

October 10, 2023

Consolidated Financial Results for the First Six 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:

October 12, 2023

Scheduled date to commence dividend payments:

November 13, 2023

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 29, 2024 (from March 1, 2023 to August 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	%
Six months ended August 31, 2023	540,132	16.4	191,634	13.3	20,197	48.2	19,684	48.7	18,804	53.8
August 31, 2022	464,130	16.8	169,129	7.5	13,629	272.9	13,237	–	12,223	–

	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, 2023	12,900	27.0	14,788	43.4	49.19	49.15
August 31, 2022	10,155	–	10,311	–	38.75	38.72

- * 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 August 31, 2023	1,121,945	382,133	370,049	33.0	1,411.00
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	–	16.00			
Fiscal year ending February 29, 2024 (Forecast)			–	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	%
Fiscal year ending February 29, 2024	1,131,000	13.2	405,500	12.7	42,500	71.0	40,000	109.9	38,500	128.2

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending February 29, 2024	27,000	89.6	102.95

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

* **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, 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 August 31, 2023	8,305,700 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 six months ended August 31, 2023	262,251,040 shares
For the six months ended August 31, 2022	262,067,710 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 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 six months

(1) Explanation of operating results

(Millions of yen, %)	Six months ended August 31, 2023 (from March to August)			
	Results	Year-on-year changes		Against April announced figures
		Change in amount	Change in percentage	Change in amount
Gross sales	540,132	76,002	16.4	6,632
Sales revenue	191,634	22,505	13.3	(3,866)
Gross profit	93,382	10,521	12.7	382
Selling, general and administrative expense	73,185	3,953	5.7	(815)
Business profit	20,197	6,568	48.2	1,197
Other operating income	1,817	(503)	(21.7)	817
Other operating expenses	2,329	(383)	(14.1)	829
Operating profit	19,684	6,447	48.7	1,184
Profit attributable to owners of parent	12,900	2,745	27.0	400

In the six months ended August 31, 2023 (from March 1, 2023 to August 31, 2023), consolidated sales revenue was ¥191,634 million, up 13.3% year on year, operating profit was ¥19,684 million, up 48.7% year on year, and profit attributable to owners of parent was ¥12,900 million, up 27.0% year on year.

Against April announced figures, although sales revenue decreased, operating profit and profit attributable to owners of parent increased primarily due to increased business profit mainly in the Department Store Business, SC (Shopping Center) Business, Developer Business, etc.

During the six months ended August 31, 2023, the Japanese economy continued to show a moderate recovery due to personal consumption picking up, the increase in the number of foreign tourists visiting Japan and other factors as a result of social and economic activity normalizing because of factors such as COVID-19's category changing to Class 5 infectious disease.

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, with a focus on our flagship stores in our Department Store Business and SC Business. As an initiative to strengthen our online business, we expanded the services of our “AnotherADdress” fashion subscription business and started our “Rakurich” frozen food delivery subscription service.

Under our “prime life strategy,” we further strengthened product categories that are highly supported by customers, while we worked to develop new content outside the bounds of the typical department store merchandize line-up and expand the customer base through cultivation of next-generation customers.

For our “developer strategy,” under the new business promotion structure launched in March of this year, we formulated and promoted medium- to 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.

Furthermore, we decided to invest in six companies through a CVC (corporate venture capital) fund for business portfolio transformation with a view to 2030 and the creation of new businesses, and started investigating new ways to build relationships with customers through the community by investing in and collaborating with QON Inc.

The sustainability initiatives of the Company were evaluated, and we were selected as a constituent of the “MSCI Japan ESG Select Leaders Index” stock price index adopted by GPIF (Government Pension Investment Fund) for ESG (Environment, Social, Governance) investment, “MSCI Japan Empowering Women Index (WIN)” and “FTSE Blossom Japan Index.” As a result, we were selected as a constituent of all domestic stock price indices adopted by GPIF for ESG investment.

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 fiscal year ended February 28, 2023 (as of March 1, 2022).

<Department Store Business>

(Millions of yen, %)	Six months ended August 31, 2023 (from March to August)			
	Results	Year-on-year changes		Against April announced figures
		Change in amount	Change in percentage	Change in amount
Sales revenue	112,386	10,776	10.6	(3,814)
Business profit	11,677	5,946	103.8	477
Operating profit	10,106	6,293	165.0	(94)

With regard to the performance of the Department Store Business in the six months ended August 31, 2023, sales revenue was ¥112,386 million, up 10.6% year on year, and operating profit was ¥10,106 million, up 165.0% year on year.

Sales revenue increased due to the effect of strategies and measures, such as the response to the recovery of demand for domestic spending and a strong affluent market, in addition to sales from foreign tourists visiting Japan growing significantly.

By store, the Daimaru Tokyo store, Daimaru Umeda store and Daimaru Sapporo store, which are on terminal sites, and the Daimaru Shinsaibashi store, which had strong sales from foreign tourists visiting Japan, 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.

Against April announced figures, although sales revenue fell due to changes in the composition of merchandise sold, business profit increased due to effective expenditures for SGA, and operating profit proceeded mostly according to plan.

Based on our key strategies, we steadily promoted the renewal of core categories, such as luxury brands and high-end watches, mainly at flagship stores, to increase the attractiveness of stores, and promoted digitization of touchpoints through the Daimaru Matsuzakaya App in order to build a strong relationship with customers. Furthermore, we introduced a special lounge for high-end customers at the Matsuzakaya Nagoya store to strengthen our response to the affluent market.

Moreover, as part of efforts to strengthen our online business, we started our “Rakurich” frozen food delivery subscription service that utilizes the Company’s strengths in order to respond to the increasing needs of consumers for “food delivery” as our second initiative following our “AnotherADdress” fashion subscription service.

<SC Business>

(Millions of yen, %)	Six months ended August 31, 2023 (from March to August)			
	Results	Year-on-year changes		Against April announced figures
		Change in amount	Change in percentage	Change in amount
Sales revenue	28,002	1,634	6.2	(1,594)
Business profit	4,860	715	17.2	155
Operating profit	5,772	761	15.2	1,105

With regard to the performance of the SC Business in the six months ended August 31, 2023, sales revenue was ¥28,002 million, up 6.2% year on year, and operating profit was ¥5,772 million, up 15.2% 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 we have promoted thus far, 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.

Against April announced figures, although sales revenue decreased, business profit and operating profit both increased due to effective expenditures for cost of sales and SGA, and a gain on sales of our properties.

Based on our key strategies, Ikebukuro PARCO strengthened unisex floors and created zone that enlisted integration of high-profile entertainment shops for the further evolution of market characteristics and store strengths to promote the attractiveness of stores. At Nagoya PARCO, we strengthened existing fashion in addition to culture, restaurants, etc., and promoted strategic remodeling by expanding unisex and women's elements on men's floors and revamping common areas. Furthermore, to increase the value of visiting stores, we worked to strengthen PARCO's own promotion, such as by developing large-scale mobilization events for popular TV anime at each store.

<Developer Business>

(Millions of yen, %)	Six months ended August 31, 2023 (from March to August)			
	Results	Year-on-year changes		Against April announced figures
		Change in amount	Change in percentage	Change in amount
Sales revenue	33,766	7,659	29.3	3,566
Business profit	1,988	576	40.8	688
Operating profit	2,228	592	36.1	518

With regard to the performance of the Developer Business in the six months ended August 31, 2023, sales revenue was ¥33,766 million, up 29.3% year on year, and operating profit was ¥2,228 million, up 36.1% year on year.

Sales revenue increased due to factors such as large-scale construction work by J. Front Design & Construction Co., Ltd., an increase in construction orders at PARCO SPACE SYSTEMS Co., Ltd., and the contracting of asset management services to J. Front City Development Co., Ltd. for GINZA SIX. In addition to the above factors, operating profit also increased due to other factors, including the sale of real estate interests in the “Shinsaibashi project (tentative name)” to the specified purpose company that was jointly invested in.

Against April announced figures, sales revenue and operating profit both increased due to contributions from an increase in orders at J. Front Design & Construction Co., Ltd.

Under the new business promotion structure launched in March of this year, we are formulating and promoting medium- to 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. In the second quarter under review, together with the promotion of the redevelopment 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 in addition to Fukuoka's Tenjin area, all of which are scheduled for completion and opening in 2026, we completed the rental residence “Rafficia Kamimaezu,” for which development proceeded in Nagoya.

<Payment and Finance Business>

(Millions of yen, %)	Six months ended August 31, 2023 (from March to August)			
	Results	Year-on-year changes		Against April announced figures
		Change in amount	Change in percentage	Change in amount
Sales revenue	6,733	419	6.6	(316)
Business profit	1,564	(267)	(14.6)	(311)
Operating profit	1,502	(351)	(18.9)	(363)

With regard to the performance of the Payment and Finance Business in the six months ended August 31, 2023, sales revenue was ¥6,733 million, up 6.6% year on year, and operating profit was ¥1,502 million, down 18.9% year on year.

Sales revenue increased primarily due to an increase in affiliated store fees associated with an improvement in transaction volume at department stores and external affiliated stores and an increase in Affiliate Store Business fees associated with the expansion of acquiring services. Operating profit decreased due to an increase in other operating expenses associated with the increasing unauthorized credit card use, in addition to an increase in investment expenses for expanding the business foundation and higher personnel expenses. Against April announced figures, sales revenue and operating profit both decreased.

In the second quarter under review, in addition to investigating medium- to long-term strategies for the expansion of our business foundation and promoting the expansion of card members and the use of card payment mainly by cooperating with the Department Store Business, we also carried out special events for card members with the aim of increasing awareness for our unique point service, “QIRA Points.” In the Affiliate Store Business, in addition to the consolidation of affiliated stores contracts with Daimaru Matsuzakaya Department Stores Co. Ltd., we worked to expand acquisitions at the Group’s commercial facilities. Furthermore, we promoted increasing affiliate stores in various areas to strengthen our alliances with other companies’ facilities that are adjacent to the Group’s stores.

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

(Millions of yen, %)	As of February 28, 2023	As of August 31, 2023	Change in amount
Current assets	201,860	239,484	37,624
Non-current assets	919,092	882,460	(36,632)
Total assets	1,120,953	1,121,945	992
Current liabilities	317,953	338,402	20,449
Non-current liabilities	431,589	401,409	(30,180)
Total liabilities	749,542	739,811	(9,731)
Equity attributable to owners of parent	359,385	370,049	10,664
Ratio of equity attributable to owners of parent to total assets	32.1	33.0	0.9
Total equity	371,410	382,133	10,723

Total assets as of August 31, 2023 was ¥1,121,945 million, an increase of ¥992 million compared with February 28, 2023. Note that a portion of investments accounted for using equity method has been reclassified as assets held for sale. Total liabilities was ¥739,811 million, a decrease of ¥9,731 million compared with February 28, 2023. Total equity was ¥382,133 million, an increase of ¥10,723 million compared with February 28, 2023.

(Cash flow position)

(Millions of yen)	Six months ended August 31, 2022	Six months ended August 31, 2023	Change in amount
Net cash flows from (used in) operating activities	24,991	37,065	12,074
Net cash flows from (used in) investing activities	(6,321)	(671)	5,650
Free cash flows	18,669	36,393	17,724
Net cash flows from (used in) financing activities	(47,260)	(28,544)	18,716
Net increase (decrease) in cash and cash equivalents	(28,590)	7,849	36,439
Cash and cash equivalents at beginning of period	93,278	39,874	(53,404)
Effect of exchange rate changes on cash and cash equivalents	241	100	(141)
Cash and cash equivalents at end of period	64,929	47,824	(17,105)

The balance of cash and cash equivalents (hereinafter “cash”) as of August 31, 2023 amounted to ¥47,824 million, up ¥7,950 million compared with February 28, 2023.

Cash flow positions in the six months ended August 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 ¥37,065 million. In comparison with the six months ended August 31, 2022, cash provided increased by ¥12,074 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 ¥671 million. In comparison with the six months ended August 31, 2022, cash used decreased by ¥5,650 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 ¥28,544 million. In comparison with the six months ended August 31, 2022, cash used decreased by ¥18,716 million due to a rebound of redemption of bonds implemented in the previous year.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

In light of earnings in the six months ended August 31, 2023, the consolidated earnings forecasts for the fiscal year ending February 29, 2024 have been changed from the forecasts announced in the Consolidated Financial Results released on April 11, 2023. We project gross sales of ¥1,131,000 million, sales revenue of ¥405,500 million, operating profit of ¥40,000 million, profit before tax of ¥38,500

million, profit attributable to owners of parent of ¥27,000 million, and basic earnings per share of ¥102.95.

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 August 31, 2023
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	39,874	47,824
Trade and other receivables	129,121	138,838
Other financial assets	10,836	11,112
Inventories	16,932	18,065
Other current assets	5,094	5,404
Subtotal	201,860	221,244
Assets held for sale	–	18,239
Total current assets	201,860	239,484
Non-current assets		
Property, plant and equipment	469,401	463,926
Right-of-use assets	119,501	109,950
Goodwill	995	995
Investment property	187,247	182,005
Intangible assets	7,797	8,433
Investments accounted for using equity method	41,402	23,224
Other financial assets	79,711	80,337
Deferred tax assets	3,137	3,198
Other non-current assets	9,897	10,389
Total non-current assets	919,092	882,460
Total assets	1,120,953	1,121,945

	As of February 28, 2023	As of August 31, 2023
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	63,530	70,730
Trade and other payables	133,835	142,612
Lease liabilities	28,411	28,296
Other financial liabilities	29,975	29,032
Income tax payables	1,527	6,930
Provisions	2,397	1,206
Other current liabilities	58,276	59,592
Total current liabilities	<u>317,953</u>	<u>338,402</u>
Non-current liabilities		
Bonds and borrowings	185,593	168,556
Lease liabilities	136,414	124,302
Other financial liabilities	35,290	34,831
Retirement benefit liabilities	16,754	16,929
Provisions	8,699	8,043
Deferred tax liabilities	48,366	48,322
Other non-current liabilities	469	424
Total non-current liabilities	<u>431,589</u>	<u>401,409</u>
Total liabilities	<u>749,542</u>	<u>739,811</u>
Equity		
Capital	31,974	31,974
Share premium	189,068	189,016
Treasury shares	(14,466)	(14,227)
Other components of equity	10,654	12,439
Retained earnings	142,153	150,847
Total equity attributable to owners of parent	<u>359,385</u>	<u>370,049</u>
Non-controlling interests	12,025	12,084
Total equity	<u>371,410</u>	<u>382,133</u>
Total liabilities and equity	<u><u>1,120,953</u></u>	<u><u>1,121,945</u></u>

(2) Condensed quarterly consolidated statement of profit or loss

	Six months ended August 31, 2022	Six months ended August 31, 2023
	Millions of yen	Millions of yen
Sales revenue	169,129	191,634
Cost of sales	(86,267)	(98,251)
Gross profit	82,861	93,382
Selling, general and administrative expense	(69,232)	(73,185)
Other operating income	2,320	1,817
Other operating expenses	(2,712)	(2,329)
Operating profit	13,237	19,684
Finance income	486	505
Finance costs	(2,701)	(2,358)
Share of profit (loss) of investments accounted for using equity method	1,200	973
Profit before tax	12,223	18,804
Income tax expense	(2,092)	(5,792)
Profit	10,131	13,012
Profit attributable to:		
Owners of parent	10,155	12,900
Non-controlling interests	(23)	111
Profit	10,131	13,012
Earnings per share		
Basic earnings per share (Yen)	38.75	49.19
Diluted earnings per share (Yen)	38.72	49.15

(3) Condensed quarterly consolidated statement of comprehensive income

	Six months ended August 31, 2022	Six months ended August 31, 2023
	Millions of yen	Millions of yen
Profit	10,131	13,012
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(77)	1,690
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	(85)	1,615
Items that may be reclassified to profit or loss		
Cash flow hedges	3	20
Exchange differences on translation of foreign operations	258	139
Share of other comprehensive income of entities accounted for using equity method	3	1
Total items that may be reclassified to profit or loss	265	161
Other comprehensive income, net of tax	179	1,776
Comprehensive income	<u>10,311</u>	<u>14,788</u>
Comprehensive income attributable to:		
Owners of parent	10,338	14,670
Non-controlling interests	(26)	118
Comprehensive income	<u>10,311</u>	<u>14,788</u>

(4) Condensed quarterly consolidated statement of changes in equity

Six months ended August 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	–	–	–	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

Six months ended August 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	–	–	–	140	20	1,684
Total comprehensive income	–	–	–	140	20	1,684
Purchase of treasury shares	–	–	(3)	–	–	–
Disposal of treasury shares	–	(1)	1	–	–	–
Dividends	–	–	–	–	–	–
Share-based payment transactions	–	(50)	240	–	–	–
Change due to capital increase of consolidated subsidiaries	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	(61)
Total transactions with owners	–	(52)	238	–	–	(61)
Balance at August 31, 2023	31,974	189,016	(14,227)	350	17	12,071

	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, 2023	–	10,654	142,153	359,385	12,025	371,410
Profit	–	–	12,900	12,900	111	13,012
Other comprehensive income	(75)	1,770	–	1,770	6	1,776
Total comprehensive income	(75)	1,770	12,900	14,670	118	14,788
Purchase of treasury shares	–	–	–	(3)	–	(3)
Disposal of treasury shares	–	–	–	0	–	0
Dividends	–	–	(4,192)	(4,192)	(64)	(4,256)
Share-based payment transactions	–	–	–	189	–	189
Change due to capital increase of consolidated subsidiaries	–	–	–	–	4	4
Transfer from other components of equity to retained earnings	75	14	(14)	–	–	–
Total transactions with owners	75	14	(4,206)	(4,006)	(59)	(4,065)
Balance at August 31, 2023	–	12,439	150,847	370,049	12,084	382,133

(5) Condensed quarterly consolidated statement of cash flows

	Six months ended August 31, 2022	Six months ended August 31, 2023
	Millions of yen	Millions of yen
Cash flows from (used in) operating activities		
Profit before tax	12,223	18,804
Depreciation and amortization expense	24,526	23,232
Impairment loss	1,293	993
Finance income	(486)	(505)
Finance costs	2,701	2,358
Share of loss (profit) of investments accounted for using equity method	(1,200)	(973)
Loss (gain) on sales of non-current assets	(105)	(733)
Loss on disposals of non-current assets	1,100	882
Decrease (increase) in inventories	(538)	(1,132)
Decrease (increase) in trade and other receivables	(16,116)	(10,751)
Increase (decrease) in trade and other payables	9,959	8,588
Increase (decrease) in retirement benefit liabilities	(2,074)	174
Decrease (increase) in retirement benefit assets	8	(58)
Other, net	(1,254)	(1,321)
Subtotal	30,036	39,559
Interest received	62	69
Dividends received	136	143
Interest paid	(2,667)	(2,357)
Income taxes paid	(4,643)	(2,232)
Income taxes refund	2,067	1,882
Net cash flows from (used in) operating activities	24,991	37,065
Cash flows from (used in) investing activities		
Purchase of property, plant and equipment	(4,611)	(3,443)
Proceeds from sales of property, plant and equipment	27	212
Purchase of investment property	(1,344)	(326)
Proceeds from sales of investment property	240	4,014
Purchase of intangible assets	(1,141)	(1,910)
Purchase of investment securities	(598)	(1,333)
Proceeds from sales of investment securities	959	1,365
Proceeds from refund of guarantee deposits	1,805	2,129
Other, net	(1,657)	(1,379)
Net cash flows from (used in) investing activities	(6,321)	(671)
Cash flows from (used in) financing activities		
Net increase (decrease) in commercial papers	(5,002)	-
Proceeds from non-current borrowings	-	3,400
Repayments of non-current borrowings	(3,860)	(13,265)
Redemption of bonds	(20,000)	-
Repayments of lease liabilities	(14,524)	(14,438)
Purchase of treasury shares	(4)	(3)
Dividends paid	(3,913)	(4,177)
Dividends paid to non-controlling interests	(64)	(64)
Other, net	108	4
Net cash flows from (used in) financing activities	(47,260)	(28,544)
Net increase (decrease) in cash and cash equivalents	(28,590)	7,849
Cash and cash equivalents at beginning of period	93,278	39,874
Effect of exchange rate changes on cash and cash equivalents	241	100
Cash and cash equivalents at end of period	64,929	47,824

(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 of the SC Business and Developer Business for the previous year have been retroactively adjusted as if the transfer took place at the beginning of the fiscal year ended February 28, 2023 (as of March 1, 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, 2022

	Reportable segments					Other	Total	Adjustments	Consolidated
	Department Store Business	SC Business	Developer Business	Payment and Finance Business	Total				
	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	101,381	25,829	19,102	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	26,368	26,107	6,314	160,400	26,677	187,077	(17,948)	169,129
Segment profit	3,813	5,011	1,636	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.

Six months ended August 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	112,148	27,462	27,585	3,494	170,690	20,943	191,634	–	191,634
Inter-segment revenue	238	539	6,180	3,238	10,197	6,356	16,553	(16,553)	–
Total	112,386	28,002	33,766	6,733	180,888	27,299	208,188	(16,553)	191,634
Segment profit	10,106	5,772	2,228	1,502	19,609	1,018	20,627	(943)	19,684
Finance income									505
Finance costs									(2,358)
Share of profit (loss) of investments accounted for using equity method									973
Profit before tax									18,804

- 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.