

October 11, 2022

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

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 Listing: Tokyo Stock Exchange and Nagoya Stock Exchange  
 Securities code: 3086  
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Scheduled date to file Quarterly Securities Report: October 13, 2022  
 Scheduled date to commence dividend payments: November 11, 2022  
 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, 2023 (from March 1, 2022 to August 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	%
Six months ended										
August 31, 2022	464,130	16.8	169,129	7.5	13,629	272.9	13,237	–	12,223	–
August 31, 2021	397,345	23.9	157,333	6.7	3,654	–	(1,388)	–	(2,871)	–

	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, 2022	10,155	–	10,311	–	38.75	38.72
August 31, 2021	(1,995)	–	(1,912)	–	(7.62)	(7.62)

- \* 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 expenses 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, 2022	1,161,035	368,702	357,041	30.8	1,362.36
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	–	15.00			
Fiscal year ending February 28, 2023 (Forecast)			–	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	%
Fiscal year ending February 28, 2023	975,000	12.6	346,000	4.4	24,000	104.8	23,500	150.5	20,500	231.2

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending February 28, 2023	16,000	270.2	61.05

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 August 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 August 31, 2022	8,489,856 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 six months ended August 31, 2022	262,067,710 shares
For the six months ended August 31, 2021	261,862,212 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 7 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 six months

### (1) Explanation of operating results

(Millions of yen, %)	Six months ended August 31, 2022 (from March to August)			
	Results	Year-on-year changes		Against April announced figures
		Change in amount	Change in percentage	Change in amount
Gross sales	464,130	66,785	16.8	(27,870)
Sales revenue	169,129	11,796	7.5	(9,871)
Gross profit	82,861	13,168	18.9	(3,639)
Selling, general and administrative expense	69,232	3,194	4.8	(5,768)
Business profit	13,629	9,975	272.9	2,129
Other operating income	2,320	663	40.0	1,320
Other operating expenses	2,712	(3,989)	(59.5)	712
Operating profit	13,237	14,625	–	2,737
Profit attributable to owners of parent	10,155	12,150	–	4,155

In the six months ended August 31, 2022 (from March 1, 2022 to August 31, 2022), consolidated sales revenue was ¥169,129 million, up 7.5% year on year, operating profit was ¥13,237 million (operating loss of ¥1,388 million in the six months ended August 31, 2021) and profit attributable to owners of parent was ¥10,155 million (loss of ¥1,995 million in the six months ended August 31, 2021).

Against April announced figures, although sales revenue decreased, operating profit increased largely due to an increase in business profit as a result of cost savings and other measures during the period, as well as the receipt of subsidies in the SC Business. Together with the decrease in tax expenses, profit attributable to owners of parent increased.

During the six months ended August 31, 2022, the Japanese economy showed signs of a recovery although it was affected by the impact of the novel coronavirus disease (COVID-19) and also the impact of supply-side constraints, inflation and other factors on corporate activities.

In the retail sector, although there were concerns about the negative impact of COVID-19, inflation and other factors on personal spending, there have been signs of a recovery since the lifting of strict infection control measures in late March, including no restrictions limiting movement during the summer holiday season and the emergence of a rebound in consumption. However, we recognize that we need to continue keeping a close eye on the risk of downward pressure on consumption due to trends in the spread of COVID-19, sudden changes in exchange rates, high prices and other factors.

Amid this highly uncertain business environment, 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 to results as part of our “real x digital strategy” in our core Department Store Business, we made efforts to evolve customer communications utilizing the Daimaru Matsuzakaya App, and also launched a media commerce site for cosmetics centered on brick-and-mortar stores and promoted renovations to make brick-and-mortar stores more attractive in accordance with the store characteristics. In addition, in the SC Business, we promoted major renovations mainly for Ikebukuro PARCO, Nagoya PARCO and other flagship stores according to a large-scale renovation plan based on our key strategies.

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 planned and promoted development focusing on priority areas, including one of the largest multi-use facility developments in Osaka’s Shinsaibashi area, in addition to Nagoya’s Sakae area. Moreover, we are evaluating the basic policy and details of the Group CRE strategy and the establishment of a business promotion system for “regrowth” in FY2024 and beyond.

Under the “prime life strategy,” in response to the solid affluent market, the Company strengthened core categories at flagship stores, and planned and implemented new measures for the affluent market in Japan and overseas.

For “management structure reforms,” in addition to the results created by our organizational and personnel structure reforms, etc., we steadily promoted reductions in fixed costs, continuing from last year, by reviewing the areas for business process outsourcing and leased properties, streamlining distribution and parking lots, etc.

Furthermore, for business portfolio transformation with a view to 2030, we are evaluating the establishment of a CVC fund and other measures from the perspectives of extending the key strategies, creating new business fields and developing human resources who will serve as future leaders.

As a result of the above, in our consolidated results for the six months ended August 31, 2022, sales revenue increased and business profit increased significantly due in part to the rebound from suspension of store operations in the previous year, and operating profit and profit attributable to owners of parent returned to profitability.

Results by segment are as follows.

**<Department Store Business>**

(Millions of yen, %)	Six months ended August 31, 2022 (from March to August)			
	Results	Year-on-year changes		Against April announced figures
		Change in amount	Change in percentage	Change in amount
Sales revenue	101,610	15,126	17.5	(4,690)
Business profit	5,731	7,238	–	1,231
Operating profit	3,813	8,379	–	313

With regard to the performance of the Department Store Business in the six months ended August 31, 2022, due in part to the rebound from suspension of store operations in the previous year, sales revenue was ¥101,610 million, up 17.5% year on year, and operating profit was ¥3,813 million (operating loss of ¥4,566 million in the six months ended August 31, 2021), marking a return to profitability.

Against April announced figures, sales revenue decreased primarily due to a resurgence in COVID-19 from July (seventh wave) but business profit increased as a result of cutting down on costs during the period. As a result, operating profit increased, despite the recording of an impairment loss in relation to one store.

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 work styles and consumer behavior triggered by COVID-19, we shortened business hours at some stores.

Operating in this environment, we are promoting digitization of touchpoints through the Daimaru Matsuzakaya App based on our key strategies in order to build a strong relationship with customers through connecting with them 24 hours a day and disseminating information via media. Specifically, we gain a deeper understanding of our customers by analyzing browsing logs and other online customer data.

At the same time, to upgrade businesses that utilize online spaces, we changed to a website design for the Daimaru Matsuzakaya online store that considers the use of smartphones and enhanced the convenience for customers by adding features that allow searches according to price, category and other needs. We have also launched “DEPACO,” a media commerce site for cosmetics that leverages the department stores’ strengths, including brick-and-mortar stores and sales service capabilities.

As part of strengthening the appeal of stores, we implemented large-scale renovations at the Matsuzakaya Shizuoka store and the Kochi Daimaru store befitting each store's area characteristics and are working to enhance content through strengthening and renewing core categories such as luxury and high-end watches, focusing on flagship stores. For example, in July at the Nagoya store, we opened the new watch and jewelry sales area "GENTA the Watch," with an expanded sales space roughly double that of before. To acquire a high level of support from a broad range of customer target groups, particularly "gaisho" (out-of-store sales) customers, we aim to provide the most attractive watch sales space among department stores, characterized by an impressive lineup, together with new services that can be utilized online, an attractive sales environment that only a brick-and-mortar store can produce, and other features.

### <SC Business>

(Millions of yen, %)	Six months ended August 31, 2022 (from March to August)			
	Results	Year-on-year changes		Against April announced figures
		Change in amount	Change in percentage	Change in amount
Sales revenue	26,654	(110)	(0.4)	(2,101)
Business profit	4,006	1,285	47.2	(745)
Operating profit	4,861	4,405	965.7	37

With regard to the performance of the SC Business in the six months ended August 31, 2022, sales revenue was ¥26,654 million, down 0.4% year on year, and operating profit was ¥4,861 million, up 965.7% year on year.

Sales revenue decreased due to the impact of the transfer of shares of NEUVE・A CO., LTD. in June 2021, despite the improvement in the number of customers visiting stores and tenant transaction volume due to the effect of attracting customers through strategic renovations centered on flagship stores and new large-scale promotions, as well as the rebound from suspended store operations in the previous year. Operating profit increased significantly from the previous year due to the improvement of sales revenue from store operations, 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 April announced figures, sales revenue and business profit ended below initial plan mainly because recovery in the tenant transaction volume was limited to a moderate pace due to a resurgence in COVID-19 from July (seventh wave). However, operating profit increased mainly as a result of the receipt of subsidies in the entertainment business.

Against this backdrop, the Company promoted 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 ground floor, which is directly connected to the station, and expanded content with a high affinity to the area, while Nagoya PARCO, focusing on its WEST building ground floor, has implemented large-scale renovations with the keywords "genderless" and "ageless." As a result, while providing each store with changes and renewing its image in the market, we grew the tenant transaction volume mainly for those stores included in the renovation plan.

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

### <Developer Business>

(Millions of yen, %)	Six months ended August 31, 2022 (from March to August)			
	Results	Year-on-year changes		Against April announced figures
		Change in amount	Change in percentage	Change in amount
Sales revenue	25,821	84	0.3	(2,479)
Business profit	1,552	(174)	(10.1)	552
Operating profit	1,786	(21)	(1.2)	786

With regard to the performance of the Developer Business in the six months ended August 31, 2022, sales revenue was ¥25,821 million, up 0.3% year on year, and operating profit was ¥1,786 million, down 1.2% year on year.

Sales revenue increased only marginally because of the end of operations at existing properties and a decline in exterior refurbishment projects for hotels, etc. for J. Front Design & Construction Co., Ltd., despite an increased volume of construction and facility management services inside and outside the Group for PARCO SPACE SYSTEMS, Co., Ltd. Business profit and operating profit, meanwhile, decreased.

Against April announced figures, business profit and operating profit increased as a result of revising the timing of investments while working to curtail costs as we deal with sales revenue falling below initial plan.

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 a redevelopment plan in Nagoya's Sakae area, we planned and promoted development focusing on priority areas, including participating in 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, %)	Six months ended August 31, 2022 (from March to August)			
	Results	Year-on-year changes		Against April announced figures
		Change in amount	Change in percentage	Change in amount
Sales revenue	6,314	1,361	27.5	68
Business profit	1,831	1,355	284.6	483
Operating profit	1,853	1,347	265.7	508

With regard to the performance of the Payment and Finance Business in the six months ended August 31, 2022, sales revenue was ¥6,314 million, up 27.5% year on year, and operating profit was ¥1,853 million, up 265.7% year on year. Sales revenue was significantly higher due to the effect of increased revenue from the revision of annual membership fees, as well as an increase in transaction volume in the Department Store Business and at external affiliated stores, an increase in insurance agency fees, and other factors. Business profit and operating profit increased significantly because of the increase in sales revenue, despite increases in personnel expenses and costs accompanying expanded acquiring services, etc.

Against April announced figures, sales revenue proceeded according to the initial plan, and business profit and operating profit increased, mainly as a result of cutting down on costs during the period and revising the timing of investments.

With the aim of expanding the business foundation, in addition to promoting the expansion of card members and the use of card payment by cooperating with the 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 such as events for card members. In addition, while expanding the balance of finance receivables by promoting the use of revolving credit and installment payments, we promoted the consolidation of affiliate store contracts with the Department Store Business in the Affiliate Store Business and promoted initiatives aimed at introducing acquiring for the Group's commercial facilities.

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

(Millions of yen, %)	As of February 28, 2022	As of August 31, 2022	Change in amount
Current assets	234,884	222,559	(12,325)
Non-current assets	958,022	938,475	(19,547)
Total assets	1,192,907	1,161,035	(31,872)
Current liabilities	347,413	343,137	(4,276)
Non-current liabilities	483,373	449,195	(34,178)
Total liabilities	830,787	792,332	(38,455)
Equity attributable to owners of parent	350,368	357,041	6,673
Ratio of equity attributable to owners of parent to total assets	29.4	30.8	1.4
Total equity	362,120	368,702	6,582

Total assets as of August 31, 2022 was ¥1,161,035 million, a decrease of ¥31,872 million compared with February 28, 2022, mainly due to a gradual reduction in cash and deposits on hand. Total liabilities was ¥792,332 million, a decrease of ¥38,455 million compared with February 28, 2022, mainly due to a reduction in interest-bearing debt. Total equity was ¥368,702 million, an increase of ¥6,582 million compared with February 28, 2022.

**(Cash flow position)**

(Millions of yen)	Six months ended August 31, 2021	Six months ended August 31, 2022	Change in amount
Net cash flows from (used in) operating activities	17,261	24,991	7,730
Net cash flows from (used in) investing activities	(4,867)	(6,321)	(1,454)
Free cash flows	12,393	18,669	6,276
Net cash flows from (used in) financing activities	(17,962)	(47,260)	(29,298)
Net increase (decrease) in cash and cash equivalents	(5,568)	(28,590)	(23,022)
Cash and cash equivalents at beginning of period	128,925	93,278	(35,647)
Effect of exchange rate changes on cash and cash equivalents	93	241	148
Cash and cash equivalents at end of period	123,450	64,929	(58,521)

The balance of cash and cash equivalents (hereinafter “cash”) as of August 31, 2022 amounted to ¥64,929 million, down ¥28,349 million compared with February 28, 2022.

Cash flow positions in the six months ended August 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 ¥24,991 million. In comparison with the six months ended August 31, 2021, cash provided increased by ¥7,730 million, mainly due to an increase in profit before tax.

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

Net cash used in investing activities was ¥6,321 million. In comparison with the six months ended August 31, 2021, cash used increased by ¥1,454 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 ¥47,260 million. In comparison with the six months ended August 31, 2021, cash used increased by ¥29,298 million, largely due to redemption of bonds.

**(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, 2023 announced on September 27, 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 August 31, 2022
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	93,278	64,929
Trade and other receivables	112,262	127,265
Other financial assets	11,929	12,465
Inventories	12,459	12,998
Other current assets	4,954	4,900
Total current assets	234,884	222,559
Non-current assets		
Property, plant and equipment	480,380	475,239
Right-of-use assets	140,470	134,121
Goodwill	523	523
Investment property	189,688	187,969
Intangible assets	7,289	7,072
Investments accounted for using equity method	38,761	39,444
Other financial assets	79,977	78,224
Deferred tax assets	8,209	2,826
Other non-current assets	12,721	13,054
Total non-current assets	958,022	938,475
Total assets	1,192,907	1,161,035

	As of February 28, 2022	As of August 31, 2022
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	108,152	92,554
Trade and other payables	116,107	126,099
Lease liabilities	28,554	28,840
Other financial liabilities	29,915	30,309
Income tax payables	4,485	4,120
Provisions	954	3,115
Other current liabilities	59,243	58,097
Total current liabilities	<u>347,413</u>	<u>343,137</u>
Non-current liabilities		
Bonds and borrowings	209,562	196,331
Lease liabilities	155,839	146,555
Other financial liabilities	36,741	35,539
Retirement benefit liabilities	19,416	17,341
Provisions	9,553	7,592
Deferred tax liabilities	51,697	45,325
Other non-current liabilities	563	509
Total non-current liabilities	<u>483,373</u>	<u>449,195</u>
Total liabilities	<u>830,787</u>	<u>792,332</u>
Equity		
Capital	31,974	31,974
Share premium	188,894	188,837
Treasury shares	(14,780)	(14,462)
Other components of equity	9,574	9,800
Retained earnings	134,705	140,891
Total equity attributable to owners of parent	<u>350,368</u>	<u>357,041</u>
Non-controlling interests	11,751	11,661
Total equity	<u>362,120</u>	<u>368,702</u>
Total liabilities and equity	<u><u>1,192,907</u></u>	<u><u>1,161,035</u></u>

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

	Six months ended August 31, 2021	Six months ended August 31, 2022
	Millions of yen	Millions of yen
Sales revenue	157,333	169,129
Cost of sales	(87,639)	(86,267)
Gross profit	69,693	82,861
Selling, general and administrative expense	(66,038)	(69,232)
Other operating income	1,657	2,320
Other operating expenses	(6,701)	(2,712)
Operating profit (loss)	(1,388)	13,237
Finance income	932	486
Finance costs	(3,006)	(2,701)
Share of profit (loss) of investments accounted for using equity method	591	1,200
Profit (loss) before tax	(2,871)	12,223
Income tax expense	742	(2,092)
Profit (loss)	(2,129)	10,131
Profit (loss) attributable to:		
Owners of parent	(1,995)	10,155
Non-controlling interests	(134)	(23)
Profit (loss)	(2,129)	10,131
Earnings per share		
Basic earnings (loss) per share (Yen)	(7.62)	38.75
Diluted earnings (loss) per share (Yen)	(7.62)	38.72

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

	Six months ended August 31, 2021	Six months ended August 31, 2022
	Millions of yen	Millions of yen
Profit (loss)	(2,129)	10,131
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	15	(77)
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	151	(85)
Items that may be reclassified to profit or loss		
Cash flow hedges	(19)	3
Exchange differences on translation of foreign operations	85	258
Share of other comprehensive income of entities accounted for using equity method	(0)	3
Total items that may be reclassified to profit or loss	65	265
Other comprehensive income, net of tax	217	179
Comprehensive income	<u>(1,912)</u>	<u>10,311</u>
Comprehensive income attributable to:		
Owners of parent	(1,777)	10,338
Non-controlling interests	(134)	(26)
Comprehensive income	<u>(1,912)</u>	<u>10,311</u>

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

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

Six months ended August 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	-	-	-	261	3	(75)
Total comprehensive income	-	-	-	261	3	(75)
Purchase of treasury shares	-	-	(4)	-	-	-
Disposal of treasury shares	-	(0)	0	-	-	-
Dividends	-	-	-	-	-	-
Share-based payment transactions	-	(56)	322	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	35
Total transactions with owners	-	(56)	317	-	-	35
Balance at August 31, 2022	31,974	188,837	(14,462)	322	1	9,477

  

	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	-	-	10,155	10,155	(23)	10,131
Other comprehensive income	(7)	182	-	182	(2)	179
Total comprehensive income	(7)	182	10,155	10,338	(26)	10,311
Purchase of treasury shares	-	-	-	(4)	-	(4)
Disposal of treasury shares	-	-	-	0	-	0
Dividends	-	-	(3,927)	(3,927)	(64)	(3,991)
Share-based payment transactions	-	-	-	265	-	265
Transfer from other components of equity to retained earnings	7	43	(43)	-	-	-
Total transactions with owners	7	43	(3,970)	(3,665)	(64)	(3,729)
Balance at August 31, 2022	-	9,800	140,891	357,041	11,661	368,702



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

	Six months ended August 31, 2021	Six months ended August 31, 2022
	Millions of yen	Millions of yen
Cash flows from (used in) operating activities		
Profit (loss) before tax	(2,871)	12,223
Depreciation and amortization expense	24,992	24,526
Impairment loss	20	1,293
Finance income	(932)	(486)
Finance costs	3,006	2,701
Share of loss (profit) of investments accounted for using equity method	(591)	(1,200)
Loss (gain) on sales of non-current assets	(2)	(105)
Loss on disposals of non-current assets	651	1,100
Loss on sales of shares of subsidiaries	1,818	–
Decrease (increase) in inventories	4,579	(538)
Decrease (increase) in trade and other receivables	614	(16,116)
Increase (decrease) in trade and other payables	(8,848)	9,959
Increase (decrease) in retirement benefit liabilities	213	(2,074)
Decrease (increase) in retirement benefit assets	(2)	8
Other, net	(2,112)	(1,254)
Subtotal	20,535	30,036
Interest received	63	62
Dividends received	176	136
Interest paid	(2,929)	(2,667)
Income taxes paid	(2,683)	(4,643)
Income taxes refund	2,098	2,067
Net cash flows from (used in) operating activities	17,261	24,991
Cash flows from (used in) investing activities		
Purchase of property, plant and equipment	(3,451)	(4,611)
Proceeds from sales of property, plant and equipment	10	27
Purchase of investment property	(1,740)	(1,344)
Proceeds from sales of investment property	–	240
Purchase of investment securities	(1,158)	(598)
Proceeds from sales of investment securities	1,579	959
Other, net	(106)	(993)
Net cash flows from (used in) investing activities	(4,867)	(6,321)
Cash flows from (used in) financing activities		
Net increase (decrease) in commercial papers	(19,995)	(5,002)
Repayments of non-current borrowings	(8,175)	(3,860)
Proceeds from issuance of bonds	29,867	–
Redemption of bonds	–	(20,000)
Repayments of lease liabilities	(14,901)	(14,524)
Purchase of treasury shares	(3)	(4)
Dividends paid	(4,691)	(3,913)
Dividends paid to non-controlling interests	(64)	(64)
Other, net	–	108
Net cash flows from (used in) financing activities	(17,962)	(47,260)
Net increase (decrease) in cash and cash equivalents	(5,568)	(28,590)
Cash and cash equivalents at beginning of period	128,925	93,278
Effect of exchange rate changes on cash and cash equivalents	93	241
Cash and cash equivalents at end of period	123,450	64,929

## (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.

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	86,225	26,303	20,681	3,264	136,474	20,858	157,333	–	157,333
Inter-segment revenue	259	461	5,056	1,689	7,465	10,599	18,064	(18,064)	–
Total	86,484	26,764	25,737	4,953	143,939	31,457	175,397	(18,064)	157,333
Segment profit (loss)	(4,566)	456	1,807	506	(1,795)	439	(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.

Six months ended August 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	101,381	26,115	18,815	4,029	150,341	18,787	169,129	–	169,129
Inter-segment revenue	228	539	7,005	2,285	10,058	7,889	17,948	(17,948)	–
Total	101,610	26,654	25,821	6,314	160,400	26,677	187,077	(17,948)	169,129
Segment profit	3,813	4,861	1,786	1,853	12,315	769	13,085	152	13,237
Finance income									486
Finance costs									(2,701)
Share of profit (loss) of investments accounted for using equity method									1,200
Profit before tax									12,223

- 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.