) operating activities	34,329	37,143	2,814
Net cash flows from (used in) financing activities	(17,522)	(8,146)	9,376
Free cash flows	16,807	28,996	12,189
Net cash flows from (used in) investing activities	69,586	(32,682)	(102,268)
Net increase (decrease) in cash and cash equivalents	86,394	(3,685)	(90,079)
Cash and cash equivalents at end of period	121,012	125,348	4,336

The balance of cash and cash equivalents (hereinafter “cash”) as of November 30, 2021 amounted to ¥125,348 million, down ¥3,577 million compared with February 28, 2021.

Cash flow positions in the nine months ended November 30, 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 ¥37,143 million. In comparison with the nine months ended November 30, 2020, cash provided increased by ¥2,814 million, largely due to profit before tax returning to profitability.

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

Net cash used in investing activities was ¥8,146 million. In comparison with the nine months ended November 30, 2020, cash used decreased by ¥9,376 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 ¥32,682 million. In comparison with the nine months ended November 30, 2020, although there were proceeds from issuance of bonds, cash provided decreased by ¥102,268 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

The consolidated earnings forecasts are unchanged from the forecasts for the fiscal year ending February 28, 2022 announced on October 12, 2021.

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 November 30, 2021
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	128,925	125,348
Trade and other receivables	113,414	142,535
Other financial assets	5,841	10,781
Inventories	20,684	15,084
Other current assets	4,739	5,357
Total current assets	273,605	299,106
Non-current assets		
Property, plant and equipment	493,644	483,698
Right-of-use assets	157,819	144,326
Goodwill	523	523
Investment property	188,879	191,852
Intangible assets	5,752	6,579
Investments accounted for using equity method	37,815	38,410
Other financial assets	86,870	78,918
Deferred tax assets	6,751	8,785
Other non-current assets	12,061	12,334
Total non-current assets	990,116	965,429
Total assets	1,263,722	1,264,536

	As of February 28, 2021	As of November 30, 2021
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	145,151	139,763
Trade and other payables	121,937	142,519
Lease liabilities	29,799	29,195
Other financial liabilities	30,211	30,006
Income tax payables	1,957	1,656
Provisions	914	958
Other current liabilities	59,953	64,573
Total current liabilities	<u>389,926</u>	<u>408,675</u>
Non-current liabilities		
Bonds and borrowings	214,779	218,334
Lease liabilities	173,085	159,993
Other financial liabilities	39,237	38,048
Retirement benefit liabilities	19,781	20,029
Provisions	10,534	9,633
Deferred tax liabilities	51,301	49,873
Other non-current liabilities	731	591
Total non-current liabilities	<u>509,451</u>	<u>496,504</u>
Total liabilities	<u>899,378</u>	<u>905,179</u>
Equity		
Capital	31,974	31,974
Share premium	188,542	188,732
Treasury shares	(14,830)	(14,764)
Other components of equity	9,578	9,063
Retained earnings	136,906	132,385
Total equity attributable to owners of parent	<u>352,171</u>	<u>347,391</u>
Non-controlling interests	12,171	11,965
Total equity	<u>364,343</u>	<u>359,357</u>
Total liabilities and equity	<u><u>1,263,722</u></u>	<u><u>1,264,536</u></u>

(2) Condensed quarterly consolidated statement of profit or loss

	Nine months ended November 30, 2020	Nine months ended November 30, 2021
	Millions of yen	Millions of yen
Sales revenue	230,699	237,479
Cost of sales	(133,849)	(129,561)
Gross profit	96,849	107,918
Selling, general and administrative expense	(94,959)	(99,034)
Other operating income	4,871	2,987
Other operating expense	(25,246)	(7,463)
Operating profit (loss)	(18,483)	4,407
Finance income	773	1,133
Finance costs	(4,601)	(4,475)
Share of profit (loss) of investments accounted for using equity method	717	1,013
Profit (loss) before tax	(21,593)	2,079
Income tax expense	5,713	1,450
Profit (loss)	(15,879)	3,529
Profit (loss) attributable to:		
Owners of parent	(15,632)	3,669
Non-controlling interests	(247)	(140)
Profit (loss)	(15,879)	3,529
Earnings per share		
Basic earnings (loss) per share (Yen)	(59.70)	14.01
Diluted earnings (loss) per share (Yen)	(59.70)	14.01

(3) Condensed quarterly consolidated statement of comprehensive income

	Nine months ended November 30, 2020	Nine months ended November 30, 2021
	Millions of yen	Millions of yen
Profit (loss)	(15,879)	3,529
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	196	(518)
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	102	(382)
Items that may be reclassified to profit or loss		
Cash flow hedges	2	(17)
Exchange differences on translation of foreign operations	(67)	71
Share of other comprehensive income of entities accounted for using equity method	1	(0)
Total items that may be reclassified to profit or loss	(63)	53
Other comprehensive income, net of tax	38	(329)
Comprehensive income	<u>(15,841)</u>	<u>3,200</u>
Comprehensive income attributable to:		
Owners of parent	(15,598)	3,342
Non-controlling interests	(243)	(142)
Comprehensive income	<u>(15,841)</u>	<u>3,200</u>

(4) Condensed quarterly consolidated statement of changes in equity

Nine months ended November 30, 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	-	-	-	(67)	3	191
Total comprehensive income	-	-	-	(67)	3	191
Purchase of treasury shares	-	-	(2)	-	-	-
Disposal of treasury shares	-	(0)	0	-	-	-
Dividends	-	-	-	-	-	-
Share-based payment transactions	-	(108)	148	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	48
Total transactions with owners	-	(108)	145	-	-	48
Balance at November 30, 2020	31,974	189,231	(14,829)	(132)	(0)	11,950

	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	-	-	(15,632)	(15,632)	(247)	(15,879)
Other comprehensive income	(93)	34	-	34	4	38
Total comprehensive income	(93)	34	(15,632)	(15,598)	(243)	(15,841)
Purchase of treasury shares	-	-	-	(2)	-	(2)
Disposal of treasury shares	-	-	-	(0)	-	(0)
Dividends	-	-	(7,066)	(7,066)	(94)	(7,161)
Share-based payment transactions	-	-	-	39	-	39
Transfer from other components of equity to retained earnings	93	142	(142)	-	-	-
Total transactions with owners	93	142	(7,208)	(7,029)	(94)	(7,124)
Balance at November 30, 2020	-	11,817	146,365	364,560	12,155	376,715

Nine months ended November 30, 2021

	Equity attributable to owners of parent					
				Other components of equity		
	Capital	Share premium	Treasury shares	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
Profit	-	-	-	-	-	-
Other comprehensive income	-	-	-	70	(17)	(517)
Total comprehensive income	-	-	-	70	(17)	(517)
Purchase of treasury shares	-	-	(16)	-	-	-
Disposal of treasury shares	-	(0)	0	-	-	-
Dividends	-	-	-	-	-	-
Share-based payment transactions	-	189	81	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	(50)
Total transactions with owners	-	189	65	-	-	(50)
Balance at November 30, 2021	31,974	188,732	(14,764)	(19)	(5)	9,088

	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, 2021	-	9,578	136,906	352,171	12,171	364,343
Profit	-	-	3,669	3,669	(140)	3,529
Other comprehensive income	136	(327)	-	(327)	(1)	(329)
Total comprehensive income	136	(327)	3,669	3,342	(142)	3,200
Purchase of treasury shares	-	-	-	(16)	-	(16)
Disposal of treasury shares	-	-	-	(0)	-	(0)
Dividends	-	-	(8,377)	(8,377)	(64)	(8,442)
Share-based payment transactions	-	-	-	271	-	271
Transfer from other components of equity to retained earnings	(136)	(187)	187	-	-	-
Total transactions with owners	(136)	(187)	(8,190)	(8,122)	(64)	(8,186)
Balance at November 30, 2021	-	9,063	132,385	347,391	11,965	359,357

(5) Condensed quarterly consolidated statement of cash flows

	Nine months ended November 30, 2020	Nine months ended November 30, 2021
	Millions of yen	Millions of yen
Cash flows from (used in) operating activities		
Profit (loss) before tax	(21,593)	2,079
Depreciation and amortization expense	38,389	37,316
Impairment loss	11,589	37
Finance income	(773)	(1,133)
Finance costs	4,601	4,475
Share of loss (profit) of investments accounted for using equity method	(717)	(1,013)
Loss on disposals of non-current assets	1,012	1,062
Loss on sales of shares of subsidiaries	-	1,818
Decrease (increase) in inventories	(1,619)	3,280
Decrease (increase) in trade and other receivables	(2,151)	(30,194)
Increase (decrease) in trade and other payables	3,224	22,191
Increase (decrease) in retirement benefit liabilities	177	247
Decrease (increase) in retirement benefit assets	33	(27)
Other, net	6,506	3,225
Subtotal	38,679	43,366
Interest received	97	91
Dividends received	217	195
Interest paid	(4,540)	(4,447)
Income taxes paid	(6,251)	(4,209)
Income taxes refund	6,127	2,147
Net cash flows from (used in) operating activities	34,329	37,143
Cash flows from (used in) investing activities		
Purchase of property, plant and equipment	(12,429)	(5,010)
Proceeds from sales of property, plant and equipment	4	485
Purchase of investment property	(3,726)	(2,515)
Purchase of investment securities	(1,203)	(1,460)
Proceeds from sales of investment securities	1,208	1,903
Other, net	(1,376)	(1,549)
Net cash flows from (used in) investing activities	(17,522)	(8,146)
Cash flows from (used in) financing activities		
Net increase (decrease) in current borrowings	12,000	-
Net increase (decrease) in commercial papers	46,000	(19,998)
Proceeds from non-current borrowings	77,000	-
Repayments of non-current borrowings	(19,450)	(11,750)
Proceeds from issuance of bonds	-	29,867
Redemption of bonds	(10,000)	-
Repayments of lease liabilities	(22,348)	(22,362)
Purchase of treasury shares	(2)	(16)
Dividends paid	(7,064)	(8,363)
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	(6,458)	-
Other, net	4	5
Net cash flows from (used in) financing activities	69,586	(32,682)
Net increase (decrease) in cash and cash equivalents	86,394	(3,685)
Cash and cash equivalents at beginning of period	34,633	128,925
Effect of exchange rate changes on cash and cash equivalents	(15)	109
Cash and cash equivalents at end of period	121,012	125,348

(6) Notes to condensed quarterly consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Application of consolidated taxation system)

The Company decided in October 2021 to apply the consolidated taxation system effective from the fiscal year ending February 28, 2023, and the Company filed the application form with the relevant authorities in November 2021. As a result, in the third quarter of the fiscal year ending February 28, 2022, deferred tax assets increased by ¥2,149 million and income tax expense decreased by the same amount, which resulted in profit increasing by the same amount.

(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.

In addition, Daimaru Matsuzakaya Sales Associates Co. Ltd., which was a consolidated subsidiary of the Company, merged with and was absorbed by Daimaru Matsuzakaya Department Stores Co. Ltd., which is a consolidated subsidiary of the Company, on September 1, 2021.

As a result of this change, Daimaru Matsuzakaya Sales Associates Co. Ltd., which was previously included in “Other,” has been included in “Department Store Business” from the first quarter of the fiscal year ending February 28, 2022.

Furthermore, segment information for the nine months ended November 30, 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.

Nine months ended November 30, 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	118,758	38,277	37,805	4,769	199,609	31,089	230,699	–	230,699
Inter-segment revenue	495	442	8,569	2,162	11,670	14,836	26,507	(26,507)	–
Total	119,253	38,720	46,375	6,931	211,280	45,926	257,206	(26,507)	230,699
Segment profit (loss)	(20,199)	(2,054)	2,410	453	(19,389)	1,161	(18,227)	(256)	(18,483)
Finance income									773
Finance costs									(4,601)
Share of profit (loss) of investments accounted for using equity method									717
Loss before tax									(21,593)

- Notes:
- The “Other” category is a business segment not included in reportable segments. It includes wholesaling, parking, leasing, etc.
 - 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.
 - Segment profit (loss) is adjusted to operating profit (loss) in the condensed quarterly consolidated financial statements.

Nine months ended November 30, 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	132,305	38,627	30,658	5,202	206,793	30,686	237,479	–	237,479
Inter-segment revenue	357	718	7,787	2,729	11,592	15,218	26,810	(26,810)	–
Total	132,662	39,345	38,445	7,931	218,385	45,904	264,290	(26,810)	237,479
Segment profit (loss)	(2,809)	2,104	3,106	1,171	3,573	767	4,341	66	4,407
Finance income									1,133
Finance costs									(4,475)
Share of profit (loss) of investments accounted for using equity method									1,013
Profit before tax									2,079

- Notes:
- The “Other” category is a business segment not included in reportable segments. It includes wholesaling, parking, leasing, etc.
 - 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.
 - Segment profit (loss) is adjusted to operating profit (loss) in the condensed quarterly consolidated financial statements.