

June 28, 2023

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending February 29, 2024 (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: July 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 three months of the fiscal year ending February 29, 2024 (from March 1, 2023 to May 31, 2023)

(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, 2023	263,818	16.1	93,456	14.1	9,831	39.6	10,169	34.5	9,926	44.8
May 31, 2022	227,165	20.7	81,905	10.5	7,045	442.4	7,560	–	6,856	–

	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, 2023	6,397	7.1	7,692	28.5	24.39	24.38
May 31, 2022	5,974	–	5,984	–	22.80	22.79

- * 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					
May 31, 2023	1,120,320	375,026	363,011	32.4	1,384.21
February 28, 2023	1,120,953	371,410	359,385	32.1	1,370.43

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, 2023	–	15.00	–	16.00	31.00
Fiscal year ending February 29, 2024	–				
Fiscal year ending February 29, 2024 (Forecast)		16.00	–	17.00	33.00

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

3. Consolidated earnings forecasts for the fiscal year ending February 29, 2024 (from March 1, 2023 to February 29, 2024)

(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, 2023	533,500	14.9	195,500	15.6	19,000	39.4	18,500	39.8	17,500	43.2
Fiscal year ending February 29, 2024	1,115,000	11.6	413,000	14.8	40,000	60.9	38,500	102.0	36,000	113.4

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
First six months ending August 31, 2023	12,500	23.1	47.70
Fiscal year ending February 29, 2024	25,500	79.1	97.30

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, 2023	270,565,764 shares
As of February 28, 2023	270,565,764 shares

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

As of May 31, 2023	8,314,627 shares
As of February 28, 2023	8,323,612 shares

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

For the three months ended May 31, 2023	262,246,531 shares
For the three months ended May 31, 2022	262,063,722 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, 2023 (from March to May)		
	Results	Year-on-year changes	
		Change in amount	Change in percentage
Gross sales	263,818	36,653	16.1
Sales revenue	93,456	11,551	14.1
Gross profit	45,831	5,285	13.0
Selling, general and administrative expense	36,000	2,499	7.5
Business profit	9,831	2,786	39.6
Other operating income	1,061	(199)	(15.8)
Other operating expenses	723	(22)	(2.9)
Operating profit	10,169	2,609	34.5
Profit attributable to owners of parent	6,397	423	7.1

In the three months ended May 31, 2023 (from March 1, 2023 to May 31, 2023), consolidated sales revenue was ¥93,456 million, up 14.1% year on year, operating profit was ¥10,169 million, up 34.5% year on year, and profit attributable to owners of parent was ¥6,397 million, up 7.1% year on year.

During the three months ended May 31, 2023, the Japanese economy continued to show a moderate recovery as the number of foreign tourists visiting Japan increased after the easing of border measures last October, and personal consumption showed signs of picking up as social and economic activity moved toward further normalization following the change of COVID-19's category to Class 5 infectious diseases on May 8, 2023.

Meanwhile, we recognize that we need to continue keeping a close eye on the risk of downward pressure on personal consumption, such as the cooling of consumer sentiment stemming from factors including soaring resource prices and rising prices.

In fiscal 2023, the final year of the Medium-term Business Plan, we have been accelerating the implementation of key strategies and measures in each business in order to surely capture domestic spending and inbound demand, which are beginning to recover, and to achieve a “prompt recovery in earnings power.”

Specifically, based on our “Real x digital strategy,” we promoted strategic investments to increase the attractiveness of our real stores, primarily in our Department Store Business and SC (Shopping Center) Business, with a focus on our flagship stores. We also worked to expand our business from a CSV perspective by adding a men's line to our “AnotherADdress” fashion subscription business in order to strengthen our online business.

Under our “prime life strategy,” we renovated the sales areas for luxury brands and high-end watches to further strengthen product categories that are highly supported by customers in our Department Store Business. We also worked to enhance high-quality store environments and services by introducing membership lounges for top customers.

Under our “developer strategy,” to pursue further business growth, we established J. Front City Development Co., Ltd. directly under our holding company in March of this year and decided to transfer the developer business operated by PARCO CO., LTD. to J. Front City Development Co., Ltd. By restructuring this business, we are building a system capable of fast decision making from the standpoint of Group-wide optimization. In addition, we will formulate and promote medium- to long-term strategies such as the effective use of Group assets, including large-scale development projects in key areas, expansion of the construction and interior design business, asset replacement, and diversification of earnings through asset management.

In addition, we decided to invest in four companies through a CVC fund, which was established in September last year with the aim of creating new businesses and evolving existing businesses through collaboration with other companies. We also decided to invest in Financie, Inc. a token-issuing crowdfunding service company that utilizes blockchain.

Results by segment are as follows.

Following the reorganization on March 1, 2023, real estate has been transferred from PARCO CO., LTD. to J. Front City Development Co., Ltd. As a result, results have been retroactively adjusted as if the transfer took place at the beginning of the first quarter of the fiscal year ended February 28, 2023.

<Department Store Business>

(Millions of yen, %)	Three months ended May 31, 2023 (from March to May)		
	Results	Year-on-year changes	
		Change in amount	Change in percentage
Sales revenue	54,161	5,349	11.0
Business profit	4,859	2,209	83.4
Operating profit	4,504	2,241	99.0

With regard to the performance of the Department Store Business in the three months ended May 31, 2023, sales revenue was ¥54,161 million, up 11.0% year on year, and operating profit was ¥4,504 million, up 99.0% year on year.

Sales revenue increased against a backdrop of a solid affluent market segment, reflecting continued recovery supported by the effects of strategic investments in areas such as luxury brands made in the previous fiscal year, an increase in domestic travelers primarily due to long holidays, and growth in sales from foreign tourists visiting Japan. By store, the Daimaru Tokyo store, Daimaru Umeda store and Daimaru Sapporo store, which are on terminal sites, saw significant improvements to customer numbers and sales. Operating profit increased despite increases in costs, such as an increase in variable costs associated with the improvement of sales revenue.

We strengthened and renewed core categories such as luxury brands and high-end watches, mainly at flagship stores, and held events to attract customers as well as unique events at each store. In addition, we stepped up efforts to provide high-quality store environments and services. We promoted the digitization of touchpoints through Daimaru Matsuzakaya App in order to build a strong relationship with customers. We also introduced a membership lounge (TILL The Lounge) at Daimaru Umeda store for top customers among app members.

In addition, as part of efforts to strengthen our online business, we expanded the lineup of offerings in “AnotherADdress,” a fashion subscription service, in March of this year by adding men’s products, which were highly requested by customers.

<SC Business>

(Millions of yen, %)	Three months ended May 31, 2023 (from March to May)		
	Results	Year-on-year changes	
		Change in amount	Change in percentage
Sales revenue	14,137	1,089	8.3
Business profit	2,484	203	8.9
Operating profit	3,148	196	6.6

With regard to the performance of the SC Business in the three months ended May 31, 2023, sales revenue was ¥14,137 million, up 8.3% year on year, and operating profit was ¥3,148 million, up 6.6% year on year.

Sales revenue increased primarily due to an increase in the number of customers visiting stores and tenant transaction volume resulting from the effects of strategic remodeling centering on flagship stores and promotions such as unified plans for all stores, which have been promoted from the previous year, and an increase in the number of foreign tourists visiting Japan, including those visiting Shibuya PARCO and Shinsaibashi PARCO. Operating profit also increased from this improved sales revenue and a gain on sales of our properties.

Ikebukuro PARCO has redesigned a part of its floors to the ones with a wide variety of subculture, incorporating high-profile entertainment content, while Nagoya PARCO has promoted the attractiveness of stores by expanding its unisex and women's elements adding to men's fashion, and revamping the common areas on the floors to create a sense of change. In April of this year, a new community-based commercial facility "HAB@Kumamoto" opened on the site of the former Kumamoto PARCO, contributing to increasing the city's attractiveness.

<Developer Business>

(Millions of yen, %)	Three months ended May 31, 2023 (from March to May)		
	Results	Year-on-year changes	
		Change in amount	Change in percentage
Sales revenue	16,753	3,276	24.3
Business profit	1,384	625	82.3
Operating profit	1,615	653	67.8

With regard to the performance of the Developer Business in the three months ended May 31, 2023, sales revenue was ¥16,753 million, up 24.3% year on year, and operating profit was ¥1,615 million, up 67.8% year on year.

Sales revenue increased primarily due to an increase in orders for large-scale construction work and renovation work for specially selected brand stores at J. Front Design & Construction Co., Ltd. Operating profit also increased primarily due to the sale of real estate interests in the "Shinsaibashi project (tentative name)," which has been advanced by J. Front City Development Co., Ltd., to the specified purpose company that was jointly invested in.

Under the new business promotion structure launched in March of this year, we are formulating and promoting long-term development plans, focusing on key areas in seven cities where we have a foundation, from the viewpoint of Group-wide optimization and effective utilization of held assets. We are also working to strengthen our business foundation primarily by accepting orders in the asset management business.

In the first quarter under review, together with the promotion of the "Nishiki 3-25 District Project (tentative name)" in Nagoya's Sakae area and the "Shinsaibashi project (tentative name)" in Osaka's Shinsaibashi area, both of which are scheduled for completion and opening in 2026, we proceeded with consideration of the redevelopment in partnership with local community and other companies, with the aim of contributing to the creation of attractive, high-quality urban development in Fukuoka's Tenjin area.

<Payment and Finance Business>

(Millions of yen, %)	Three months ended May 31, 2023 (from March to May)		
	Results	Year-on-year changes	
		Change in amount	Change in percentage
Sales revenue	3,236	82	2.6
Business profit	732	(280)	(27.7)
Operating profit	686	(339)	(33.1)

With regard to the performance of the Payment and Finance Business in the three months ended May 31, 2023, sales revenue was ¥3,236 million, up 2.6% year on year, and operating profit was ¥686 million, down 33.1% year on year.

Sales revenue increased primarily due to increases in affiliated store fees associated with an increase in transaction volume at department stores and external affiliated stores. Operating profit decreased mainly due to an increase in expenses for bad debts written off, an increase in investment expenses for expanding business foundation, and higher personnel expenses.

With the aim of expanding the customer base, we promoted 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 program, “QIRA points,” and to increase awareness of the service by implementing special plans for card members. In the Affiliate Store Business, in addition to the consolidation of affiliated stores in the Department Store Business, we worked to expand acquisitions at the Group’s commercial facilities. We also worked to strengthen our business base by expanding use of the “Kantan Tsumitate Investment” financial service through alliances with other companies, and by acquiring customers through collaboration with the commercial complex adjacent to the Daimaru Shimonoseki store.

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

(Millions of yen, %)	As of February 28, 2023	As of May 31, 2023	Change in amount
Current assets	201,860	212,028	10,168
Non-current assets	919,092	908,292	(10,800)
Total assets	1,120,953	1,120,320	(633)
Current liabilities	317,953	337,961	20,008
Non-current liabilities	431,589	407,332	(24,257)
Total liabilities	749,542	745,293	(4,249)
Equity attributable to owners of parent	359,385	363,011	3,626
Ratio of equity attributable to owners of parent to total assets	32.1	32.4	0.3
Total equity	371,410	375,026	3,616

Total assets as of May 31, 2023 was ¥1,120,320 million, a decrease of ¥633 million compared with February 28, 2023. Total liabilities was ¥745,293 million, a decrease of ¥4,249 million compared with February 28, 2023. Total equity was ¥375,026 million, an increase of ¥3,616 million compared with February 28, 2023.

(Cash flow position)

(Millions of yen)	Three months ended May 31, 2022	Three months ended May 31, 2023	Change in amount
Net cash flows from (used in) operating activities	7,821	18,856	11,035
Net cash flows from (used in) investing activities	(3,154)	2,211	5,365
Free cash flows	4,667	21,068	16,401
Net cash flows from (used in) financing activities	(18,589)	(20,299)	(1,710)
Net increase (decrease) in cash and cash equivalents	(13,921)	769	14,690
Cash and cash equivalents at end of period	79,441	40,678	(38,763)

The balance of cash and cash equivalents (hereinafter “cash”) as of May 31, 2023 amounted to ¥40,678 million, up ¥804 million compared with February 28, 2023.

Cash flow positions in the three months ended May 31, 2023 and the factors for these were as follows.

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

Net cash provided by operating activities was ¥18,856 million. In comparison with the three months ended May 31, 2022, cash provided increased by ¥11,035 million, mainly due to an increase in profit before tax.

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

Net cash provided by investing activities was ¥2,211 million. In comparison with the three months ended May 31, 2022, cash provided increased by ¥5,365 million, largely reflecting an increase in proceeds from sales of investment property.

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

Net cash used in financing activities was ¥20,299 million. In comparison with the three months ended May 31, 2022, cash used increased by ¥1,710 million, mainly due to repayments of non-current borrowings.

(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, 2023 and the fiscal year ending February 29, 2024 announced in the consolidated financial results released on April 11, 2023.

2. Condensed quarterly consolidated financial statements and significant notes thereto

(1) Condensed quarterly consolidated statement of financial position

	As of February 28, 2023	As of May 31, 2023
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	39,874	40,678
Trade and other receivables	129,121	137,399
Other financial assets	10,836	10,103
Inventories	16,932	18,324
Other current assets	5,094	5,521
Total current assets	201,860	212,028
Non-current assets		
Property, plant and equipment	469,401	466,434
Right-of-use assets	119,501	114,490
Goodwill	995	995
Investment property	187,247	183,113
Intangible assets	7,797	7,623
Investments accounted for using equity method	41,402	41,889
Other financial assets	79,711	80,260
Deferred tax assets	3,137	3,253
Other non-current assets	9,897	10,232
Total non-current assets	919,092	908,292
Total assets	1,120,953	1,120,320

	As of February 28, 2023	As of May 31, 2023
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	63,530	72,530
Trade and other payables	133,835	146,484
Lease liabilities	28,411	28,112
Other financial liabilities	29,975	28,224
Income tax payables	1,527	3,639
Provisions	2,397	1,841
Other current liabilities	58,276	57,128
Total current liabilities	<u>317,953</u>	<u>337,961</u>
Non-current liabilities		
Bonds and borrowings	185,593	167,757
Lease liabilities	136,414	130,305
Other financial liabilities	35,290	35,145
Retirement benefit liabilities	16,754	16,813
Provisions	8,699	8,094
Deferred tax liabilities	48,366	48,755
Other non-current liabilities	469	459
Total non-current liabilities	<u>431,589</u>	<u>407,332</u>
Total liabilities	<u>749,542</u>	<u>745,293</u>
Equity		
Capital	31,974	31,974
Share premium	189,068	189,123
Treasury shares	(14,466)	(14,345)
Other components of equity	10,654	11,944
Retained earnings	142,153	144,314
Total equity attributable to owners of parent	<u>359,385</u>	<u>363,011</u>
Non-controlling interests	12,025	12,014
Total equity	<u>371,410</u>	<u>375,026</u>
Total liabilities and equity	<u><u>1,120,953</u></u>	<u><u>1,120,320</u></u>

(2) Condensed quarterly consolidated statement of profit or loss

	Three months ended May 31, 2022	Three months ended May 31, 2023
	Millions of yen	Millions of yen
Sales revenue	81,905	93,456
Cost of sales	(41,359)	(47,624)
Gross profit	40,546	45,831
Selling, general and administrative expense	(33,501)	(36,000)
Other operating income	1,260	1,061
Other operating expenses	(745)	(723)
Operating profit	7,560	10,169
Finance income	233	262
Finance costs	(1,369)	(1,197)
Share of profit (loss) of investments accounted for using equity method	432	692
Profit before tax	6,856	9,926
Income tax expense	(896)	(3,479)
Profit	5,959	6,446
Profit attributable to:		
Owners of parent	5,974	6,397
Non-controlling interests	(14)	49
Profit	5,959	6,446
Earnings per share		
Basic earnings per share (Yen)	22.80	24.39
Diluted earnings per share (Yen)	22.79	24.38

(3) Condensed quarterly consolidated statement of comprehensive income

	Three months ended May 31, 2022	Three months ended May 31, 2023
	Millions of yen	Millions of yen
Profit	5,959	6,446
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(109)	1,253
Share of other comprehensive income of entities accounted for using equity method	(7)	(75)
Total items that will not be reclassified to profit or loss	(117)	1,177
Items that may be reclassified to profit or loss		
Cash flow hedges	8	15
Exchange differences on translation of foreign operations	133	53
Share of other comprehensive income of entities accounted for using equity method	1	(0)
Total items that may be reclassified to profit or loss	142	68
Other comprehensive income, net of tax	25	1,245
Comprehensive income	<u>5,984</u>	<u>7,692</u>
Comprehensive income attributable to:		
Owners of parent	6,001	7,643
Non-controlling interests	(16)	49
Comprehensive income	<u>5,984</u>	<u>7,692</u>

(4) Condensed quarterly consolidated statement of changes in equity

Three months ended May 31, 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	–	–	–	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

Three months ended May 31, 2023

	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, 2023	31,974	189,068	(14,466)	209	(2)	10,448
Profit	–	–	–	–	–	–
Other comprehensive income	–	–	–	52	15	1,253
Total comprehensive income	–	–	–	52	15	1,253
Purchase of treasury shares	–	–	(1)	–	–	–
Dividends	–	–	–	–	–	–
Share-based payment transactions	–	54	122	–	–	–
Change due to capital increase of consolidated subsidiaries	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	(31)
Total transactions with owners	–	54	120	–	–	(31)
Balance at May 31, 2023	31,974	189,123	(14,345)	262	12	11,670

	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, 2023	–	10,654	142,153	359,385	12,025	371,410
Profit	–	–	6,397	6,397	49	6,446
Other comprehensive income	(75)	1,245	–	1,245	(0)	1,245
Total comprehensive income	(75)	1,245	6,397	7,643	49	7,692
Purchase of treasury shares	–	–	–	(1)	–	(1)
Dividends	–	–	(4,192)	(4,192)	(64)	(4,256)
Share-based payment transactions	–	–	–	177	–	177
Change due to capital increase of consolidated subsidiaries	–	–	–	–	3	3
Transfer from other components of equity to retained earnings	75	44	(44)	–	–	–
Total transactions with owners	75	44	(4,236)	(4,016)	(60)	(4,076)
Balance at May 31, 2023	–	11,944	144,314	363,011	12,014	375,026

(5) Condensed quarterly consolidated statement of cash flows

	Three months ended May 31, 2022	Three months ended May 31, 2023
	Millions of yen	Millions of yen
Cash flows from (used in) operating activities		
Profit before tax	6,856	9,926
Depreciation and amortization expense	12,137	11,619
Finance income	(233)	(262)
Finance costs	1,369	1,197
Share of loss (profit) of investments accounted for using equity method	(432)	(692)
Loss (gain) on sales of non-current assets	(65)	(732)
Loss on disposals of non-current assets	615	436
Decrease (increase) in inventories	(289)	(1,391)
Decrease (increase) in trade and other receivables	(18,932)	(7,372)
Increase (decrease) in trade and other payables	17,781	14,244
Increase (decrease) in retirement benefit liabilities	(2,156)	59
Decrease (increase) in retirement benefit assets	4	(33)
Other, net	(2,939)	(4,944)
Subtotal	13,716	22,053
Interest received	27	35
Dividends received	60	76
Interest paid	(1,393)	(1,232)
Income taxes paid	(4,589)	(2,076)
Net cash flows from (used in) operating activities	7,821	18,856
Cash flows from (used in) investing activities		
Purchase of property, plant and equipment	(2,522)	(2,570)
Proceeds from sales of property, plant and equipment	26	201
Purchase of investment property	(939)	(164)
Proceeds from sales of investment property	86	4,013
Purchase of intangible assets	(730)	(513)
Purchase of investment securities	(99)	(1,180)
Proceeds from sales of investment securities	307	1,101
Proceeds from refund of guarantee deposits	1,566	2,024
Other, net	(848)	(700)
Net cash flows from (used in) investing activities	(3,154)	2,211
Cash flows from (used in) financing activities		
Net increase (decrease) in current borrowings	-	1,000
Net increase (decrease) in commercial papers	(5,002)	-
Proceeds from non-current borrowings	-	2,400
Repayments of non-current borrowings	(2,300)	(12,250)
Repayments of lease liabilities	(7,392)	(7,186)
Purchase of treasury shares	(2)	(1)
Dividends paid	(3,934)	(4,200)
Dividends paid to non-controlling interests	(64)	(64)
Other, net	106	3
Net cash flows from (used in) financing activities	(18,589)	(20,299)
Net increase (decrease) in cash and cash equivalents	(13,921)	769
Cash and cash equivalents at beginning of period	93,278	39,874
Effect of exchange rate changes on cash and cash equivalents	85	34
Cash and cash equivalents at end of period	79,441	40,678

(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.

Following the reorganization on March 1, 2023, real estate has been transferred from PARCO CO., LTD. to J. Front City Development Co., Ltd. As a result, results have been retroactively adjusted as if the transfer took place at the beginning of the first quarter of the fiscal year ended February 28, 2023.

(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, 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	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
External revenue	48,696	12,780	9,684	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	13,048	13,477	3,154	78,492	13,375	91,868	(9,962)	81,905
Segment profit	2,263	2,952	962	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.

Three months ended May 31, 2023

	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	54,040	13,875	13,710	1,675	83,302	10,154	93,456	–	93,456
Inter-segment revenue	120	261	3,043	1,561	4,987	3,266	8,253	(8,253)	–
Total	54,161	14,137	16,753	3,236	88,289	13,420	101,710	(8,253)	93,456
Segment profit	4,504	3,148	1,615	686	9,953	703	10,657	(487)	10,169
Finance income									262
Finance costs									(1,197)
Share of profit (loss) of investments accounted for using equity method									692
Profit before tax									9,926

- 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.