

June 30, 2022

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending February 28, 2023 (under IFRS)

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 Listing: Tokyo Stock Exchange and Nagoya Stock Exchange
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Scheduled date to file Quarterly Securities Report: July 13, 2022
 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 three months of the fiscal year ending February 28, 2023 (from March 1, 2022 to May 31, 2022)

(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	%
Three months ended										
May 31, 2022	227,165	20.7	81,905	10.5	7,045	442.4	7,560	–	6,856	–
May 31, 2021	188,240	65.1	74,097	16.8	1,298	–	(3,819)	–	(4,413)	–

	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
Three months ended						
May 31, 2022	5,974	–	5,984	–	22.80	22.79
May 31, 2021	(3,062)	–	(3,266)	–	(11.70)	(11.70)

- * 1. Of sales revenue, sales from purchase recorded at the time of sale (shoka shiire) of the “Department Store Business” 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
May 31, 2022	1,184,667	364,372	352,701	29.8	1,345.97
February 28, 2022	1,192,907	362,120	350,368	29.4	1,337.29

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, 2022	–	14.00	–	15.00	29.00
Fiscal year ending February 28, 2023	–				
Fiscal year ending February 28, 2023 (Forecast)		15.00	–	16.00	31.00

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

3. Consolidated earnings forecasts for the fiscal year ending February 28, 2023 (from March 1, 2022 to February 28, 2023)

(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	%
First six months ending August 31, 2022	492,000	22.3	179,000	13.8	11,500	214.6	10,500	–	9,000	–
Fiscal year ending February 28, 2023	1,020,000	16.5	370,000	11.6	22,000	87.7	21,000	123.9	17,500	182.7

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
First six months ending August 31, 2022	6,000	–	22.91
Fiscal year ending February 28, 2023	11,500	166.1	43.92

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 May 31, 2022	270,565,764 shares
As of February 28, 2022	270,565,764 shares

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

As of May 31, 2022	8,523,408 shares
As of February 28, 2022	8,565,722 shares

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

For the three months ended May 31, 2022	262,063,722 shares
For the three months ended May 31, 2021	261,859,686 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 three 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]

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1. Qualitative information regarding results for the first three months

(1) Explanation of operating results

(Millions of yen, %)	Three months ended May 31, 2022 (from March to May)		
	Results	Year-on-year changes	
		Change in amount	Change in percentage
Gross sales	227,165	38,925	20.7
Sales revenue	81,905	7,808	10.5
Gross profit	40,546	7,011	20.9
Selling, general and administrative expense	33,501	1,265	3.9
Business profit	7,045	5,747	442.4
Other operating income	1,260	829	192.0
Other operating expense	745	(4,805)	(86.6)
Operating profit	7,560	11,379	–
Profit attributable to owners of parent	5,974	9,036	–

In the three months ended May 31, 2022 (from March 1, 2022 to May 31, 2022), consolidated sales revenue was ¥81,905 million, up 10.5% year on year, operating profit was ¥7,560 million (operating loss of ¥3,819 million in the three months ended May 31, 2021) and profit attributable to owners of parent was ¥5,974 million (loss of ¥3,062 million in the three months ended May 31, 2021).

During the three months ended May 31, 2022, the Japanese economy showed signs of a recovery as economic and social activities were returning to normal amid the gradually easing of the impact of the novel coronavirus disease (COVID-19).

In the retail sector, although nationwide strict infection control measures continued until March, there was a recovery in personal spending, including face-to-face services, due to the first major holiday in three years without a request for self-restraint. Despite these positive signs, we still need to keep a close eye on the risk of downward pressure on consumption due to the still unpredictable timing of the end of COVID-19, as well as the impact of sudden changes in exchange rates and the cooling of consumer sentiment due to high prices.

Against this backdrop, we have positioned FY2022, the second year of our Medium-Term Business Plan, as a year of “gear change” to ensure that we are on the right track toward “complete recovery” from the COVID-19 pandemic, as stated in the Medium-Term Business Plan, and to shift to aggressive management for “regrowth” in FY2024 and beyond.

Specifically, to steadily link our three key strategies and measures to results, as part of our “real x digital strategy,” we have been working to enhance online business sophistication using digital technology in our core Department Store Business, and implement large-scale renovations to respond to market changes. In the SC Business, we planned and executed large-scale renewals of flagship stores. In our “developer strategy,” we have entered the residential real estate business to maximize the use of our real estate holdings and expand our real estate portfolio, and have promoted one of the largest complex developments in Osaka’s Shinsaibashi area, in addition to Nagoya’s Sakae area. Under the “prime life strategy,” the Company is expanding its content in response to the solid affluent market, as well as planning new measures for the affluent market in Japan and overseas.

Furthermore, from this fiscal year, the Company has strengthened its group strategy planning and promotion system as a holding company. Specifically, we established the “Business Portfolio Transformation Promotion Division” to formulate and implement a plan for business portfolio transformation with a view to 2030, the “CRE Planning Division” to promote strategies to maximize the value of real estate owned by the Group, and the “Digital Promotion Division” to promote customer policies, including the integrated use of customer databases. In so doing, we will carry out initiatives from the perspective of pursuing overall optimization and synergies. This will involve picking up the pace in realizing our strategic aims in terms of extending the key strategies by strengthening our

alliances with the respective operating companies and other companies, considering new fields of business from a creating shared value (CSV) perspective, and concentrating allocation of management resources.

In terms of our “sustainability initiatives,” in April, we held a “Briefing Session on Initiatives for a Decarbonized Society” for our suppliers, inviting approximately 200 suppliers to learn about and participate in medium- and long-term policies and future initiatives. With regard to external evaluations of initiatives based on each materiality, in addition to the Daimaru Shinsaibashi Store and Shinsaibashi PARCO receiving the “Osaka Governor’s Award in the Osaka Climate Action Awards for FY2021,” we were selected for the “Nadeshiko Brand for FY2021,” and certified as one of the “Health & Productivity Management Outstanding Organizations 2022 (Large enterprise category [White 500]),” and our special subsidiary JFR Create, Co., Ltd. was certified as “an outstanding small and medium-sized business for its efforts to hire more people with disabilities (MONISU).”

As a result of the above, in our consolidated results for the three months ended May 31, 2022, sales revenue and business profit increased significantly due in part to the rebound from suspension of store operations in the previous year, and operating profit increased significantly due in part to absences, such as expenses recorded in the previous year due to suspended store operations as well as loss recorded in the previous year due to the transfer of shares of NEUVE • A CO., LTD.

Results by segment are as follows.

<Department Store Business>

(Millions of yen, %)	Three months ended May 31, 2022 (from March to May)		
	Results	Year-on-year changes	
		Change in amount	Change in percentage
Sales revenue	48,812	9,112	22.9
Business profit	2,650	3,579	—
Operating profit	2,263	6,242	—

With regard to the performance of the Department Store Business in the three months ended May 31, 2022, sales revenue was ¥48,812 million, up 22.9% year on year, and operating profit was ¥2,263 million (loss of ¥3,979 million in the three months ended May 31, 2021).

Sales revenue, business profit and operating profit increased significantly, as a result of the effects of renovations and the holding of events that have attracted customers at each store in addition to the flow of people in each region recovering since the lifting of strict infection control measures, and a rebound from suspended store operations, etc. in the previous year, which improved greatly the number of customers visiting stores and gross sales.

As measures against COVID-19, we are continuously working to create a safe and secure shopping and work environment. In addition, as a result of a comprehensive review of changes in consumer behavior and work styles during the COVID-19 pandemic, which led to a review of the business hours of each store, we shortened business hours at some stores. We believe that this has earned us the support of many of our business partners and a certain level of understanding from our customers.

Against this backdrop, the Company promoted initiatives for digitization of customer contact points, centered on the Daimaru Matsuzakaya App, in accordance with our key strategies. By utilizing these efforts, the Company will strive to evolve customer communications, such as information dissemination through media that goes beyond the constraints of time and location, etc. In addition, to upgrade businesses that utilize online spaces, we replaced the Daimaru Matsuzakaya online store and launched “DEPACO,” a media commerce site for cosmetics that leverages the department store’s strengths, including brick-and-mortar stores and human resources.

In efforts to make brick-and-mortar stores more attractive, in addition to strengthening core categories at flagship stores such as the Kobe store, the Kochi Daimaru store underwent its first major renovation in 32 years. Under the concept of “a store where working women and local families of three generations can feel the ‘Happiness of Kochi,’” the sales floor of the existing department store merchandising was reduced by approximately 40% and a specialty store was introduced to fit the central city area.

In addition, the Shizuoka store, which underwent its first major renovation in 25 years, has introduced an urban aquarium in conjunction with Shizuoka City’s redevelopment project to create a new experience/stay-and-go type store, and a “doubling of motives for visiting stores” was created through providing both “goods” and “services,” including development of a floor that offers lifestyle ideas. The goal is to grow as a core facility in the city.

<SC Business>

(Millions of yen, %)	Three months ended May 31, 2022 (from March to May)		
	Results	Year-on-year changes	
		Change in amount	Change in percentage
Sales revenue	13,181	(605)	(4.4)
Business profit	2,208	722	48.6
Operating profit	2,880	3,835	–

With regard to the performance of the SC Business in the three months ended May 31, 2022, sales revenue was ¥13,181 million, down 4.4% year on year, and operating profit was ¥2,880 million (loss of ¥955 million in the three months ended May 31, 2021).

In terms of sales revenue, as was the case with the Department Store Business, although the impact of strict infection control measures remained at the beginning of the period, the number of customers visiting stores and tenant transaction volume improved significantly due to the effect of attracting customers through renovations centered on flagship stores and new large-scale promotions, as well as the rebound from suspended store operations in the previous year. On the other hand, sales revenue decreased year on year due to the impact of the transfer of shares of NEUVE・A CO., LTD. in June 2021. Operating profit increased significantly from the previous year due to the improvement of sales revenue, the absence of the loss from the transfer of shares of the said company recorded in the previous year, and the receipt of subsidies in the entertainment business.

Against this backdrop, the Company is promoting large-scale renovations centered on flagship stores in accordance with its key strategies, in light of the changing times and changing lifestyles in the COVID-19 pandemic. As part of the mid-term store structure renovation plan, Ikebukuro PARCO has reorganized its grand floor, which is directly connected to the station, and expanded content with a high affinity to the area, while Nagoya PARCO has implemented large-scale renovations with the keywords “genderless” and “ageless” to give each store a sense of change and renew its image in the market.

As a new business, we opened an art figure gallery “1/ ONE SLASH” at Shibuya PARCO, which offers creative new experience value to PARCO visitors.

<Developer Business>

(Millions of yen, %)	Three months ended May 31, 2022 (from March to May)		
	Results	Year-on-year changes	
		Change in amount	Change in percentage
Sales revenue	13,345	1,705	14.6
Business profit	832	14	1.7
Operating profit	1,034	158	18.1

With regard to the performance of the Developer Business in the three months ended May 31, 2022, sales revenue was ¥13,345 million, up 14.6% year on year, and operating profit was ¥1,034 million, up 18.1% year on year.

Sales revenue increased overall, mainly due to increased revenue from an increased volume of construction and facility management services inside and outside the Group for PARCO SPACE SYSTEMS, Co., Ltd, despite a decline in exterior refurbishment projects for hotels, etc. in the construction and interior decoration business. Business profit and operating profit both increased year on year, too.

Against this backdrop, we pursued key strategies to maximize the use of the Group's real estate holdings and expand our real estate portfolio. Specifically, in addition to the "Nishiki 3-25 District Project (tentative name)" in Nagoya's Sakae area, one of our priority areas, we are participating in and promoting development for the "Shinsaibashi Project (tentative name)," a new landmark complex in Osaka's Shinsaibashi area, which will be one of the largest multi-use facilities in the area. In addition, we entered the residential real estate business to utilize our real estate holdings effectively.

<Payment and Finance Business>

(Millions of yen, %)	Three months ended May 31, 2022 (from March to May)		
	Results	Year-on-year changes	
		Change in amount	Change in percentage
Sales revenue	3,154	819	35.1
Business profit	1,012	944	—
Operating profit	1,025	950	—

With regard to the performance of the Payment and Finance Business in the three months ended May 31, 2022, sales revenue was ¥3,154 million, up 35.1% year on year, and operating profit was ¥1,025 million (¥75 million in the three months ended May 31, 2021).

Sales revenue was significantly higher due to the effect of increased revenue from the revision of annual membership fees, as well as a significant improvement in card transaction volume in the Department Store Business and at external affiliated stores compared to the previous year's results. Operating profit increased significantly compared to the previous year due to a decrease in bad debts written off as a result of improved credit conditions and collection efforts, despite an increase in personnel expenses and advertising expenses.

As part of our customer policies based on our key strategies, in addition to expanding our customer base through collaboration with our Department Store Business, we also worked to differentiate our unique point service, "QIRA Points," and to increase awareness of the service by offering special experiences to our customers, such as events featuring Japanese national soccer team players and campaigns that included a chance to participate in a pro-am golf tournament through sponsorship by professional golf.

**(2) Explanation of financial position
(Position of assets, liabilities, and equity)**

(Millions of yen, %)	As of February 28, 2022	As of May 31, 2022	Change in amount
Current assets	234,884	242,391	7,507
Non-current assets	958,022	942,275	(15,747)
Total assets	1,192,907	1,184,667	(8,240)
Current liabilities	347,413	367,026	19,613
Non-current liabilities	483,373	453,267	(30,106)
Total liabilities	830,787	820,294	(10,493)
Equity attributable to owners of parent	350,368	352,701	2,333
Ratio of equity attributable to owners of parent to total assets	29.4	29.8	0.4
Total equity	362,120	364,372	2,252

Total assets as of May 31, 2022 was ¥1,184,667 million, a decrease of ¥8,240 million compared with February 28, 2022. Total liabilities was ¥820,294 million, a decrease of ¥10,493 million compared with February 28, 2022. Total equity was ¥364,372 million, an increase of ¥2,252 million compared with February 28, 2022.

(Cash flow position)

(Millions of yen)	Three months ended May 31, 2021	Three months ended May 31, 2022	Change in amount
Net cash flows from (used in) operating activities	(2,401)	7,821	10,222
Net cash flows from (used in) investing activities	(2,925)	(3,154)	(229)
Free cash flows	(5,326)	4,667	9,993
Net cash flows from (used in) financing activities	(583)	(18,589)	(18,006)
Net increase (decrease) in cash and cash equivalents	(5,909)	(13,921)	(8,012)
Cash and cash equivalents at end of period	123,067	79,441	(43,626)

The balance of cash and cash equivalents (hereinafter “cash”) as of May 31, 2022 amounted to ¥79,441 million, down ¥13,837 million compared with February 28, 2022.

Cash flow positions in the three months ended May 31, 2022 and the factors for these were as follows.

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

Net cash provided by operating activities was ¥7,821 million. In comparison with the three months ended May 31, 2021, cash provided increased by ¥10,222 million, largely due to an increase in profit before tax.

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

Net cash used in investing activities was ¥3,154 million. In comparison with the three months ended May 31, 2021, cash used increased by ¥229 million, largely reflecting an increase in purchase of property, plant and equipment.

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

Net cash used in financing activities was ¥18,589 million. In comparison with the three months ended May 31, 2021, cash provided decreased (cash used increased) by ¥18,006 million due to a rebound of proceeds from issuance of bonds implemented 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 first six months ending August 31, 2022 and the fiscal year ending February 28, 2023 announced in the consolidated financial results released on April 12, 2022.

2. Condensed quarterly consolidated financial statements and significant notes thereto

(1) Condensed quarterly consolidated statement of financial position

	As of February 28, 2022	As of May 31, 2022
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	93,278	79,441
Trade and other receivables	112,262	132,172
Other financial assets	11,929	12,906
Inventories	12,459	12,749
Other current assets	4,954	5,121
Total current assets	234,884	242,391
Non-current assets		
Property, plant and equipment	480,380	477,670
Right-of-use assets	140,470	135,179
Goodwill	523	523
Investment property	189,688	189,340
Intangible assets	7,289	7,251
Investments accounted for using equity method	38,761	38,991
Other financial assets	79,977	77,634
Deferred tax assets	8,209	2,741
Other non-current assets	12,721	12,942
Total non-current assets	958,022	942,275
Total assets	1,192,907	1,184,667

	As of February 28, 2022	As of May 31, 2022
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	108,152	113,100
Trade and other payables	116,107	133,521
Lease liabilities	28,554	28,620
Other financial liabilities	29,915	29,320
Income tax payables	4,485	2,007
Provisions	954	3,149
Other current liabilities	59,243	57,306
Total current liabilities	<u>347,413</u>	<u>367,026</u>
Non-current liabilities		
Bonds and borrowings	209,562	197,330
Lease liabilities	155,839	149,744
Other financial liabilities	36,741	35,808
Retirement benefit liabilities	19,416	17,259
Provisions	9,553	7,218
Deferred tax liabilities	51,697	45,372
Other non-current liabilities	563	534
Total non-current liabilities	<u>483,373</u>	<u>453,267</u>
Total liabilities	<u>830,787</u>	<u>820,294</u>
Equity		
Capital	31,974	31,974
Share premium	188,894	188,984
Treasury shares	(14,780)	(14,612)
Other components of equity	9,574	9,654
Retained earnings	134,705	136,700
Total equity attributable to owners of parent	<u>350,368</u>	<u>352,701</u>
Non-controlling interests	11,751	11,671
Total equity	<u>362,120</u>	<u>364,372</u>
Total liabilities and equity	<u><u>1,192,907</u></u>	<u><u>1,184,667</u></u>

(2) Condensed quarterly consolidated statement of profit or loss

	Three months ended May 31, 2021	Three months ended May 31, 2022
	Millions of yen	Millions of yen
Sales revenue	74,097	81,905
Cost of sales	(40,561)	(41,359)
Gross profit	33,535	40,546
Selling, general and administrative expense	(32,236)	(33,501)
Other operating income	431	1,260
Other operating expense	(5,550)	(745)
Operating profit (loss)	(3,819)	7,560
Finance income	670	233
Finance costs	(1,501)	(1,369)
Share of profit (loss) of investments accounted for using equity method	237	432
Profit (loss) before tax	(4,413)	6,856
Income tax expense	1,276	(896)
Profit (loss)	(3,137)	5,959
Profit (loss) attributable to:		
Owners of parent	(3,062)	5,974
Non-controlling interests	(74)	(14)
Profit (loss)	(3,137)	5,959
Earnings per share		
Basic earnings (loss) per share (Yen)	(11.70)	22.80
Diluted earnings (loss) per share (Yen)	(11.70)	22.79

(3) Condensed quarterly consolidated statement of comprehensive income

	Three months ended May 31, 2021	Three months ended May 31, 2022
	Millions of yen	Millions of yen
Profit (loss)	(3,137)	5,959
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(344)	(109)
Share of other comprehensive income of entities accounted for using equity method	136	(7)
Total items that will not be reclassified to profit or loss	(208)	(117)
Items that may be reclassified to profit or loss		
Cash flow hedges	(7)	8
Exchange differences on translation of foreign operations	86	133
Share of other comprehensive income of entities accounted for using equity method	(0)	1
Total items that may be reclassified to profit or loss	78	142
Other comprehensive income, net of tax	(129)	25
Comprehensive income	(3,266)	5,984
Comprehensive income attributable to:		
Owners of parent	(3,190)	6,001
Non-controlling interests	(76)	(16)
Comprehensive income	(3,266)	5,984

(4) Condensed quarterly consolidated statement of changes in equity

Three months ended May 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	-	-	-	85	(6)	(343)
Total comprehensive income	-	-	-	85	(6)	(343)
Purchase of treasury shares	-	-	(1)	-	-	-
Dividends	-	-	-	-	-	-
Share-based payment transactions	-	(28)	41	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	(8)
Total transactions with owners	-	(28)	39	-	-	(8)
Balance at May 31, 2021	31,974	188,514	(14,790)	(4)	4	9,304

	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
Loss	-	-	(3,062)	(3,062)	(74)	(3,137)
Other comprehensive income	136	(127)	-	(127)	(1)	(129)
Total comprehensive income	136	(127)	(3,062)	(3,190)	(76)	(3,266)
Purchase of treasury shares	-	-	-	(1)	-	(1)
Dividends	-	-	(4,712)	(4,712)	(64)	(4,776)
Share-based payment transactions	-	-	-	12	-	12
Transfer from other components of equity to retained earnings	(136)	(145)	145	-	-	-
Total transactions with owners	(136)	(145)	(4,566)	(4,701)	(64)	(4,765)
Balance at May 31, 2021	-	9,305	129,276	344,280	12,031	356,311

Three months ended May 31, 2022

	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, 2022	31,974	188,894	(14,780)	60	(1)	9,516
Profit	-	-	-	-	-	-
Other comprehensive income	-	-	-	134	8	(107)
Total comprehensive income	-	-	-	134	8	(107)
Purchase of treasury shares	-	-	(2)	-	-	-
Disposal of treasury shares	-	(0)	0	-	-	-
Dividends	-	-	-	-	-	-
Share-based payment transactions	-	90	170	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	45
Total transactions with owners	-	90	167	-	-	45
Balance at May 31, 2022	31,974	188,984	(14,612)	195	6	9,453

	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, 2022	-	9,574	134,705	350,368	11,751	362,120
Profit	-	-	5,974	5,974	(14)	5,959
Other comprehensive income	(7)	27	-	27	(1)	25
Total comprehensive income	(7)	27	5,974	6,001	(16)	5,984
Purchase of treasury shares	-	-	-	(2)	-	(2)
Disposal of treasury shares	-	-	-	0	-	0
Dividends	-	-	(3,927)	(3,927)	(64)	(3,991)
Share-based payment transactions	-	-	-	260	-	260
Transfer from other components of equity to retained earnings	7	52	(52)	-	-	-
Total transactions with owners	7	52	(3,979)	(3,668)	(64)	(3,732)
Balance at May 31, 2022	-	9,654	136,700	352,701	11,671	364,372

(5) Condensed quarterly consolidated statement of cash flows

	Three months ended May 31, 2021	Three months ended May 31, 2022
	Millions of yen	Millions of yen
Cash flows from (used in) operating activities		
Profit (loss) before tax	(4,413)	6,856
Depreciation and amortization expense	12,543	12,137
Impairment loss	1,812	–
Finance income	(670)	(233)
Finance costs	1,501	1,369
Share of loss (profit) of investments accounted for using equity method	(237)	(432)
Loss (gain) on sales of non-current assets	–	(65)
Loss on disposals of non-current assets	295	615
Decrease (increase) in inventories	919	(289)
Decrease (increase) in trade and other receivables	9,344	(18,932)
Increase (decrease) in trade and other payables	(16,113)	17,781
Increase (decrease) in retirement benefit liabilities	90	(2,156)
Decrease (increase) in retirement benefit assets	(1)	4
Other, net	(3,584)	(2,939)
Subtotal	1,487	13,716
Interest received	25	27
Dividends received	107	60
Interest paid	(1,499)	(1,393)
Income taxes paid	(2,522)	(4,589)
Net cash flows from (used in) operating activities	(2,401)	7,821
Cash flows from (used in) investing activities		
Purchase of property, plant and equipment	(1,994)	(2,522)
Proceeds from sales of property, plant and equipment	10	26
Purchase of investment property	(1,603)	(939)
Proceeds from sales of investment property	–	86
Purchase of investment securities	(153)	(99)
Proceeds from sales of investment securities	279	307
Other, net	536	(12)
Net cash flows from (used in) investing activities	(2,925)	(3,154)
Cash flows from (used in) financing activities		
Net increase (decrease) in current borrowings	8,000	–
Net increase (decrease) in commercial papers	(25,000)	(5,002)
Repayments of non-current borrowings	(1,250)	(2,300)
Proceeds from issuance of bonds	29,867	–
Repayments of lease liabilities	(7,418)	(7,392)
Purchase of treasury shares	(1)	(2)
Dividends paid	(4,718)	(3,934)
Dividends paid to non-controlling interests	(64)	(64)
Other, net	2	106
Net cash flows from (used in) financing activities	(583)	(18,589)
Net increase (decrease) in cash and cash equivalents	(5,909)	(13,921)
Cash and cash equivalents at beginning of period	128,925	93,278
Effect of exchange rate changes on cash and cash equivalents	72	85
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	(19)	–
Cash and cash equivalents at end of period	123,067	79,441

(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.

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 ended February 28, 2022.

(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.

Three months ended May 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					
External revenue	39,576	13,515	8,745	1,569	63,407	10,689	74,097	–	74,097
Inter-segment revenue	124	270	2,895	765	4,055	5,116	9,172	(9,172)	–
Total	39,700	13,786	11,640	2,335	67,463	15,806	83,269	(9,172)	74,097
Segment profit (loss)	(3,979)	(955)	876	75	(3,983)	193	(3,790)	(29)	(3,819)
Finance income									670
Finance costs									(1,501)
Share of profit (loss) of investments accounted for using equity method									237
Loss before tax									(4,413)

- 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.

Three months ended May 31, 2022

	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					
External revenue	48,696	12,913	9,552	2,098	73,260	8,645	81,905	–	81,905
Inter-segment revenue	115	267	3,792	1,055	5,232	4,730	9,962	(9,962)	–
Total	48,812	13,181	13,345	3,154	78,492	13,375	91,868	(9,962)	81,905
Segment profit	2,263	2,880	1,034	1,025	7,203	451	7,655	(94)	7,560
Finance income									233
Finance costs									(1,369)
Share of profit (loss) of investments accounted for using equity method									432
Profit before tax									6,856

- 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 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 is adjusted to operating profit in the condensed quarterly consolidated financial statements.