

December 27, 2022

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

Company name: **J. FRONT RETAILING Co., Ltd.**

Listing: Tokyo Stock Exchange and Nagoya Stock Exchange

Securities code: 3086

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Scheduled date to file Quarterly Securities Report: January 12, 2023

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, 2023 (from March 1, 2022 to November 30, 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	%
Nine months ended										
November 30, 2022	709,468	15.1	256,941	8.2	20,659	132.6	20,100	356.1	18,426	786.3
November 30, 2021	616,170	15.3	237,479	2.9	8,883	369.9	4,407	–	2,079	–

	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, 2022	14,762	302.3	14,887	365.2	56.33	56.27
November 30, 2021	3,669	–	3,200	–	14.01	14.01

* 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
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of					
November 30, 2022	1,167,723	369,461	357,770	30.6	1,365.10
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 November 30, 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 November 30, 2022	8,481,613 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 nine months ended November 30, 2022	262,071,758 shares
For the nine months ended November 30, 2021	261,864,733 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 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 nine months

(1) Explanation of operating results

(Millions of yen, %)	Nine months ended November 30, 2022 (from March to November)			(Reference) Third quarter of the fiscal year ending February 28, 2023 (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	709,468	93,298	15.1	245,337	26,512	12.1
Sales revenue	256,941	19,462	8.2	87,811	7,665	9.6
Gross profit	125,245	17,327	16.1	42,384	4,160	10.9
Selling, general and administrative expense	104,586	5,552	5.6	35,354	2,359	7.1
Business profit	20,659	11,776	132.6	7,029	1,801	34.5
Other operating income	2,758	(229)	(7.7)	438	(892)	(67.0)
Other operating expenses	3,317	(4,146)	(55.6)	605	(157)	(20.6)
Operating profit	20,100	15,693	356.1	6,862	1,066	18.4
Profit attributable to owners of parent	14,762	11,093	302.3	4,606	(1,059)	(18.7)

In the nine months ended November 30, 2022 (from March 1, 2022 to November 30, 2022), consolidated sales revenue was ¥256,941 million, up 8.2% year on year, operating profit was ¥20,100 million, up 356.1% year on year, and profit attributable to owners of parent was ¥14,762 million, up 302.3%.

In addition, in the third quarter of the fiscal year ending February 28, 2023 (from September to November), sales revenue was ¥87,811 million, up 9.6% year on year, and operating profit was ¥6,862 million, up 18.4% year on year, resulting in increased revenue and profit continuing from the second quarter.

During the nine months ended November 30, 2022, the Japanese economy continued to show signs of a recovery despite the increasing impact of inflation, in addition to the impact of the novel coronavirus disease (COVID-19) and the effects of supply-side constraints 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, the emergence of a rebound in consumption, and a rebound in inbound consumption following the loosening of border control measures aimed at inbound tourists in October. 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, such as an 8th wave 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, and to shift to aggressive management for “regrowth” in FY2024 and beyond.

Specifically, to steadily link our three key strategies stated in the Medium-Term Business Plan to results, as part of our “real x digital strategy,” in the 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, promoted strategic renovation in accordance with the store characteristics to make brick-and-mortar stores more attractive, and promoted the introduction of new content. In addition, in the SC Business, we promoted major renovations mainly for Ikebukuro PARCO, Nagoya PARCO and other flagship stores based on our key strategies, as well as conducted large-scale promotions at each store.

In our “developer strategy,” in addition to promoting plans for the largest multi-use facility developments in Nagoya’s Sakae area and Osaka’s Shinsaibashi area to maximize the use of our real estate holdings and expand our real estate portfolio, we are considering collaboration with local communities and other companies, aiming to contribute to attractive urban development with a high level of quality in

Fukuoka's Tenjin area. In addition, to achieve further growth in the Developer Business, we placed J. Front City Development Co., Ltd. directly under the holding company, and have decided to have J. Front City Development Co., Ltd. take over management of the developer business currently being managed by PARCO CO., LTD. As a result, we will build a system for swift decision-making from the perspective of total optimization, while also further promoting the development and securing of specialist personnel, the strengthening of governance by practicing corporate-level management and risk management that are optimal for the businesses, and other measures.

Under the “prime life strategy,” in response to the solid affluent market, mainly in the Department Store Business, the Company worked to expand the “gaisho” (out-of-store sales) customer base, such as by enhancing core categories centered on flagship stores and acquiring customers through the use of digital technology. The Company also planned and promoted new measures for the affluent market in Japan and overseas.

We also established the corporate venture capital “JFR MIRAI CREATORS Fund” in September 2022 as a joint initiative with another company. For business portfolio transformation with a view to 2030, while creating new business through co-creation with a startup company, we will use this to develop management personnel who will be in charge of the next generation and to evolve into a corporate culture that encourages creation and taking on challenges. Additionally, we decided to acquire 50.8% of XENZO CO., Ltd.'s shares, which owns the esports team SCARZ. We are thus entering esports business, which is expected to grow in the future, and are working to create synergies with each business, including the SC Business and the Department Store Business.

With these key strategies, for “management structure reforms” that are the most important measures, in addition to the results created by our organizational and personnel structure reforms, etc., we steadily promoted reductions in fixed costs by reviewing the areas for business process outsourcing and leased properties, streamlining distribution and parking lots, etc.

Results by segment are as follows.

<Department Store Business>

(Millions of yen, %)	Nine months ended November 30, 2022 (from March to November)			(Reference) Third quarter of the fiscal year ending February 28, 2023 (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	151,938	19,276	14.5	50,328	4,150	9.0
Business profit	8,810	8,752	–	3,079	1,513	96.7
Operating profit	6,509	9,318	–	2,696	939	53.4

With regard to the performance of the Department Store Business in the nine months ended November 30, 2022, sales revenue was ¥151,938 million, up 14.5% year on year, and operating profit was ¥6,509 million (loss of ¥2,809 million in the nine months ended November 30, 2021).

In addition, with regard to the performance in the third quarter of the fiscal year ending February 28, 2023, sales revenue was ¥50,328 million, up 9.0% year on year, and operating profit was ¥2,696 million, up 53.4% year on year.

Since the lifting of restrictions limiting movement in each region in late March, the number of customers visiting stores has continued to recover and sales revenue has steadily improved due to the effects of strategies and measures, including those in response to the solid affluent market, as well as due to an increase in sales for inbound tourists since October. As measures against COVID-19, we are continuously working to create a safe and secure shopping and working environment by thoroughly implementing existing initiatives. Operating in this environment, we promoted initiatives for the digitization of touchpoints through the apps based on our key strategies in order to build a strong relationship with customers. Specifically, we gain a deeper understanding of our customers by analyzing browsing logs and other online customer data, in addition to traditional purchase history.

At the same time, 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 customer 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 initiatives for strengthening the appeal of brick-and-mortar stores, in addition to strengthening core categories such as luxury and high-end watches, mainly in flagship stores, and promoting renovations at the Matsuzakaya Shizuoka store and the Kochi Daimaru store, we worked on developing new content that is not restricted to the product categories that we already handle. In the third quarter of the fiscal year ending February 28, 2023, the Umeda store relocated and expanded its high-end watch boutique in September, and Nintendo OSAKA opened in November as the second official shop in Japan operated directly by Nintendo Co., Ltd. The construction of a large concentrated zone of characters, together with the neighboring Pokémon Center Osaka, enables us to attract customers from a wide area by leveraging the characteristics of the terminal stores. We will continue to promote the creation of appealing sales areas and stores utilizing the characteristics of each store.

<SC Business>

(Millions of yen, %)	Nine months ended November 30, 2022 (from March to November)			(Reference) Third quarter of the fiscal year ending February 28, 2023 (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	40,057	712	1.8	13,402	822	6.5
Business profit	5,721	1,444	33.8	1,715	160	10.3
Operating profit	6,858	4,754	226.0	1,997	350	21.2

With regard to the performance of the SC Business in the nine months ended November 30, 2022, sales revenue was ¥40,057 million, up 1.8% year on year, and operating profit was ¥6,858 million, up 226% year on year.

In addition, with regard to the performance in the third quarter of the fiscal year ending February 28, 2023, sales revenue was ¥13,402 million, up 6.5% year on year, and operating profit was ¥1,997 million, up 21.2% year on year.

As was the case with the Department Store Business, the number of customers visiting stores and tenant transaction volume are steadily improving mainly due to the rebound from the suspension of store operations, etc. in the previous fiscal year and the flow of people recovering in each region since late March, as well as due to strategic renovation centered on flagship stores and the effects of new promotions. Operating profit increased compared to the previous year due to the improvement of sales revenue from store operations, the absence of the loss from the transfer of shares of NEUVE A Co., Ltd. recorded in the previous year, and the receipt of subsidies in the entertainment business.

Meanwhile, the Company is promoting the mid-term store structure renovation plan in anticipation of the changing times and changing lifestyles in the COVID-19 pandemic. Ikebukuro PARCO has reorganized its ground floor, which is directly connected to the station, and expanded content with 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,” and we have renewed its image in the market.

In the third quarter of the fiscal year ending February 28, 2023, as part of our “real x digital strategy,” together with the effects of these renovations, an increase in the number of popular popup shops at each store and other measures, we launched “PARCO Members” to provide a seamless purchasing experience for both brick-and-mortar stores and online stores by integrating IDs for PARCO Point members and online store members.

<Developer Business>

(Millions of yen, %)	Nine months ended November 30, 2022 (from March to November)			(Reference) Third quarter of the fiscal year ending February 28, 2023 (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	40,053	1,608	4.2	14,231	1,524	12.0
Business profit	2,361	(436)	(15.6)	809	(261)	(24.4)
Operating profit	2,549	(557)	(17.9)	762	(536)	(41.3)

With regard to the performance of the Developer Business in the nine months ended November 30, 2022, sales revenue was ¥40,053 million, up 4.2% year on year, and operating profit was ¥2,549 million, down 17.9% year on year.

Sales revenue increased because of an increased volume of construction and facility management services inside and outside the Group for PARCO SPACE SYSTEMS, Co., Ltd. and other factor, despite the end of operations at existing properties, and operating profit decreased.

In addition, with regard to the performance in the third quarter of the fiscal year ending February 28, 2023, although sales revenue increased to ¥14,231 million, up 12.0% year on year, operating profit was ¥762 million, down 41.3% year on year, mainly due to the rebound from the gain on sales of non-current assets recorded in the previous fiscal year, as well as due to soaring material costs, etc.

Against this backdrop, we pursued key strategies to maximize the use of the Group's real estate holdings and expand our real estate portfolio. With respect to development in the seven priority areas that serve as foundations for the Company, in addition to promoting plans for the "Nishiki 3-25 District Project (tentative name)" in Nagoya's Sakae area, and the "Shinsaibashi Project (tentative name)" in Osaka's Shinsaibashi area, we have also newly started considering collaboration with local communities and other companies, aiming to contribute to attractive urban development with a high level of quality in Fukuoka's Tenjin area. In addition, we will promote the residential real estate business aiming for utilizing our real estate holdings effectively.

<Payment and Finance Business>

(Millions of yen, %)	Nine months ended November 30, 2022 (from March to November)			(Reference) Third quarter of the fiscal year ending February 28, 2023 (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	9,709	1,778	22.4	3,395	417	14.0
Business profit	2,931	1,806	160.4	1,099	450	69.3
Operating profit	2,940	1,769	150.9	1,086	422	63.4

With regard to the performance of the Payment and Finance Business in the nine months ended November 30, 2022, sales revenue was ¥9,709 million, up 22.4% year on year, and operating profit was ¥2,940 million, up 150.9% year on year.

In addition, with regard to the performance in the third quarter of the fiscal year ending February 28, 2023, sales revenue was ¥3,395 million, up 14.0% year on year, and operating profit was ¥1,086 million, up 63.4% year on year.

Sales revenue increased due to the effect of increased revenue from the revision of annual membership fees, etc., as well as an increase in affiliated store fees associated with an improvement in transaction volume in the Department Store Business and at external affiliated stores, an increase in insurance agency fees, and other factors. Operating profit increased mainly because of the increase in sales

revenue, despite increases in personnel expenses, and costs accompanying merchant acquiring services and investment in systems.

With the aim of expanding the customer base under these conditions, in addition to promoting the expansion of card members and the use of card payment mainly 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 the Affiliated Store Business, in addition to consolidating affiliated stores in the Department Store Business, we promoted expansion of the business foundation, such as by introducing merchant acquiring services at the Group’s commercial facilities, which resulted in an increase in transaction volume.

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

(Millions of yen, %)	As of February 28, 2022	As of November 30, 2022	Change in amount
Current assets	234,884	235,225	341
Non-current assets	958,022	932,498	(25,524)
Total assets	1,192,907	1,167,723	(25,184)
Current liabilities	347,413	356,276	8,863
Non-current liabilities	483,373	441,985	(41,388)
Total liabilities	830,787	798,261	(32,526)
Equity attributable to owners of parent	350,368	357,770	7,402
Ratio of equity attributable to owners of parent to total assets	29.4	30.6	1.2
Total equity	362,120	369,461	7,341

Total assets as of November 30, 2022 was ¥1,167,723 million, a decrease of ¥25,184 million compared with February 28, 2022, mainly due to a gradual reduction in cash and deposits on hand as earnings continued to recover. Total liabilities was ¥798,261 million, a decrease of ¥32,526 million compared with February 28, 2022, mainly due to reduction in cash and deposits on hand and interest-bearing debt. Total equity was ¥369,461 million, an increase of ¥7,341 million compared with February 28, 2022.

(Cash flow position)

(Millions of yen)	Nine months ended November 30, 2021	Nine months ended November 30, 2022	Change in amount
Net cash flows from (used in) operating activities	37,143	46,799	9,656
Net cash flows from (used in) investing activities	(8,146)	(11,873)	(3,727)
Free cash flows	28,996	34,926	5,930
Net cash flows from (used in) financing activities	(32,682)	(75,003)	(42,321)
Net increase (decrease) in cash and cash equivalents	(3,685)	(40,077)	(36,392)
Cash and cash equivalents at beginning of period	128,925	93,278	(35,647)
Effect of exchange rate changes on cash and cash equivalents	109	254	145
Cash and cash equivalents at end of period	125,348	53,456	(71,892)

The balance of cash and cash equivalents (hereinafter “cash”) as of November 30, 2022 amounted to ¥53,456 million, down ¥39,822 million compared with February 28, 2022.

Cash flow positions in the nine months ended November 30, 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 ¥46,799 million. In comparison with the nine months ended November 30, 2021, cash provided increased by ¥9,656 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 ¥11,873 million. In comparison with the nine months ended November 30, 2021, cash used increased by ¥3,727 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 ¥75,003 million. In comparison with the nine months ended November 30, 2021, cash used increased by ¥42,321 million, largely due to repayments of borrowings and 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 November 30, 2022
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	93,278	53,456
Trade and other receivables	112,262	149,189
Other financial assets	11,929	12,020
Inventories	12,459	14,702
Other current assets	4,954	5,856
Total current assets	234,884	235,225
Non-current assets		
Property, plant and equipment	480,380	472,440
Right-of-use assets	140,470	128,250
Goodwill	523	523
Investment property	189,688	189,740
Intangible assets	7,289	7,345
Investments accounted for using equity method	38,761	39,901
Other financial assets	79,977	78,205
Deferred tax assets	8,209	2,857
Other non-current assets	12,721	13,233
Total non-current assets	958,022	932,498
Total assets	1,192,907	1,167,723

	As of February 28, 2022	As of November 30, 2022
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	108,152	76,804
Trade and other payables	116,107	152,522
Lease liabilities	28,554	28,247
Other financial liabilities	29,915	29,684
Income tax payables	4,485	1,067
Provisions	954	2,850
Other current liabilities	59,243	65,097
Total current liabilities	<u>347,413</u>	<u>356,276</u>
Non-current liabilities		
Bonds and borrowings	209,562	195,595
Lease liabilities	155,839	140,000
Other financial liabilities	36,741	35,541
Retirement benefit liabilities	19,416	17,396
Provisions	9,553	7,598
Deferred tax liabilities	51,697	45,364
Other non-current liabilities	563	490
Total non-current liabilities	<u>483,373</u>	<u>441,985</u>
Total liabilities	<u>830,787</u>	<u>798,261</u>
Equity		
Capital	31,974	31,974
Share premium	188,894	188,953
Treasury shares	(14,780)	(14,464)
Other components of equity	9,574	9,771
Retained earnings	134,705	141,535
Total equity attributable to owners of parent	<u>350,368</u>	<u>357,770</u>
Non-controlling interests	11,751	11,691
Total equity	<u>362,120</u>	<u>369,461</u>
Total liabilities and equity	<u><u>1,192,907</u></u>	<u><u>1,167,723</u></u>

(2) Condensed quarterly consolidated statement of profit or loss

	Nine months ended November 30, 2021	Nine months ended November 30, 2022
	Millions of yen	Millions of yen
Sales revenue	237,479	256,941
Cost of sales	(129,561)	(131,695)
Gross profit	107,918	125,245
Selling, general and administrative expense	(99,034)	(104,586)
Other operating income	2,987	2,758
Other operating expenses	(7,463)	(3,317)
Operating profit	4,407	20,100
Finance income	1,133	676
Finance costs	(4,475)	(4,007)
Share of profit (loss) of investments accounted for using equity method	1,013	1,657
Profit before tax	2,079	18,426
Income tax expense	1,450	(3,658)
Profit	3,529	14,767
Profit attributable to:		
Owners of parent	3,669	14,762
Non-controlling interests	(140)	5
Profit	3,529	14,767
Earnings per share		
Basic earnings per share (Yen)	14.01	56.33
Diluted earnings per share (Yen)	14.01	56.27

(3) Condensed quarterly consolidated statement of comprehensive income

	Nine months ended November 30, 2021	Nine months ended November 30, 2022
	Millions of yen	Millions of yen
Profit	3,529	14,767
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(518)	(88)
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	(382)	(96)
Items that may be reclassified to profit or loss		
Cash flow hedges	(17)	(39)
Exchange differences on translation of foreign operations	71	250
Share of other comprehensive income of entities accounted for using equity method	(0)	4
Total items that may be reclassified to profit or loss	53	215
Other comprehensive income, net of tax	(329)	119
Comprehensive income	<u>3,200</u>	<u>14,887</u>
Comprehensive income attributable to:		
Owners of parent	3,342	14,884
Non-controlling interests	(142)	3
Comprehensive income	<u>3,200</u>	<u>14,887</u>

(4) Condensed quarterly consolidated statement of changes in equity

Nine months ended November 30, 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
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

Nine months ended November 30, 2022

	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, 2022	31,974	188,894	(14,780)	60	(1)	9,516
Profit	–	–	–	–	–	–
Other comprehensive income	–	–	–	254	(39)	(86)
Total comprehensive income	–	–	–	254	(39)	(86)
Purchase of treasury shares	–	–	(6)	–	–	–
Disposal of treasury shares	–	(0)	0	–	–	–
Dividends	–	–	–	–	–	–
Obtaining of control of subsidiaries	–	–	–	–	–	–
Share-based payment transactions	–	59	322	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	68
Total transactions with owners	–	59	315	–	–	68
Balance at November 30, 2022	31,974	188,953	(14,464)	315	(41)	9,497

	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, 2022	–	9,574	134,705	350,368	11,751	362,120
Profit	–	–	14,762	14,762	5	14,767
Other comprehensive income	(7)	121	–	121	(1)	119
Total comprehensive income	(7)	121	14,762	14,884	3	14,887
Purchase of treasury shares	–	–	–	(6)	–	(6)
Disposal of treasury shares	–	–	–	0	–	0
Dividends	–	–	(7,857)	(7,857)	(64)	(7,921)
Obtaining of control of subsidiaries	–	–	–	–	0	0
Share-based payment transactions	–	–	–	381	–	381
Transfer from other components of equity to retained earnings	7	75	(75)	–	–	–
Total transactions with owners	7	75	(7,932)	(7,482)	(63)	(7,546)
Balance at November 30, 2022	–	9,771	141,535	357,770	11,691	369,461

(5) Condensed quarterly consolidated statement of cash flows

	Nine months ended November 30, 2021	Nine months ended November 30, 2022
	Millions of yen	Millions of yen
Cash flows from (used in) operating activities		
Profit before tax	2,079	18,426
Depreciation and amortization expense	37,316	36,935
Impairment loss	37	1,293
Finance income	(1,133)	(676)
Finance costs	4,475	4,007
Share of loss (profit) of investments accounted for using equity method	(1,013)	(1,657)
Loss (gain) on sales of non-current assets	(460)	(93)
Loss on disposals of non-current assets	1,062	1,545
Loss on sales of shares of subsidiaries	1,818	-
Decrease (increase) in inventories	3,280	(2,242)
Decrease (increase) in trade and other receivables	(30,194)	(39,187)
Increase (decrease) in trade and other payables	22,191	36,675
Increase (decrease) in retirement benefit liabilities	247	(2,019)
Decrease (increase) in retirement benefit assets	(27)	12
Other, net	3,686	3,078
Subtotal	43,366	56,099
Interest received	91	88
Dividends received	195	156
Interest paid	(4,447)	(4,025)
Income taxes paid	(4,209)	(7,586)
Income taxes refund	2,147	2,067
Net cash flows from (used in) operating activities	37,143	46,799
Cash flows from (used in) investing activities		
Purchase of property, plant and equipment	(5,010)	(6,303)
Proceeds from sales of property, plant and equipment	485	27
Purchase of investment property	(2,515)	(4,405)
Proceeds from sales of investment property	-	240
Purchase of investment securities	(1,460)	(798)
Proceeds from sales of investment securities	1,903	1,204
Other, net	(1,549)	(1,837)
Net cash flows from (used in) investing activities	(8,146)	(11,873)
Cash flows from (used in) financing activities		
Net increase (decrease) in current borrowings	-	(24,000)
Net increase (decrease) in commercial papers	(19,998)	4,997
Repayments of non-current borrowings	(11,750)	(6,360)
Proceeds from issuance of bonds	29,867	-
Redemption of bonds	-	(20,000)
Repayments of lease liabilities	(22,362)	(21,825)
Purchase of treasury shares	(16)	(7)
Dividends paid	(8,363)	(7,849)
Dividends paid to non-controlling interests	(64)	(64)
Other, net	5	105
Net cash flows from (used in) financing activities	(32,682)	(75,003)
Net increase (decrease) in cash and cash equivalents	(3,685)	(40,077)
Cash and cash equivalents at beginning of period	128,925	93,278
Effect of exchange rate changes on cash and cash equivalents	109	254
Cash and cash equivalents at end of period	125,348	53,456

(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.

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:
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 profit in the condensed quarterly consolidated financial statements.

Nine months ended November 30, 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	151,629	39,230	30,485	6,008	227,353	29,588	256,941	–	256,941
Inter-segment revenue	308	826	9,568	3,701	14,405	11,213	25,618	(25,618)	–
Total	151,938	40,057	40,053	9,709	241,758	40,802	282,560	(25,618)	256,941
Segment profit	6,509	6,858	2,549	2,940	18,857	1,193	20,051	49	20,100
Finance income									676
Finance costs									(4,007)
Share of profit (loss) of investments accounted for using equity method									1,657
Profit before tax									18,426

- 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.